



External Communications Department

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Governor SBP Emphasizes Capital Market Development as Key to Sustainable Economic Growth

Governor State Bank of Pakistan (SBP), Mr. Jameel Ahmad, underscored the importance of well-developed, deep and diversified capital markets to complement the banking sector and support long-term, sustainable economic growth. He was speaking at the conference 'Unlocking the Capital Markets Potential for Banks' held at a hotel in Karachi, and attended by the Federal Minister for Finance and Revenue, Mr. Muhammad Aurangzeb, Chairperson PSX Dr. Shamshad Akhtar, Chairman SECP Mr. Akif Saeed, Mr. Farrukh Sabzwari, CEO PSX, Presidents, CEOs of banks and other stakeholders.

In his address, Governor noted that while macroeconomic conditions have improved—with inflation falling and growth gradually recovering—structural challenges such as low domestic savings persist. With a savings rate of just 7.4% of GDP, compared to 27% in South Asia, country remains overly reliant on external financing, contributing to recurring external account pressures and boom-bust cycles, he stated. Mr. Ahmad emphasized the importance of robust capital markets in channeling domestic savings into productive sectors. He noted that well-developed, deep and diversified capital markets—complemented by a resilient banking system—are needed to support sustainable economic development of the economy.

The Governor outlined recent SBP reforms aimed at broadening participation in the country's bond market, including the inclusion of non-bank institutions as Special Purpose Primary Dealers and expansion of Investor Portfolio Securities (IPS) accounts to microfinance banks, the Central Depository Company (CDC) and, the National Clearing Company of Pakistan Limited (NCCPL). These reforms open new investment avenues to millions of digital banking users and lay the foundation for broader market development, he noted.

Despite progress in the government bond market, Mr. Ahmad expressed concern over the limited development of corporate debt and equity markets. Outstanding corporate bonds account for less than one percent of GDP, with limited secondary market activity and low participation from non-financial sectors. Similarly, equity market penetration remains modest, with investor accounts and market capitalization lagging behind peer economies.

The Governor concluded by calling for coordinated efforts among regulators, financial organizations, government institutions and investors to promote financial literacy, expand participation, and build a transparent, innovation-friendly market ecosystem.
