

Access to Finance in Pakistan

Key Indicators on Gender-mix



State Bank of Pakistan

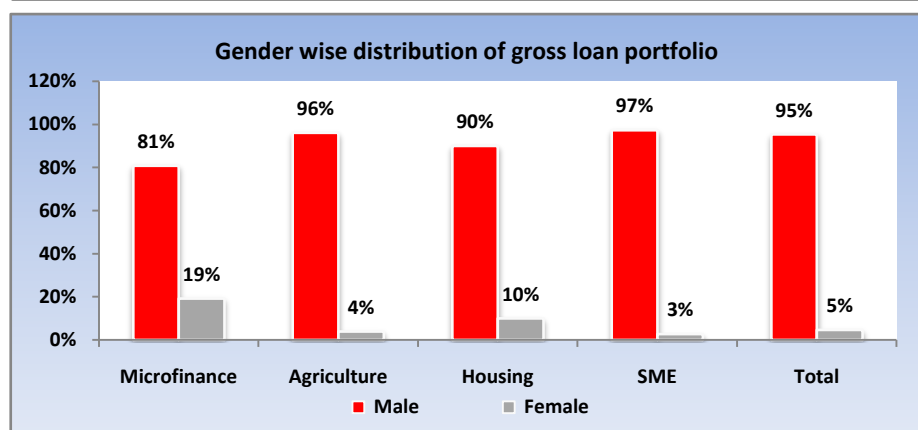
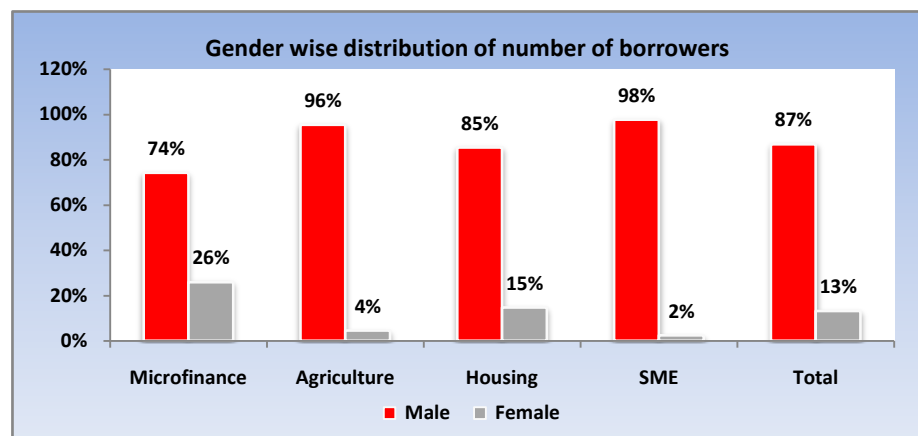
Development Finance Group (DFG)

A Snap Shot of Access to Finance in Pakistan

State Bank of Pakistan (SBP) has been supporting development of an inclusive financial system in the country to ensure provision of financial services to all sectors of the economy. According to Labor force survey 2011, women constitute 13.3 million of Pakistan's labor force which represents their significance in overall economic growth of the country¹. Nearly 90 percent of these women work in agriculture, elementary occupations and crafts sector. This presents an opportunity to financial sector to increase its outreach amongst the economically active female population. Cognizant of the potential of these markets, SBP assigns high priority to the sectors such as, i) agricultural credit ii) microfinance iii) SME finance, and iv) housing finance.

Access to financial services by women is lower in Pakistan but the momentum is building gradually for increasing

women's share in financial access. According to the data available as of December 31, 2013, the development finance (DF) sector is serving 2.6 million borrowers with an outstanding portfolio of Rs. 606 billion (Table 1). Male borrowers dominate with a significant share of 87% in the total borrower base. Overall,



highest number of borrowers (1.4 million or 54%) are concentrated in agriculture sector followed by microfinance with 0.97 million borrowers (38%), whereas share of SMEs in

¹ http://www.pc.gov.pk/annual%20plans/2011-12/chapter-19_employment.pdf

total borrowers is 5%. Sectoral distribution shows that maximum number of female borrowers is in microfinance banking sector which make up 78% of the overall female borrower base within the DF sector.

The outstanding portfolio of DF sector stands at Rs. 606 billion with significant shares in SMEs (Rs. 270 billion) and agriculture (Rs. 255 billion) sectors (**Table 1**). Gender classification of the portfolio reveals that only 5% (Rs. 28 billion) of the overall credit of DF sector is directed towards female borrowers. Among sectors, highest credit to women is directed in agriculture (36%) and SME sector (26%) whereas microfinance and housing finance sector make 19% each.

On the saving side, MFBs currently hold 2.7 million individual deposit accounts with a share of 32% female accounts. Major share in total value of deposits of Rs. 30 billion is held by males with 78% (Rs. 23 billion) while women make up 22% (**Table 2**).

Branchless Banking

Historically, a major reason for low access to financial services in Pakistan has been the cost and time spent by low income people to reach out to distantly located bank branches for carrying out their small value transactions. Women in rural and remote areas face additional constraints due to lack of their mobility largely for cultural reasons.

Technology has however been changing the dynamics of retail banking in Pakistan. Anywhere and anytime, the unbanked individuals can now avail basic financial services at agent shops which are in close proximity to their residence. Currently, eight branchless banking providers have developed a network of 125,000 agents to provide services including bills payment, fund transfer, G2Ps, loan repayments and others. These agents have performed a total of almost 192 million transactions worth Rs. 802 billion during the year 2013. Moreover, 3.4 million mobile-wallet accounts, largely by previously unbanked persons have so far been opened in which 38% are contributed by women.

Appendix

Table 1: Access to Finance Data

(As of Dec 31, 2013)

Sector	No of borrowers			Gross Loan Portfolio (PKR in millions)		
	Male	Female	Total	Male	Female	Total
Microfinance*	722,278	252,074	974,352	22,876	5,438	28,314
Agriculture finance	1,335,723	58,466	1,394,189	244,939	10,119	255,058
Housing finance	62,472	10,752	73,224	46,950	5,210	52,160
SME finance	132,254	3,313	135,567	262,657	7,601	270,258
Total	2,252,727	324,605	2,577,332	577,422	28,368	605,790

**This data doesn't include borrowers of non-deposit taking, unregulated microfinance institutions (MFIs). Moreover, microfinance holds a share of 70% in agriculture which has been netted off in agricultural finance data to avoid dual counting.*

Table 2: Deposits of MFBs

(As of Dec 31, 2013)

No of Depositors			Value of Deposits (PKR in millions)		
Male	Female	Total	Male	Female	Total
1,823,424	839,818	2,663,242	23,323	6,413	29,736

Table 3: Summary of data on access and usage of financial services using branchless banking

Branchless Banking Indicators	Dec'13
Total Number of BB Agents	125,027
Total Number of BB Accounts	3,475,458
Total BB Deposits as of Date (PKR in Millions)	2,639
Total Value of Transactions during the year (PKR in Millions)	802,697
Number of Transactions during the year (in '000)	191,902