

KARACHI: Finance Minister Asad Umar said on Saturday that there will be an inflow of around \$4.1 billion in the next two weeks after which the State Bank of Pakistan's foreign exchange reserves will swell to over \$12bn.

Addressing a seminar on 'Financing to Support Make in Pakistan', organised by Pakistan Business Council (PBC), the minister said that an agreement has been reached with Abu Dhabi Fund for Development (ADFD) for a loan of \$2bn and the amount is expected to be remitted next week. He said that China is also expected to provide \$2.1bn in the week thereafter.

Responding to a question, the minister said that loan from ADFD is being sought at a fixed interest rate of three per cent whereas the loan from China is being charged at 2.5pc. He explained that State Bank of Pakistan (SBP) reserves, which stand at \$8.116bn, will climb to over \$12bn after these inflows.

He said that the country's bank deposits as a percentage of GDP stand very low as 85pc of the population believes that conventional banking is not Shariah-compliant, therefore Islamic banks will have to play their role in ensuring availability of funds in the banking system.

He said the government is keen to increase deposits to GDP ratio within next five years and for this the Federal Board of Revenue (FBR) will have to work on removing bottlenecks.

Agreeing with a point raised by one of the speakers for urgent need of digitalisation of the economy, the minister asked SBP on the spot to set up a committee with members from FBR, Pakistan Telecommunications Authority, Securities and Exchange Commission of Pakistan and Pakistan Banks' Association and file their recommendations within a week in this regard.

He said that financial technology has to play a key role if Pakistan is to progress in the financial sector while pointing out that regulators will also have to reach a consensus over the system as SBP is already working on universal financial system. The regulators have to put know-your-customer and anti-money laundering systems in place, he added.

The finance minister said that Pakistan's economy is mainly consumption and import driven but time has come to shift towards high productivity to help raise wages. To a point raised by CEO Pakistan Stock Exchange Richard Morin who said that brokers have to fill two pages for opening a bank account, the SBP representative on the occasion stated that the process will be eased and it would become possible for opening of bank accounts by brokers with two minutes and over cell phone by Marchend.

Umar said that investment entrepreneurs should be allowed to raise funds from capital market instead of relying solely on banks.

Similarly, in order to give due attention to the insurance sector, which has been neglected by the SECP, a separate regulator will also be created.

Responding to another question, the minister said the business community in a meeting with Prime Minister Imran Khan demanded ninth amnesty scheme and for this, the government has asked trade bodies to submit their proposals. But he categorically stated that the government will only give

another amnesty scheme if it is beneficial to the economy because so far no desired results were achieved.