



External Relations Department

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State Bank of Pakistan and Karandaaz Pakistan to work together for Regulatory Framework on Digital Banks in Pakistan

State Bank of Pakistan and Karandaaz signed an agreement in Islamabad today under which Karandaaz will support State Bank's efforts to create an enabling environment based on international best practices for digital banks. Karandaaz will provide technical assistance to the State Bank of Pakistan for formulating legal and regulatory framework including licensing criteria for digital banks in Pakistan. The agreement was signed by Syed Irfan Ali, Executive Director, State Bank of Pakistan and CEO Karandaaz, Ali Sarfraz. Mr. Riaz Riazuddin, Deputy Governor State Bank of Pakistan, dignitaries from SAARC countries currently in Islamabad to attend the SAARC Finance Forum 2018, and other senior officials witnessed the signing ceremony.

Improving the efficiency, effectiveness and fairness of the banking system through strengthening and streamlining the regulatory and supervisory framework are amongst the six main goals of State Bank of Pakistan's Vision 2020. The banking sector and market players at present need regulatory direction to offer services as standalone digital banks. State Bank of Pakistan is already working to introduce a separate category of banking services through promulgation of a framework for digital banks in Pakistan. The output of this engagement will be comprehensive recommendations for formulation of the regulatory framework, including licensing criteria and any amendments required in existing legal frameworks for the advent of digital banks in Pakistan.

Speaking at the occasion, Syed Irfan Ali, Executive Director State Bank said, "In Pakistan, more than 90 percent of the population has access to most affordable ICT services in the world. The consumers' use of electronic payments in Pakistan has grown significantly in recent years. This trend will accelerate in coming years due to the vision of State Bank of Pakistan on provision of digital financial services, especially to financially excluded segment of population."

While speaking at the occasion Mr. Ali Sarfraz, CEO Karandaaz said, "The technical assistance will include extensive review of existing laws, rules & regulations and international best practices on regulatory frameworks for digital banks. Extensive consultations will be held with the industry players for developing a robust and conducive regulatory regime for digital banks."

The State Bank of Pakistan (SBP) is incorporated under the State Bank of Pakistan Act, 1956, which gives the Bank the authority to function as the central bank of the country. The SBP Act mandates the Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country's productive resources.

Karandaaz Pakistan, promotes access to finance for small and medium businesses through a commercially-directed investment platform, and financial inclusion of individuals by enabling digital financial services. The company has financial and institutional support from the United Kingdom's Department for International Development (DFID) and the Bill & Melinda Gates Foundation (BMGF).
