



## External Communications Department

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### **SBP Awards Pilot License to Mashreq Bank Pakistan Limited to Operate as Digital Retail Bank**

The Governor, State Bank of Pakistan (SBP) awarded the first restricted license for pilot operations to Mashreq Bank Pakistan Limited (MBPL) in a special meeting held with the Board and senior management of MBPL. State Bank's Deputy Governor and senior executives were also present on this occasion. This was yet another landmark, as earlier this year, a microfinance bank was granted the first Digital Retail Bank (DRB) license for commercial operations.

MBPL is a wholly owned subsidiary of Mashreq Bank PSC (UAE), which brings with it a rich history of innovation, customer-centricity, and agility in the banking sector. Mashreq Bank's extensive regional and global presence, including offices in Europe, Asia, Africa, and the U.S., provides it a strong foundation to emulate in Pakistan.

SBP introduced a regulatory framework for licensing full-fledged digital banks in 2022, enabling both fintech startups and traditional banks to establish fully digital banking services. The framework offered two types of licenses: Digital Retail Bank (DRB) and Digital Full Bank (DFB), with operations conducted exclusively through digital channels. To foster competition, SBP adopted a cohort-based approach, initially granting upto five licenses. The initiative attracted significant interest, with 20 applications submitted by major financial players. After rigorous evaluation, SBP issued No-Objection Certificates (NOCs) to five institutions: Easypaisa Bank Limited, Mashreq Bank Pakistan Limited (MBPL), Raqami Islamic Digital Bank Limited (RIDBL), HugoBank Limited, and KT Bank Limited.

The Governor, SBP shared his expectations for MBPL to maintain high standards of excellence by leveraging cutting-edge technologies like artificial intelligence (AI) and cloud computing to offer seamless and personalized banking services. He further encouraged MBPL to contribute to the transformation of Pakistan's banking landscape by adhering to rigorous regulatory standards while fostering competition and innovation within the sector.

He reiterated SBP's commitment to support innovation and progress in the financial sector, and that the introduction of a distinct licensing framework for digital banks is a strategic initiative to drive digital transformation and enhance financial inclusion. This framework has been designed to empower digital banks to meet evolving customer demands by offering convenient and accessible digital services. At the same time, he emphasized on the importance of building resilient digital infrastructures capable of withstanding cybersecurity challenges. He further added that as the financial world becomes more digital, safeguarding operations and customer data will be critical for ensuring trust and integrity in the financial system.

The digital banks are expected to play a crucial role in providing affordable financial services to underserved and unbanked populations. As digital banking evolves, SBP remains committed to ensuring that these banks prioritize technological innovation, seamless customer experiences, and strong regulatory compliance—key pillars for building a future-ready financial system in Pakistan.

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