



Deputy Governor SBP encourages banks to embrace SME finance as a core business line to boost MSME growth

The State Bank of Pakistan (SBP) joined the global community in celebrating Micro, Small, and Medium Enterprises (MSME) Day by highlighting the pivotal role these enterprises play in driving economic growth, fostering innovation, and creating jobs. SBP celebrated this day by organizing an MSME seminar under this year's theme, 'MSME Finance: Catalyst for Inclusive Growth'. The theme underscores the importance of financial support in unleashing the potential of SMEs. The event was attended by Presidents/CEOs of banks/DFIs, senior SBP management, government officials, and representatives of trade bodies.

In his keynote address, Deputy Governor Saleemullah stated that SMEs are the lifeline of the country's economy, providing employment to 80 percent of the non-agricultural workforce, contributing 40 percent to GDP, and accounting for more than 25 percent of total export earnings. He informed the audience that SBP's focus is on creating an enabling environment where SME finance can grow enabling SMEs to thrive and contribute to sustainable economic growth.

As part of its Vision 2028, SBP aims to double SME financing to Rs 1,100 billion over the next five years, with Rs 100 billion to be added to the SMEs' outstanding portfolio by the end of June 2025. The Deputy Governor called on all banks to play their part in promoting SME finance and surpass the Rs 100 billion estimated increase for FY 2024-25.

To further support SME finance, SBP has proposed the government to provide risk coverage to banks on their fresh financing to SMEs, whereby 20% and 10% first loss coverage would be provided to banks' fresh exposures against SEs and MEs respectively. The necessary allocations for FY25 have been made in the FY25 budget.

In his concluding remarks, the Deputy Governor urged all stakeholders to renew their commitment to creating a supportive environment where small and medium-sized enterprises can flourish, thereby driving economic growth and innovation across the nation.

An event was also held at the Banking Hall of SBP on this day to raise awareness about the significant contributions of MSMEs to the country's economy. Throughout the day, commercial banks and SMEs showcased their products. The visitors took keen interest and praised this initiative of the banking industry and SMEs. Deputy Governor Saleemullah and other dignitaries visited the stalls and congratulated the organizers for displaying valuable products on the MSME day.
