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State Bank of Pakistan receives overwhelming response for Digital Bank Licenses

State Bank of Pakistan (SBP) has concluded the process of receiving applications for digital banks licenses as per its announced deadline of March 31, 2022. The application process registered an overwhelming response whereby SBP received twenty (20) applications from a diverse range of applicants, including domestic commercial banks, microfinance banks, electronic money institutions and FinTech players. Foreign players already operating in the digital banking space overseas have also expressed their interest to venture into Pakistani market. The strong interest shown by both local and international players into SBP's digital banks' initiative reflects their confidence in the financial sector of Pakistan and the potential of the investment opportunities available in the country. Earlier this year on January 03, 2022, SBP launched its "[Licensing and Regulatory Framework for Digital Banks](#)".

While setting foundation for the customers' convenience, providing cost effective digital financial services and promoting innovation for achieving SBP's overall goal of digitization in the banking business, the Framework is primarily aimed at providing financial services to unserved and underserved segments of the society. To achieve the intended objectives under this regulatory initiative, the applications were solicited from interested applicants who can demonstrate strong value proposition, robustness of technological infrastructure, sufficiency of financial strength, high level of technical expertise and effectiveness of their risk management culture in the Digital Banks' space.

SBP developed and finalized this Framework after an extensive consultative process. Initially, SBP released an exposure draft of this Framework and a targeted survey was launched to invite feedback from a wide range of local as well as international stakeholders. Subsequently, a number of meetings were held with all the stakeholders to further enrich the consultative exercise. Later, SBP also organized two interactive webinars titled '[Digital Banks – A New Era in Pakistan](#)' and '[The Promise of Digital Banks](#)' with leading local as well as international speakers to discuss the opportunities and challenges associated with digital banks as well as disseminate awareness about Pakistan's digital bank licensing framework.

During the application window opened from January 03 till March 31, 2022, SBP has remained extensively engaged with all the interested applicants and held various rounds of discussions/meetings with all of them. Moreover, SBP team also remained committed to provide exclusive support and necessary facilitation required for preparation and submission of applications to all the applicants. This initiative of State Bank would greatly help in providing financial services to underserved and unserved segments of the society.
