



External Relations Department

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Housing & construction finance increases by record Rs163 billion in CY21 including Rs38 billion under Mera Pakistan Mera Ghar

Recording an unprecedented growth of 85%, banks' outstanding credit for housing and construction increased by Rs163 billion, from Rs192 billion to Rs355 billion, during 2021. Within the housing and construction portfolio, disbursements under Government Markup Subsidy scheme, also known as Mera Pakistan Mera Ghar (MPMG), increased by Rs38 billion. Financing to Housing and Construction and particularly under MPMG has witnessed impressive growth on the back of many enabling regulatory environments introduced after extensive consultation with stakeholders. Further, SBP also advised the banks to increase their housing and construction finance portfolios to at least 5% of their domestic private sector advances till December 2021, introducing a set of incentives and penalties to ensure compliance.

In the significant growth of Housing and Construction finance, Habib Bank, Meezan Bank and Bank Al Habib were the top three contributors. Banks also made significant progress in the provision of financing under MPMG scheme, introduced in 2020. Financing under MPMG picked up momentum in 2021 as approvals for financing by banks grew from near zero to Rs117 billion in 2021. The banks have received requests of financing of Rs276 billion from potential customers, which indicates that approvals and disbursements will keep growing in coming months. Bank Alfalah emerged as the leading bank with highest disbursement of Rs3.3 billion followed by nine banks with disbursements of over Rs2 billion each. These include Meezan Bank, Bank Islami, National Bank, Standard Chartered Bank, HBFCL, United Bank, MCB Bank, Bank of Punjab and Habib Bank. To learn more about MPMG please see <https://www.sbp.org.pk/MPMG/index.html>

SBP has taken a number of steps to create an enabling regulatory environment for banks to increase flow of financing to housing sector. Key initiatives include allowing acceptance of [third party guarantee](#) during the construction period, waiver of [Debt Burden Ratio \(DBR\)](#) in case of informal income and the introduction of [standard facility offer letter](#) by the banks. State Bank has also advised banks to [develop and deploy income estimation models](#) for borrowers with informal sources of income. In addition to gauge readiness, knowledge and appropriate behavior of banking staff towards MPMG customers, State Bank is conducting regular mystery shopping surveys of bank branches all over the country. In line with initiatives of State Bank, banks have [standardized and simplified](#) loan application forms.
