



External Relations Department

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SBP amends its PRs for housing finance to allow financing to individuals for Solar Systems for residential use

The State Bank of Pakistan has been extending its endeavors to enhance the housing financing in Pakistan by creating an enabling regulatory environment through conducive Prudential Regulations (PRs) and market development through issuance of guidelines, setting indicative targets and promoting capacity building of financial institutions, etc.

Keeping in view current energy crises in Pakistan and to promote alternative energy solutions at affordable finance, SBP amended its housing finance PRs to allow banks for extension of loans to individuals for solar energy solutions for residential use as part of home loans. Previously, financial institutions were extending finances for solar system under the head of personal loan for maximum tenure of 5 years. However, after this amendment in Housing Finance PRs, banks/DFIs can finance to individuals for solar energy systems maximum upto ten years which will make financing affordable for the borrower.

SBP believes that this facility will increase the use of solar energy solutions at household level and will also increase housing finance in Pakistan. Outreach of housing finance in Pakistan, in terms of income groups and geography is very limited.

Housing and construction plays an important role in an economy. Around 50 industries and 70 percent of the unskilled labour are associated with construction sector. Housing finance supplements radically in long-term economic growth via job creation, economic linkages and in raising living standards of people.
