



External Communications Department

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Governor SBP Calls for Regional Capital Market Integration to Drive Sustainable Growth and Financial Stability

Governor State Bank of Pakistan (SBP) Mr. Jameel Ahmad has emphasized the urgent need for greater regional cooperation and innovation to build integrated capital markets capable of mobilizing investment, enhancing resilience, and fostering sustainable growth across Asia. He was delivering his keynote address at the inaugural International Capital Market Conference 2025 held today in Karachi.

Mr. Ahmad lauded the SECP for hosting the landmark event and creating a platform for collaboration among policymakers, regulators, and market participants from across the region. Speaking on the theme *Regional Integration and Innovation in Capital Markets: A New Era of Cooperation*, the Governor highlighted that no single country can address today's economic and financial challenges in isolation. 'In an increasingly interconnected world, regional market integration is not an option—it is a necessity,' he remarked.

Mr. Ahmad in his address highlighted three dimensions of capital market integration i.e., why regional integration is important, how it can be effectively achieved, and how Pakistan is positioned to contribute.

Governor noted that regional capital markets enable smoother capital flows, harmonized regulations, and broader investment opportunities. For economies with low savings rates and limited bank financing capacity—especially for climate and infrastructure projects—integrated regional markets can serve as a critical financing channel. 'When capital is allocated more efficiently, growth becomes more inclusive, resilient, and sustainable,' he added.

Citing successful examples such as the Eastern Caribbean Securities Market and the ASEAN+3 Asian Bond Markets Initiative, the Governor elaborated that integration can lower transaction costs, diversify risk, and broaden investor base. He pointed out that ASEAN+3's bond markets had expanded from 88 percent of GDP in 2002 to 133 percent in 2025—demonstrating the power of collective regional action.

To unlock similar benefits in Asia, the Governor outlined four key prerequisites that include alignment of regulatory frameworks, development of market connectivity infrastructure, harmonization of legal & institutional structures, and strengthening of collaboration among regulators and market participants. He also cautioned that integration brings risks of contagion and imbalance, which must be mitigated through strong surveillance frameworks and sound macroeconomic coordination.

Turning to Pakistan's role, the Governor said the country is now better placed to undertake structural reforms following recent economic stabilization. Under the SBP's Vision 2028 and the government's *Uraan Pakistan* blueprint, efforts are underway to expand access to finance, foster innovation, and build a resilient, technology-driven financial ecosystem.

Mr. Ahmad highlighted SBP's key initiatives for advancing regional and domestic integration of capital markets. These included expanding the country's *Raast* instant payment system beyond borders through its linkage with the Arab Monetary Fund's *Buna* platform, as well as developing a unified digital identity and KYC framework with SECP and PSX to simplify investor access across banking, insurance, and capital markets.

'The integration of our capital markets represents a historic opportunity—to harness our own savings for our development, to strengthen financial stability, and to amplify our collective voice in the global financial system,' the Governor concluded. 'Achieving this vision will require sustained political will, regulatory cooperation, and mutual trust. Together, we can build a region that finances its own future.'



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