



External Relations Department

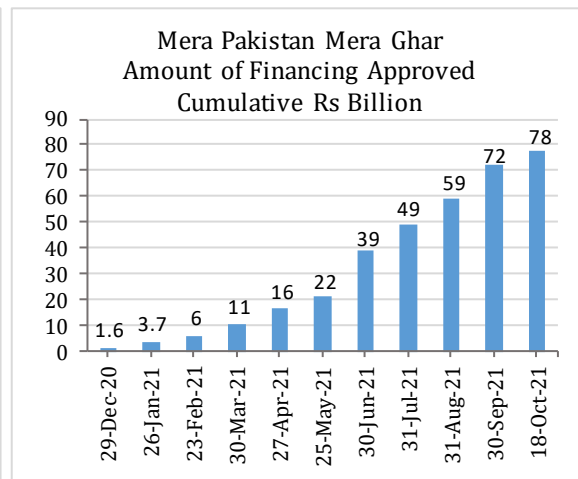
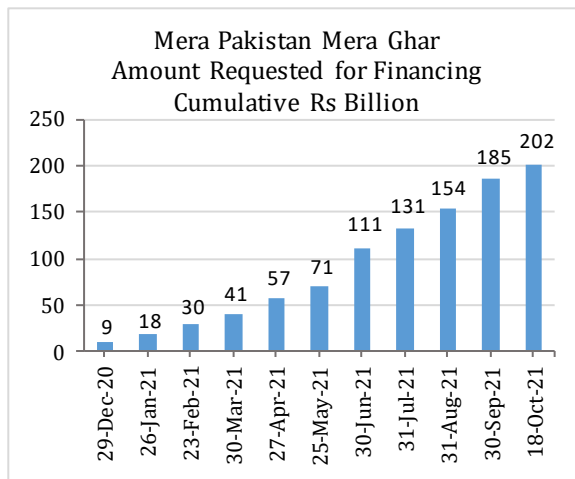
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As applications for low cost housing cross Rs. 200 billion Governor SBP asks banks to increase the pace of approvals that have already reached Rs. 78 billion

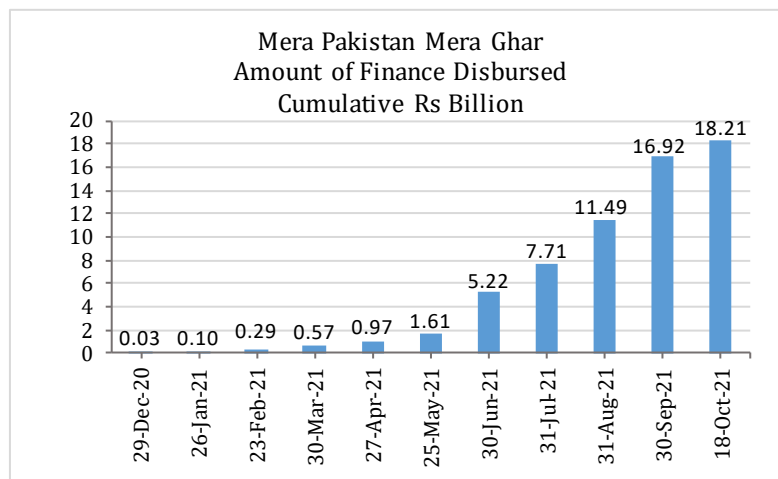
Governor, State Bank of Pakistan, Dr. Reza Baqir appreciated the progress made by the banking industry in supporting low cost housing finance for first time home owners under the [Mera Pakistan Mera Ghar \(MPMG\)](#). As per the latest numbers of October 18, 2021, banks have received applications of more than Rs200 billion. The banks have approved financing of Rs78 billion out of which Rs18 billion have already been disbursed. At the same time the Governor stressed the need to accelerate the pace of approvals by banks to match the requests for financing to ensure that people are not discouraged by the processing time. He expressed the hope that with the combined efforts of all stakeholders, the dream of Pakistanis to have their own homes can become a reality.

While appreciating the efforts to date, Governor Baqir also asked stakeholders to increase outreach of the Government's Markup Subsidy Scheme for Housing Finance commonly known as Mera Pakistan Mera Ghar (MPMG) to the wider public. He said that when the journey of MPMG started last year, low-cost housing finance was almost non-existent as commercial banks rarely ventured in this area fearing its inherent risks. However, the strong commitment of government especially NAPHDA, SBP, banks, and other stakeholders to promote housing and construction activities in the country is beginning to result in considerable increase in finance for housing and construction.

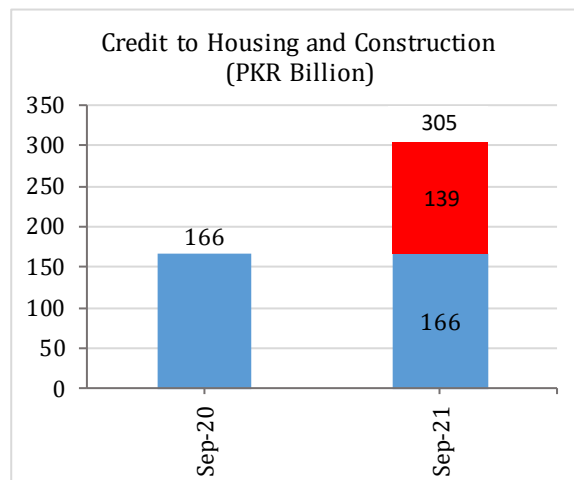




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To augment this effort the SBP provided an enabling regulatory environment to promote housing & construction finance. Resultantly, housing and construction credit of banks has reached to Rs305 billion at the end of September, 2021, which was Rs166 billion at the end of September last year, showing an increase of Rs139 billion and a year-on-year growth of 84%. Following chart shows growth during last one year.



In July 2020, State Bank of Pakistan advised commercial banks to increase their lending for housing and construction sectors to at least 5 percent of their private domestic sector advances by December 2021. To assist in this, the State Bank advised quarterly target to each bank after individual consultation, leading to concerted effort. The focus on this segment increased and for the quarter ending September 30, 2021, banks have achieved 94 percent of their assigned targets on a consolidated basis. During July-September 2021, banks increased their credit to housing and construction sector by Rs48 billion from Rs257 billion as of June 30, 2021.

Increase in credit to housing and construction sector reflects that banks have realigned their internal policy dimension/ strategic focus towards development of housing and construction.



External Relations Department

The banks have, in recent months, revamped their systems and procedures, upgraded and streamlined technological platforms, and motivated their banking staff through incentives and trainings.

The banks have also established a joint call center to address queries of general public regarding MPMG which was recently inaugurated by the Governor SBP. General public can reach the call center at 0-33-77-786-786. This call center will help resolve complaints and assist common persons who would like to borrow under MPMG but face difficulties in completing the requirements of banks. Earlier, State Bank launched a user friendly online complaint resolution mechanism in January 2021. The complaint resolution mechanism comprises an IT based portal supported by a comprehensive network of State Bank and commercial bank staff to take care of problems faced by applicants and resolves complaints within a predefined timeline with proper escalation mechanism.

Some of the other steps taken by SBP in collaboration with NAPHDA, other government agencies, banks and stakeholders include a simplified loan application, standard facility offer letter, amendment in the prudential framework, development of standard risk assessment criteria for builders/developers, development of income proxy model and streamlined financing documents.
