



External Relations Department

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Prime Minister launches Policy for promotion of SME Finance

The Prime Minister of Pakistan, Mr. Shahid Khaqan Abbasi, launched State Bank of Pakistan (SBP) Policy for the promotion of SME Finance at SBP headquarters in Karachi today. While addressing the launching ceremony he said that policy for promotion of SME finance will play a pivotal role in developing and promoting a vibrant SME sector in Pakistan. 'Promotion of SME financing can significantly contribute towards GDP growth, boost employment and improve livelihoods,' he said.

The Prime Minister praised SBP for taking this important initiative and said that small & medium enterprises are among priority sectors for their significant role in any economy. Adding further, he said that 'policy for promoting SME financing will also have a deepening effect on Pakistan's economy in shape of SME's contribution towards foreign exchange earnings through exports for the country'. Prime Minister reiterated that this policy will bring betterment and financial strength for the under-served SME sector.

The Prime Minister said that the pillars identified under the policy appears focused on addressing specific issues faced by the SME sector and expected to help in curtailing reluctance of financial institutions to provide financing to SMEs. 'My Government fully supports the proposed measures for promotion of SME finance including the establishment of credit guarantee company for offering risk sharing facility for SMEs, and setting-up of Secured Transactions Collateral Registry under Financial Institutions Secure Transactions Act 2016 by 1st July 2018,' said the PM. Mr. Abbasi urged all the stakeholders to collaborate in order to meet the objectives of the SME policy and support the priority sectors.

Earlier, in his welcoming address, the Governor State Bank of Pakistan, Mr. Tariq Bajwa thanked the Prime Minister for his visit to SBP and launching the Policy for promotion of SME finance. While elaborating the policy, he emphasized upon the importance of SMEs for the growth and development of the economy. He highlighted the efforts by SBP to facilitate access to finance for SMEs and explained various initiatives by SBP including creation of enabling regulatory framework, market development, awareness creation and capacity building programs for banks & SMEs and introduction of SME financing targets for banks & DFIs during 2016.

The Governor stressed that a separate and comprehensive policy for the SME sector was the need of the day to promote contribution of SME sector for inclusive growth. For this purpose, a thorough consultative process was adopted wherein all relevant stakeholders including banks, DFIs, microfinance banks, business chambers, trade associations, SMEDA, multilateral institutions, SMEs, Federal and

Provincial government departments discussed the various bottlenecks impeding growth of SME finance and suggested policy interventions in nine different areas.

The Governor briefed the Prime Minister and the participants about nine pillars of the policy for promoting SME financing. These include improvement in regulatory framework, upscaling through microfinance banks, risk mitigation strategy, simplified procedures for SME financing, program based lending and value chain financing, capacity building and awareness creation, non-financial advisory services for SMEs through banking channel, leveraging technology for promotion of SME banking and simplification of taxation regime for SMEs.

The event was attended by the Ministers, international partners, high ranking Govt. officials, chairmen board of directors of banks & DFIs, SBP board members and CEOs/presidents of banks/DFIs. Presidents of various business chambers and trade bodies were also present on the occasion.
