

SBP committed to making banking service accessible

SBP Banking Service Cooperation has highlighted various initiatives taken or being taken by the bank to facilitate the underserved sectors of the economy in the field of Agriculture, SME and micro-finance, which are:

- Review of policy and regulatory environment to promote SME, agri. and micro finance as a viable and main stream business activity for the banking industry.
- Introduction of Credit Guarantee Scheme for Small & Rural Enterprises to share credit risk with bank.
- Introduction of Microfinance Credit Guarantee Facility for resolving liquidity problems for microfinance Banks.
- Introduction of Refinance Scheme for modernization of SMEs.
- Introduction of Refinance Scheme for Agriculture produce storage construction.
- Crash Training Programme for the SME and agri. Credit officers of banks.
- Launch of eCIB for MFIs to assess the credit worthiness.

(Reference: Business Recorder Lahore, September 24, 2011)

Provinces unlikely to create Rs 125bn projected budget surplus

FBR revenue collection target of Rs 1952bn is increasingly viewed as unrealistic by 2010-2011 would imply less transfer to the province.

(Reference: Business Recorder Lahore, September 24, 2011)

Zakat deduction declines by 53 percent

Zakat collection through banks is gradually declining as Zakat deduction on saving account has distribution system.

(Reference: Business Recorder Lahore, September 24, 2011)

SBP intervene to support rupee

As a result of massive depreciation of rupee on open market, SBP called a emergency meeting of Exchange Companies Association of Pakistan (ECAP). It was decided in the meeting that SBP will supply dollars to the exchange companies as per their demand to manage the supply and demand gap in the open market to arrest the continuing depreciation of the rupee against dollars.

(Reference: Business Recorder Lahore, September 2011)

The Rupee

The SBP has announced to cut the discount rate by 50basis point as a result of downward trend in the inflation rate. Government has reduced the rates of the National

Saving Schemes (NSS) which may propel the investors to buying dollars. The rupee managed to post recoveries against both dollars and euro. In the inter bank dealings, the rupee inched up by 16 paise versus dollar for buying and selling at 87.44 and 87.49. On the open market, the rupee recovered rupees recovered Rs. 1.10 in terms of dollar for buying and selling at 88.30 and 88.70. It also posted fresh gain of Rs. 1.82 versus euro for buying and selling at Rs. 118.91 and Rs. 119.41.

(Reference: Business Recorder Lahore, October 03, 2011)

Tax collection limping with launch of WeBOC

The launch of Web Based One Customs (WeBOC), to replace Pakistan Automated Customs Computerized System (PaCCS) would send Federal Board of Revenue's (FBR's) tax collection endeavors limping. Under the WeBOC system "they have to engage the following." (i) Scanner, for scanning documents required by the custom (ii) generators in the absence of electricity. After vessel cut off time in WeBOC we cannot load containers due to lengthy procedure involved under this system.

In PaCCS we can file documents anywhere in the world due to paperless requirements of custom and in WeBOC a lot of searching is required which is time consuming as compared to PaCCS. Tax payers say that the future of WeBOC semi-automated software is completely uncertain and the authorities would be failing in making it successful because it is not an automated solution. Concerned tax payers are believed that FBR launched this system on the desire of some custom officials having vested interest. The system was never tested, verified or checked for formulas for calculation of duties and taxes and functionally of each module.

(Reference: Business Recorder Lahore, October 03, 2011)

Kibor may fall by 50-75 bps

In the wake of the 150 bps cuts in the policy rate by the SBP, the kibor rate will be reduced by the 50 to 75 bps. Alongwith it the six months cover for the US dollar is also expected to reduce.

(Reference: Business Recorder Lahore, October10, 2011)

Cut-off yield for Pakistan investment bonds

The Cut-off yield for 10 year Pakistan investment bonds fell by 101 bps or one percent to stand at 12.24 percent. Similarly Cut-off yield for three years Pakistan investment bonds by 12.5 percent, down 107bps while Cut-off yield for five year Pakistan investment bonds stood at 12.19 percent, down 105 bps. Total released amount stood at Rs. 17.584 billions.

(Reference: Business Recorder Lahore, October13, 2011)

Pressure on forex reserves

Pakistan's foreign exchange reserves have declined as a consequence of a rise in the trade deficit (widened by 28.78%) and a reduction in remittance inflows. This must be the cause of serious concern as a favorable foreign exchange reserves position in 2010-11 as the chief reason behind the govt.'s level of comfort is not seeking any further assistance from IMF.

(Reference: Business Recorder Lahore, 13, October 2011)

SBP to develop secondary markets

The central bank would develop the secondary capital market over the next 18 to 24 months. This would develop liquidity that will be:

- Eliminate the circular debt which is Rs. 380 billions, this debt has been draining the economy and curtailing economic growth.
- These markets would also help the federal government avoid borrowing from SBP and commercial banks. This would be more helpful for the private sectors particularly agriculture and housing sectors and SME by providing them more credit.

(Reference: The News, October 21, 2011)

ABL's profit after tax rises:

The profit after tax of ABL has been increased to 32 percent which is Rs. 7.72 billion as compared to the Rs. 5.84 billion in last year.

- The net profit translated into an earning per share (EPS) of Rs.8.98 as compared to the Rs.6.80 EPS in last year.
- Net interest income has been increased by 12% to Rs.18.61 billion.
- ABL has recorded a decline of 59% in its write-offs to Rs.1.30 billion.

(Reference: The News, October 21, 2011)

Branchless banking shows impressive growth:

Branchless banking would prove a game-changer in improving access of unbanked population to financial services in Pakistan. In two years:

- The total number of active branchless banking accounts agents reached to 17,448 whereas the branches of all the banks is almost 10,000.
- The total number of active branchless banking accounts increased by 51.23 percent to 357,598,
- Total branchless banking deposits by 28.03% to Rs.187 million,

- Number of transactions by 26.93% to 15.867 million
- The volume of transactions by 43.20% to Rs.58,710 million.
- (Reference: The News, October 21, 2011)

Provinces can impose and collect agriculture tax

“Where there was a taxable income there should be a tax and there should be no exemption”

In Pakistan, there are huge numbers of people having more than one bank accounts, luxurious houses and cars and frequently traveled abroad but were contributing nothing to the national exchequer in the form of tax. On the basis of mentioned information about 2.3 million new taxpayers had been detected and notices served on 1,20,000 potential taxpayers. The federal government could impose taxes only in those sectors, which come under its preview. Imposing tax on agriculture income comes under provinces' jurisdiction.

(Reference: Business Recorder Lahore, October 28, 2011)

Forex reserves increase to \$17.209bn

The total liquid foreign reserves held by the country increased to \$ 17,209.3 million on October 21, 2011 from \$ 17,202.5 million on October 14, 2011. The foreign reserves held by the SBP decreased to \$ 13,443.0 million on October 21 from \$ 13,462.1 million on October 14 while net foreign reserves held by banks (other than SBP) increased to \$ 3,766.3 million on October 21 from \$ 3,740.4 million on October 14, 2011.

(Reference: Business Recorder Lahore, October 28, 2011)

Litigation for disclosure of information: Legal cover to banking sector on the cards

The government is planning to give legal cover to the banking sector to protect these financial institutions from litigation for disclosure of information about the account holders to the Inland Revenue Service (IRS) officers of the Federal Board of Revenue (FBR). The proposed amendment in the relevant laws would protect the banks from civil suits for disclosure of information to the tax authorities under Income Tax Circular Number 9 of 2011. The protective provision would also give confidence to the banking sector to freely share requisite information about their account holders under Income Tax Circular Number 9 of 2011.

(Reference: Business Recorder Lahore, October 28, 2011)

NBP posts Rs16.7bn pre-tax profit

National Bank of Pakistan (NBP) has posted Rs 16.751 billion as pretax profit for the nine-month period ended September 30, 2011 as compared to Rs 16.630 billion earned in the corresponding period in 2010.

For the nine-month period ended September 30, 2011;

- The bank's earning per share stood at Rs 6.78.
- The bank's mark-up/return/interest earning increased to Rs 69.487 billion.
- The total non-mark-up/interest income increased to Rs 13.175 billion.
- The bank's profit after tax increased to Rs 11.402 billion.
- Deposits increased by Rs 54 billion.
- Advances increased by Rs 36 billion.

(Reference: Business Recorder Lahore, October 28, 2011)

Profit after tax of Adamjee Insurance rises

The profit after tax of Adamjee Insurance Company has increased to Rs 369.218 million in the nine-month period ended September 30, 2011 as compared to Rs 133.317 million earned in the corresponding period in 2010.

For the nine-month period ended September 30, 2011;

- The company's earning per share has increased to Rs 2.98.
- The company's profit before taxation increased to Rs 494.358 million.

(Reference: Business Recorder Lahore, October 28, 2011)

Profit after tax of Standard Chartered Bank increases

The profit after tax (unconsolidated) of Standard Chartered Bank (Pakistan) Limited has increased to Rs 3.768 billion in the nine-month period ended September 30, 2011 as compared to Rs 1.944 billion in the corresponding period last year.

For the nine-month period ended September 30, 2011;

- The bank's earning per share has increased to Re 0.97
- The bank's mark-up/return/interest earning increased to Rs 23.417 billion while the bank's mark up/return/interest expenses increased to Rs 8.444 billion
- The bank's total non-mark-up/non-interest income increased to Rs 4.648 billion while total non-mark-up/non-interest expenses reduced to Rs 10.123 billion
- The bank's profit before taxation increased to Rs 5.858 billion

(Reference: Business Recorder Lahore, October 28, 2011)

Silk Bank posts Rs 210.733m as profit after tax

Silk Bank Limited has posted Rs 210.733 million as profit after tax in the nine month period ended September 30, 2011 as compared to after tax loss of Rs 700.335 million in the corresponding period in 2010.

For the nine-month period ended September 30, 2011;

- Bank's earning per share stood at Re 0.08
- The bank's mark-up/return/interest earning increased to Rs 6.345 billion while the bank's mark-up/return/interest expenses increased to Rs 4.819 billion.
- The bank's total non-mark-up/interest income reduced to Rs 610.545 million while total non-mark up/interest expenses increased to Rs 2.687 billion against Rs 2.084 billion.
- The bank posted Rs 398.885 million as profit before taxation.

(Reference: Business Recorder Lahore, October 28, 2011)

Over 137million world's poor receive micro-loans in 2010

Micro-loans are used to help people living in poverty in both industrialized and developing countries to expand the range of the small businesses. In 2010, more than 137.5 million of the world's poorest families received micro-loans which is all time high. By assuming five members in family, these 137.5 million micro-loans affected more than 687 million family members which is greater than the combined populations of the European Union and Russia.

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex agency offering microfinance in Pakistan and works closely with Micro-credit Summit Campaign (MSC). PPAF had disbursed more than 775 million dollars through 4.7 million micro-credit loans. Almost 45% of total 2.1 million of borrowers were financed by PPAF.

(Reference: Business Recorder Lahore, November 11, 2011)

Silkbank launches 'Swipe, Spend & Gain' scheme

Silkbank has launched its new promotional scheme, 'Swipe, Spend & Gain' which offers exciting perks to the users of Silkbank's Visa Debit card. Through this scheme the users of Visa Debit card users enjoys the guaranteed 5\$ cash back on all retail transactions of Rs. 500 or above and also win fabulous prizes through monthly lucky draw.

(Reference: Business Recorder Lahore, November 11, 2011)

Submission of soft CAR copies: SBP directive to banks, DFIs

The State Bank of Pakistan advised all banks and DFIs to submit soft copies of their quarterly unaudited Capital Adequacy Returns (CAR) within three months of the end of each calendar year. Besides that, they are required to upload the completed files (both quarterly and annual) to Data Acquisition Portal version 4 (DAP-4) within the aforementioned time period.
(Reference: Business Recorder Lahore, November 15, 2011)