



External Relations Department

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Deputy Governor SBP urges banks to leverage SBP's recent initiatives to boost agriculture financing

Deputy Governor - State Bank of Pakistan (SBP), Ms. Sima Kamil, chaired the Quarterly Follow-up Meeting of Agricultural Credit Advisory Committee (ACAC) today in Karachi. The meeting reviewed progress on key decisions taken by ACAC in its last meeting held in December 2021 and reviewed agriculture credit performance in July-April (FY22). The Deputy Governor while appreciating the efforts of all stakeholders in implementation of various ACAC decisions, urged banks to leverage SBP's recent initiatives and expedite efforts to boost agriculture financing and enhance outreach, especially in underserved areas.

The meeting took stock of the newly developed Agriculture Credit Scoring Model to measure performance of banks adopted by the SBP and reviewed the scoring model's results up to March 2022. HBL stood at the top among Large Banks with a score of 63.7 out of 100; Bank of Punjab ranked on top among Mid-sized Banks with a score of 65.2; Meezan bank scored 42.4, the highest among Islamic Banks; while HBL Microfinance Bank stood at the top among Microfinance Banks with a score of 73.4. The participants were informed that the performance scorecards of all agriculture-lending banks will be published annually on SBP's website.

Highlighting the overall agriculture credit performance, Ms. Kamil appreciated the efforts of banks in disbursing Rs. 1,059 billion during July-April (FY22) which is 63% of the assigned target of Rs. 1.7 trillion for the year. However, she noted with concern the relatively slow performance in terms of 1.4% decline in agriculture credit disbursement as compared to Rs. 1,074 billion disbursed during the same period last year and attributed it to the slowdown in performance of some major commercial and specialized banks. The performance of mid-sized commercial banks, Islamic banks, and microfinance banks and institutions has improved over the year.

The Chair appreciated the growth in provincial disbursement of agriculture credit across all underserved areas. The disbursement in Balochistan increased by 73% during July-April (FY22) as compared to July-April (FY21), 55% in GB, 43% in AJK, 23% in Sindh, and 17% in KPK. The Chair highlighted that this improvement was the result of various interventions including the Champion Bank model which was adopted in the last ACAC meeting.

It is worth mentioning that in December 2021 ACAC had nominated six banks as champions for identified underserved provinces/regions under the champion bank model; these include; (i) HBL for Balochistan, (ii) HBL Microfinance Bank for GB, (iii) NBP for AJK, (iv) Bank of Khyber for KPK, (v) UBL for Sindh, and (vi) Bank of Punjab for Southern Punjab region. The six champion banks apprised the committee regarding the activities performed in their assigned regions under this initiative and presented their current developments and future action plans. Ms. Kamil, while extolling efforts of the champion banks, urged them to bend over backwards to achieve the desired objectives.

Another key decision of last ACAC meeting was to develop a strategy for promotion of Electronic Warehouse Receipt Financing (EWRF). The participants were apprised that the EWRF Uptake Strategy has been developed and its various actions have been implemented including establishment of EWRF Taskforce, signing of Service Usage Agreements of banks with collateral management company, allocation of EWRF targets to banks, and capacity building of stakeholders, among others.



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Thereafter, a strategy to promote Climate Smart Agriculture financing was also presented by representative of Pakistan Banks' Association, which emphasized on creating awareness among farmers and bankers, and also proposed upscaling of existing products offered by banks in this domain.

Presidents/CEOs and agriculture credit teams of commercial banks and SBP officials attended the meeting. The meeting ended with a vote of thanks to the Chair.
