



External Relations Department

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SBP Enables Microfinance Account-holders to Invest in Government Securities

To provide greater opportunities for public to invest in government securities and in line with the objective of diversifying funding for this exclusive avenue, State Bank of Pakistan (SBP) has taken the following measures:

1. Microfinance Banks (MFBs) have been permitted to offer Investor Portfolio of Securities (IPS) Accounts to their customers.
2. Microfinance Bank (MFB) account holders have been allowed to open IPS Accounts with any Scheduled Bank to invest in government securities

In order to invest in government securities, individuals and retail investors need to open an IPS account to hold, sale and purchase of these securities. Previously, only individuals and entities having a PKR denominated account with Scheduled Banks could open IPS Accounts. The main attraction for investment in government securities is their secure nature and attractive profits, which are generally higher than the ones offered by banks on saving accounts.

The new measures allow two options for both regular and Branchless banking (BB) account holders of Microfinance Banks. Under the first option, account holders of MFBs can open IPS accounts with their MFB to use their funds for sale and purchase of government securities. In the second option, account holders of MFBs can open IPS accounts with any Scheduled bank to invest in government securities. Both options allow account holders of MFBs to use amounts available in their accounts or BB/wallet for the investment.

The recent issuance of [Customers' Digital Onboarding Framework](#) by SBP will further simplify and facilitate the process of IPS Account opening, under which banks and MFBs have been allowed to share customers' KYC related information with any SBP/SECP regulated entity in compliance with applicable laws and regulations after obtaining customer's consent. These measures would also pave the way for development of systems to facilitate end-to-end investments in government securities in a completely digital manner.

SBP is confident that new measures will further promote culture of savings as these allows a more convenient avenue for channelizing small investments in government securities.

The circular can be accessed at the following link:

<https://www.sbp.org.pk/dmmd/2022/C3.htm>

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