



External Communications Department

ECD/M&PRD/PR/01/2025-78

October 09, 2025

Macroeconomic Stability to Catalyze Inclusive Economic Growth: Governor SBP

The Governor State Bank of Pakistan (SBP), Mr. Jameel Ahmad has said that achieving inclusive economic growth requires durable macroeconomic stability that uplifts communities and secures prosperity for all. He was delivering a keynote address at the ninth Annual Microfinance Conference held in Karachi, today. Hosted by the Pakistan Microfinance Network, the conference focused on the theme “Renaissance of Microfinance,” underlining the renewed commitment to leveraging microfinance for inclusive economic development.

Governor Ahmad noted that the difficult, yet necessary, policy and regulatory measures taken in recent years, have led to a period of macroeconomic stability. While highlighting improvements in Pakistan's macroeconomic indicators, he noted that inflation has declined sharply and is projected to remain in the government's target range of 5 – 7 percent over the medium term, notwithstanding some temporary upward pressure on prices due to the recent floods.

Regarding the external sector, he pointed out that the country's Foreign Exchange reserves are now almost five times higher than the level recorded in February 2023, reflecting our strategic interbank Foreign Exchange purchases to shore up our Foreign Exchange buffers. He added that “had we not built up our reserves from interbank purchases, the government would have needed to borrow significantly higher amounts – at higher interest rates – to make timely debt repayments”.

Governor Ahmad stated that SBP's monetary policy and regulatory efforts have been complemented by sustained fiscal consolidation by the government, which has helped contain demand-side pressures on inflation and the external account. Resultantly, the country's debt dynamics have also improved considerably over the past three years. He said that economic growth is on the path to recovery and expected to accelerate further in the current fiscal year, notwithstanding the temporary expected losses from the recent floods – mainly to agriculture sector.

Reflecting on two decades of progress, the Governor reaffirmed SBP's longstanding commitment to microfinance as a driver of inclusive growth. To address evolving needs and bolster the sector's resilience, Governor Ahmad shared that SBP has made comprehensive revisions to the Prudential Regulations for Microfinance Banks, to bring a shift from a rules-based, to a principle-based approach. These reforms included: removal of restrictions on microenterprise lending, allowing greater flexibility, introducing a dedicated Agriculture & Livestock loan category, enhanced loan limits up to Rs5 million for agriculture, microenterprise, and housing loans, and Rs500,000 for general loans.

The Governor also shared that SBP has launched a Climate Risk Fund under the World Bank funded Resilient and Accessible Microfinance Project aimed at supporting two million borrowers through liquidity facilities to mitigate the impact of climate shocks. Further, SBP with the support of Government of Pakistan has launched a Risk Coverage Scheme for Small Farmers and Underserved Areas that offers 10 percent first-loss coverage and operational incentives to expand lending in primarily underserved regions like Balochistan, Khyber-Pakhtunkhwa, Azad Jammu & Kashmir, and Gilgit Baltistan.

Reiterating SBP's strategic vision under the National Financial Inclusion Strategy 2028, the Governor highlighted that the financial inclusion rose from 47 percent in 2018 to 67 percent in June 2025 while the gender gap in financial access narrowed from 47 percent to 30 percent over the same period. He credited this to transformative digital initiatives such as Raast, Asaan Mobile Account, Roshan Digital



External Communications Department

Account, and the launch of Digital Banks, alongside the Banking on Equality Policy, which promotes women's financial inclusion. Going forward, the Governor reiterated the headline targets of NFIS 2028, to expand financial inclusion in Pakistan to 75 percent and reduce the gender gap to 25 percent by 2028.

The Governor also urged microfinance institutions to make their risk management practices more efficient, while incorporating the wide range of alternative data sources and digital tools for credit scoring; enforce internal audits and conduct staff training to prevent fraud; and maintain adequate liquidity buffers. He underscored that good corporate governance, transparent communication, and climate-risk mapping could foster long-term sustainability.

In conclusion, Governor Ahmad assured that the State Bank remains fully committed to working alongside the microfinance industry to strengthen resilience, safeguard customers, and expand outreach. "Together, we can ensure that microfinance continues to play its vital role in fostering inclusive, resilient, and sustainable growth", he said.
