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CEO's Message

Greetings!

Having recently taken the helm of Karandaaz Pakistan, first of all I would like to take this opportunity to acknowledge and thank my predecessor, Mr. Ali Sarfraz for his contribution towards making the company a leading player in the financial inclusion drive in the country. His vision and determination played a key role in bringing the organization to where it stands today.

During this quarter the world celebrated the Micro-, Small and Medium-sized Enterprises (MSME) Day on 27th June. Declared by the UN General Assembly, the day marks the significance of MSMEs for economies across the globe. Karandaaz also celebrated the contribution of Pakistan's MSMEs for a sustainable and equitable economy, generation of jobs, and sustainable development.

This quarter has been both exciting and memorable for the team. Karandaaz Pilot to Scale Program solicited applications from entities that generate new financial use-cases for digital channels primarily focused on the excluded segments of the population. Pilot to Scale Program invited applications from commercial banks; branchless banks; PSO/PSPs; fintechs; non-banking financial institutions; and

entities that primarily focus on the excluded segments of the population. We have received many innovative ideas from applicants and will soon be announcing a new batch of grantees. The grants will help the successful applicants scale up their pilots inventive projects for promotion of digital financial inclusion among the excluded segments.

Karandaaz initiative, Women Ventures continued to accept applications on a rolling basis, providing growth capital and capacity building workshops to business women around Pakistan.

Karandaaz Data Portal aims to provide access to data to decision makers from a wide range of sources, with an overall objective of promoting financial inclusion in Pakistan. From its launch in January till June 2021, more than 600 individuals have signed up to Karandaaz's data portal, downloading a total of 2,128 datasets. Over 200 more datasets have been added to the portal from a range of categories such as commodities, national economic data, digital financial services etc. We are confident that in coming months, Karandaaz Data Portal will become a primary source of credible and applicable data for policymakers, researchers, and academic.

In this quarter, Karandaaz also successfully held a webinar focusing on the Impact of COVID on financial behavior. The webinar had notable speakers from the industry and proved to be a great platform for all stakeholders including policymaking bodies, development partners, private sector and fintechs to exchange their experiences. Karandaaz also put out some great publications during this time in areas such as the fintech landscape and financial inclusion scenario of Pakistan. I would urge everyone to visit the publications section on our website and benefit from these resources.

As we prepare for the next financial year with a robust plan, I look forward to your continued and unwavering support for Karandaaz and myself, as you have always afforded us in the past.

Best Regards
Waqas ul Hasan

Feature

MSME Day Reflections: Impact of COVID-19

M Ans Qayyum, Senior Analyst, Knowledge Management, Karandaaz Pakistan

27th June is celebrated as a day to recognize micro, small and medium enterprises around the world. Globally, MSMEs contribute roughly 50% of the GDP and employ an estimated 60 - 70% of the workforce. The MSME day encourages us to engage in meaningful

dialogue to support MSMEs around the world and in Pakistan. And one of the most important conversations right now is how MSMEs are weathering the storm of the COVID-19 pandemic.

COVID-19 has laid waste to lives and livelihoods all over the world. Global confirmed infections are closing in on the 250 million mark, of which nearly 4.8 million individuals have passed away. In Pakistan, nearly 1.25 million have been infected with more than 27,000 passing away. The impact on livelihood and employment losses has been similarly devastating, which has been estimated and measured through a variety of methodological approaches. Globally, the International Labour Organization estimated that the employment of 114 million people was affected in 2020, either through reduced work hours, inactivity or loss of employment. For Pakistan, one study projected the job losses at 18.5 million.

SMEs are the engine of Pakistani economic growth, contributing between 30 – 40% of the GDP, employing three-fourth of the non-agri labor force and making up 25% of Pakistan's manufacturing exports. The pandemic brought in a range of issues for this sector. SMEs had to cope with supply chain issues, plummeting demand for goods and services, sharp decline in revenues that had a knock-on effect on the business financials and employed workforce.

According to a World Bank survey in Pakistan, firms reported an average decrease of 44% in their sales when the pandemic first hit. The crisis acutely affected smaller sized firms more - an estimated 10% of micro-sized businesses permanently shutting their doors by the mid of 2020 compared with only 2% of large firms. A similar survey conducted by Karandaaz Pakistan revealed that (within the sample studied) 52% of businesses laid off employees as a result of the lockdown related measures while 43% reduced the salaries of their employees. Part-time and daily wage earners were the most affected segment. Pandemic related restrictions also affected the free movement of goods within the country, and across international borders. A whopping 80% of businesses had a negative impact on their supply chain.

With a mandate to support MSMEs in Pakistan, Karandaaz Pakistan channeled its investments to support the small and medium enterprises it has been working with. It provided financial assistance to 12 women-led businesses that were on the verge of laying off close to 500 employees. Through a PKR 12.6 million financial assistance, Karandaaz helped these MSMEs avoid this layoff during the peak of the pandemic in 2020. Additionally, a couple of these enterprises were extended an additional PKR 14.5 million so that they could meet their working capital requirements.

Beyond the individual efforts by organizations such as Karandaaz, supporting the economy was essential and the government was quick to announce a PKR 1.2 trillion stimulus package. The uptake of the stimulus package by the intended beneficiaries could have been better. While an estimated 70% of businesses were aware of the stimulus and relief measures, only 8% approached banks to avail these facilities according to the survey by Karandaaz. The domestic policy of not imposing a complete lockdown again, does seem to have benefited SMEs in Pakistan as compared to SMEs in other countries of the region. The government's electricity support package has also been helpful, quoted business respondents in a survey. The Temporary Economic Refinance Facility was introduced specifically for fueling new investments and supporting the economic activity.

SMEs also suffered adversely in a key area that is extremely important for their growth and expansion: access to capital and credit. Statistics from SBP up to June, 2021 show a 9% YoY increase in the outstanding portfolio of SME financing (PKR 438B); however the year 2020 was not favorable due to the impact of the pandemic. SME financing shrank in all but the last quarter, of the year 2020. The first 9 months of 2020 witnessed an average decrease of 11% in the gross loan portfolio of SME businesses in Pakistan, considering a year-on-year basis. To put this into perspective, year-on-year growth was positive every quarter since 2015. Limited uptake of credit is likely to hamper the capital needs and expansion plans of SMEs.

Businesses have resorted to a variety of initiatives to mitigate the impact of this pandemic. Aside from reducing costs, businesses have pivoted to digital channels, new products and business development strategies. 42% firms of all sizes surveyed by the World Bank in 2021, reported using digital channels to conduct their business. Broadband subscribers have increased by 17% in 2020 while e-banking transactions grew by 24% in volume and 22% in value in the last quarter of 2020. However, it remains to be seen whether this shift will be sustained.

With the vaccination drive in place, there is light at the end of the tunnel. The Business Confidence Survey conducted by the SBP reported that the Business Confidence Index was at its highest in December 2020 since it was launched in mid-2018. That is a remarkable improvement considering that the index was lowest in April-June 2020. In 2020, firms were expecting a hefty double digit decrease in employment. However, the expected decrease was in single digit numbers in 2021. SME financing in terms of GLP posted a positive growth once again, in December 2020. Coupled with private sector financing, beneficial schemes amounting to PKR 12 billion in the recently announced budget are likely steer to the engine of the economy in the right direction.

The article first appeared in The Nation on June 27, 2021.

Some of the numbers have been updated since this article was published.

¹ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_766949/lang-en/index.htm

² <https://www.dawn.com/news/1594444>

³ <https://thedocs.worldbank.org/en/doc/884b60a84f16362376215acef470fb4b-0310062021/original/PDU-April-21-FULL-REPORT-FINAL.pdf>

⁴ <https://thedocs.worldbank.org/en/doc/884b60a84f16362376215acef470fb4b-0310062021/original/PDU-April-21-FULL-REPORT-FINAL.pdf>

Exclusive Interview

Navid Goraya,
Chief Investment Officer,
Karandaaz Pakistan on World
Environment Day



Q1. As we all are aware that every year, June 5 is celebrated as World Environment Day. As Chief Investment Officer Karandaaz Pakistan, anything you would like to share with our readers?

The climate of Pakistan has become increasingly volatile over the past several decades; the situation can even get worse in the future if no steps are taken towards climate change mitigation and adoption. In addition to increased heat, drought and extreme weather conditions in some parts of Pakistan, the melting of glaciers in the Himalayas threatens many of the most important rivers of Pakistan. According to climate risk index score, Pakistan is ranked as the 5th worst affected country in terms of extreme climates caused by global warming in the last decade.

I believe that initiatives like a celebration of World Environment Day are steps towards climate change adoption and mitigation that create awareness in the public. Green initiatives will not only benefit our lives by reducing health issues associated with environmental pollution but will have an economic impact as well. United Nations has estimated that annual losses of USD 250 – 300 billion are incurred all around the globe as a result of global warming.

Q2. This year's theme of World Environment Day is 'Ecosystem Restoration'. Karandaaz Pakistan being a promoter to provide access to finance for micro, small and medium businesses, have you promoted any such businesses that are specifically Green Pakistan focused?

According to a USAID research "Greenhouse Gas Emissions in Pakistan -2016", sectors emitting greenhouse gases include the energy sector contributing 46 percent to overall emissions, followed by agriculture (41%), land-use change and forestry (6%), industrial processes (5%) and waste (2%). The total installed capacity of the existing NTDC system is about 35,735 MW as of 30th June. The percentage-wise share of hydro, thermal, nuclear, and REs (Bagasse, Solar & Wind) in the existing NTDC capacity mix is about 31%, 60%, 4%, and 5% respectively. 60% of energy is generated through thermal power projects running of coal and fossil fuels that largely contribute towards the emission of GHGs. The GOP has set aggressive targets to increase the existing share of RE in the energy mix from 5% to 20% & 30% by 2025 & 2030 respectively. As per World Bank VRE Integration & Planning study (Nov 2020), this would imply the addition of around 24,000 – 27,000 MW of RE (solar & wind) into the system by 2030. Further, a hydel generation capacity of 56,000 MW is also planned to be added by 2047. Karandaaz has already invested in the alternate energy generation segment. Karandaaz has provided funding to some of the leading solar EPC contractors to support the development of this segment.

Q3. Pakistan hosted this year's World Environment Day in collaboration with the UN Environment Program (UNEP). Almost 143 countries participated this year too. How

productive this could be for the businesses in Pakistan which are focusing on Green Energy kind of initiatives?

This year's World Environment Day has a special significance because it also the formal launch of "United Nations Decade on Ecosystem Restoration 2021-2030". Hosting of World Environment Day 2021 in Pakistan is an acknowledgment of our country's swift transition towards "clean and green". This initiative will help change the perception of other countries about Pakistan and will also encourage international investors and funding agencies such as GCF, ADB, CDC, etc. to invest in the green initiatives of Pakistan.

Q4. Under the recently launched 'Green Financing Innovations' program by Prime Minister Imran Khan, will Karandaaz Pakistan be playing any pivotal role?

Karandaaz under the FCDO's commitment to climate funding has expanded its mandate to green financing which includes RE generation and Energy Efficiency segment along with green building and green transportation.

Industrial sectors, such as cement, textile, fertilizer, paper and leather, are energy-intensive, with energy cost comprising up to 60% of total production costs. According to studies by ENERCON, energy conservation potential of 25% exists in Industry; 22-25% in Buildings; 20-23% in Transport and 25% in Agriculture.

- 1. Renewable Energy Generation:** Karandaaz will provide funding to the small / mid-size projects that includes but not limited to; Wind, Hydro, Solar projects.
- 2. Energy Efficiency:** Karandaaz will target cement, textile, fertilizer, paper, and leather industries for EE initiatives. Karandaaz will provide funding for waste heat recovery systems, energy management in buildings, co-generation of heat and power, and replacement of inefficient equipment.
- 3. Green Buildings:** Karandaaz will assist the construction industry by providing funding to construct green buildings and installation of building management system. Karandaaz will also assist investee companies to achieve LEED/Breem certification.
- 4. Green Transportation:** Karandaaz will provide support to the investors in the Electric Vehicle segment that will largely contribute to the reduction of carbon emission.

Q5. The World Bank has recently valued Pakistan's marine wealth including mangroves and seagrass. The federal government is taking extra measures to arrest millions of tonnes of CO2 equivalent through mangroves. Will you encourage and facilitate any micro, small, and medium-sized business to invest in this domain?

Other Initiatives by Pakistan Government

- GoP has developed a National Electric Vehicle policy ("NEVP") to promote electric and hybrid vehicles in Pakistan to reduce CO2 emissions.
- New Alternate & Renewable Energy Policy 2019 has recently been approved in October 2020 in which various incentives encourage the use of RE and allied investment. E.g. dollarized return, SBP financing, etc.
- Pakistan issued first Green Eurobonds to raise USD 500 million for the development of Diامر-Bhasha and Mohmand dams.

The interview first appeared in FLARE on June 8, 2021.

Newsflash

Mobile Money Adoption Increased during Pandemic by 4%: Survey on the Impact of COVID-19 on Financial Behavior

Findings of Survey on the Impact of COVID-19 on Financial Behavior

Karandaaz held a webinar to share the findings of the recently concluded survey on the impact of COVID-19 on financial behavior in Pakistan. This survey was designed and conducted in partnership with Kantar. Survey findings show that while financial inclusion in Pakistan increased from 21% of adults pre-pandemic to 25% in late 2020, the change was driven entirely by mobile money adoption. Mobile money account ownership by registered users increased from 9% of adults pre-pandemic to 16% in late 2020. The pandemic had no significant effect on bank account ownership. Most significantly, the pandemic caused the gender gap to widen in 2020 despite the fact that financial inclusion of women increased. While the gender gap remains an enormous barrier to financial inclusion and economic empowerment, the financial inclusion of women increased from 6 – 11%, which is a major occurrence considering the number hovered between 5-6% in multiple previous waves of the FII Survey.

Mr. Sohail Javaad, Director PSD at SBP delivered the keynote address in which he said, *“With the recent launches of Roshan Digital Accounts and Raast - Pakistan’s instant digital payment system, and the recent release of the exposure draft of digital bank regulatory framework, the State Bank of Pakistan has been taking monumental strides to put in place a digital financial ecosystem at the national level. These groundbreaking initiatives are not only helping us consistently register progress against our National Financial Inclusion Strategy goals but have also helped alleviate the extraordinary challenges posed by the pandemic. We really appreciate the knowledge that Karandaaz has shared as it will help us better map our future short and long term strategies for further advancements in this direction.”*

Mr. Salim Raza, former Governor of SBP and Member Board of Director at Karandaaz, while speaking at the webinar shared, *“Karandaaz has a strong focus on supporting digital financial services as a means to reach those who otherwise remain excluded from the formal financial system, such as women. This research has shown us that mobile money account ownership tripled among women, from 2% before the pandemic to 6% in late 2020. This is a very significant increase and proves that technology-based solutions must be a focus for all stakeholders if we really want to make a meaningful impact on our national financial inclusion indicators.”*

During the webinar a comprehensive presentation on the findings of the survey was made by **Dr. Samuel Schueth, Research Director at Kantar**. This was followed by a panel discussion to deliberate on the stickiness of the growth observed in the uptake of digital financial services since the start of the pandemic in 2020, implications for the financial inclusion of women, and the importance of demand side data.



Karandaaz Offering Grants for Digital Financial Services in Savings and Insurance

Karandaaz's Pilot to Scale Program is enabling access to savings and insurance products through support for digital technology based solutions that bring these services from financial institutions such as commercial banks; PSO/PSPs; fintechs; and non-banking financial institutions. Institutions that primarily focus on bringing such services to the segments of the population, that generally remain excluded from formal financial spectrum, were invited by Karandaaz to apply for grants to scale up their pilots and generate new financial use-cases. In savings, pilots that are testing the use-case generation in term deposits, periodic returns, and rotating savings and credit association (ROSCA), locally known as committee system, were focused. In insurance, pilots that are geared to improve adoption of health, life, assets, and travel insurances through digital financial channels were considered.



Rehan Akhtar, Chief Digital Officer Karandaaz said, "We are looking for pilots that are intended to make a difference through identification of consumer adoption strategy, digitization of information flow, incentives adoption, technically develop systems and products, test new use cases, test multiple consumer interfaces and activate on-ground adoption of a saving or insurance solution. We are hopeful that these grants for scaling up innovative pilots will help increase the product portfolio of mobile wallets, specifically with insurance and savings products and re-invent existing un-conventional digital financial services for these two categories."

Despite increased uptake of digital channels for financial services in the last 12 years in Pakistan, research and data shows that the users do not fully understand the convenience offered through such services. Identifying and communicating a compelling value proposition to consumers is vital for increasing use-cases. Understanding the nuances of how consumers of different segments earn, save, and spend their money can help providers develop relevant solutions for each segment. Pilot to Scale grants from Karandaaz will help new users understand the ease of accessing these services through digital channels. These pilots will not only help in the promotion of digital solutions for savings and insurance but will also help in broadening as well as normalizing everyday usage of digital financial services and products in genera.

Pilot - Linking Karandaaz Investees: Walee and Oraan

Karandaaz endeavors to support the uptake of financial services, with a special emphasis on excluded segments of the society such as women. This is often carried out in collaboration with supply side partners. In this quarter, Karandaaz ran a pilot to gauge impact of a demand intervention on uptake of a digital financial solution, in which female influencers from Walee, Pakistan's largest and fastest growing Influencer network and a

Karandaaz grantee, was engaged were to market the Rotating Credit and Savings Association (ROSCA), commonly known as committee, product of Oraan, another Karandaaz grantee. Oraan, offers this simple digital solution for women that enables its consumer to save with a safe group in a simple and transparent method. The purpose of the pilot was to assess if influencer marketing can be used in the future to market financial services as well as Karandaaz's funding opportunities. The pilot was run in the month of June 2021. Walee and Oraan agreed to work together and refine a marketing strategy, select influencers who were to work on this campaign, on-board the applicants who had applied, and share data on on-boarded clients. Walee committed a certain number of influencers and affiliates who were to work on this campaign, and set targets in terms of impressions generated and number of applicants.

The campaign showed that 54% of the applicants were women. 54% of all sign-ups came from bigger cities such as Karachi, Lahore, and Islamabad, while the rest were from smaller cities. 45% of the applicants belonged to the age group of 20 to 25 years old. It was also noticed that influencer based social media outreach cannot be exclusively confined to a certain focused gender and age group. This proves that this medium is more suitable for products that require a more universal outreach and marketing effort.

While further demand side interventions need to be tested in order to refine the model, the following key learnings from this pilot will help in designing future campaigns:

- A simpler use case would help to drive the agenda of financial inclusion through social media influencer networks.
- The intervention duration should be longer to smooth out execution issues and benefit from economies of scale.
- Influencers need to be trained better on giving the accurate information about the product.
- Entire messaging strategy should focus on the desired market segment accompanied by an aggressive follow-up.



INVESTEES SHOWCASE

Roida Amjad, CEO, New Age Flour Mills, Peshawar is a pioneer in her field. In 1998, a year after the death of her husband, she took over his beloved flour and general mill located on Warsak Road in Peshawar. It was a dream of her husband to run this business successfully, and in his absence, Roida pledged to fulfill the dream, regardless of the challenges.

“It was sudden, but I believe that women can do anything they set their mind to,” Roida says, talking about the initial days of her business. “My family supported me and Pashtun culture of respecting women played a major part in me assuming this leadership role with ease. I was also blessed with a good team working with me at the mill, so despite unending issues with our finances, quality control and supplier issues, we were able to weather the storm.”

Watch this inspiring video story of Roida Amjad whose businesses is benefitting from Karandaaz investment, on Karandaaz YouTube Channel: <https://bit.ly/3AMSGhc>:

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Blog

Financial Inclusion and the Increasing Gender Disparity

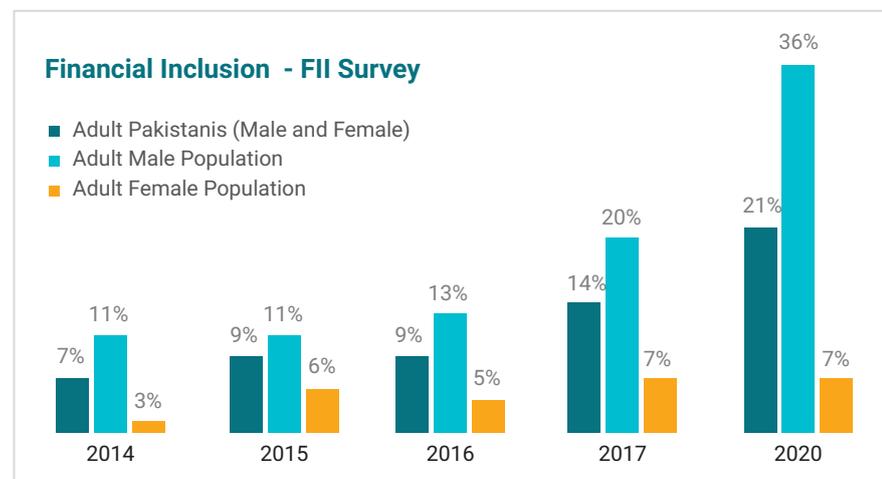


Over the years a number of policy measures have been designed and implemented to improve the proportion of financially included Pakistanis and expand the uptake of formal financial services. However, from the demand side perspective data reveals that there is still a lot of ground to cover, especially in case of women. As per the most recent Financial Inclusion Insights (FII) Survey 2020, topline financial inclusion in Pakistan is estimated at 21%, expanding 7 percentage points (ppt) since the last wave was conducted in 2017. While the delta between the two waves is the highest recorded since inception of the FII survey in 2013, financial inclusion is still significantly low when compared to countries with similar socioeconomic profiles, i.e., India (78%) and Bangladesh (47%).

Let's Talk Numbers

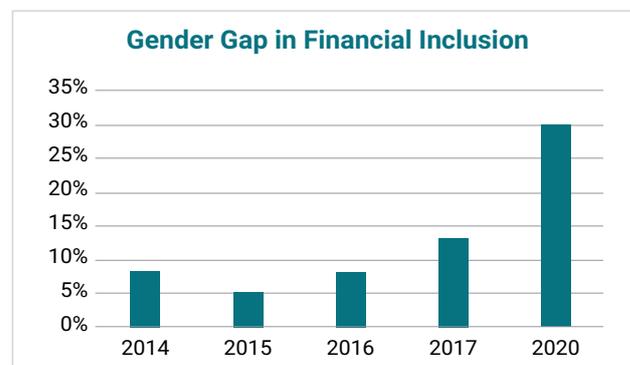
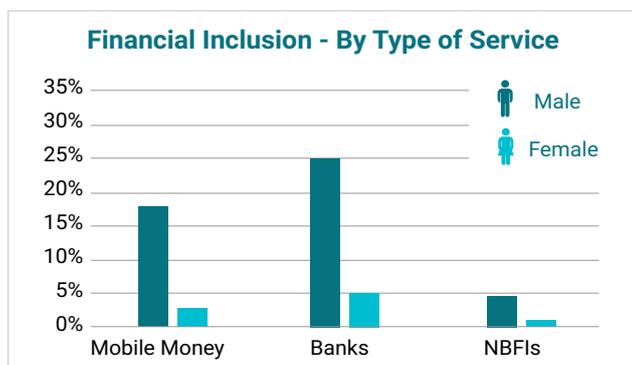
While the headline number for financial inclusion in Pakistan has been improving, disaggregated data shows a worsening situation in terms of the gender gap. As per latest stats 36% (2017: 20%) of Pakistan's adult male population is now estimated to be financially included; the ratio for adult women is still in the single digits i.e., 7% (2017: 7%). Over the last five-year period the gender gap has widened to a staggering 30%. More worryingly, the 2021 Global Gender Gap Report 2021 by the World Economic Forum (WEF) ranks Pakistan at 153 out of 156 countries, which is 2 places lower than its 2020 ranking. Within the sub-indices, Pakistan has the lowest gender parity (0.33) for "Economic Participation and Opportunity".

For the uptake and penetration of digital financial services, mobile phone ownership serves as an important measure. The latest FII survey findings show that only 26% of female respondents indicated owning a cell phone; in contrast the proportion was almost 3x more for male respondents. Similarly, in case of SIM card ownership, the gender divide was as high as 47%. The adverse impact of this disparity is corroborated by the finding that the male population reporting having a registered mobile money account in their name saw an upsurge of 10 ppt since 2017 and stood at 17%, while only 2% of female respondents reported having a mobile money account. The survey also gauges financial literacy among respondents, based on knowledge of four key concepts: i) interest rates, ii) interest compounding, iii) inflation, and iv) risk diversification. ~14% of female respondents were counted as financially literate, whereas 25% of men seemed to understand these terms. All these demand side statistics raise serious concerns regarding the readiness of Pakistani women to get connected with the financial ecosystem.



Female Mobile Money Accounts on the Rise but Under Developed Regions being ignored

In the enhanced National Financial Inclusion Strategy (NFIS), which was rolled out by the incumbent government as part of its 100-day agenda, the government has set a target of achieving 20 million women operated digital transaction accounts by 2023. As per the most recent statistics published by the State Bank of Pakistan (SBP) there were ~15 million women operated mobile money accounts as of Dec. 2020, registering a YoY growth of 51%. This significant growth can be attributed to higher consumer preference for online transactions due to the ongoing pandemic. However, it is imperative to highlight the disparity among provinces. 67% of these women operated mobile money accounts are in Punjab, the share has actually grown by 3 ppt during 2020. While Sindh and Khyber Pakhtunkhwa (KP)—making up 22% and 10% of the pie, respectively—saw a contraction in their respective shares during the outgoing year. Balochistan, Azad Kashmir and Gilgit Baltistan (GB) combined constitute a meager 3% of these female accounts. While the overall number of women operated accounts is on the rise, outreach is restricted (seemingly) due to an unbalanced approach adopted by the supply side where the underdeveloped regions are lagging behind. Moreover, the national male/female split for mobile money accounts currently stands at 76%/24%. For KP, Balochistan, Azad Kashmir and GB the ratio of female accounts is alarmingly less than the national average.



State Bank's Banking on Equality Policy – A Much Needed Intervention

To squeeze the widening gender gap in terms of financial inclusion, the State Bank of Pakistan (SBP) released the draft Banking on Equality policy document in December 2020. The document entails short-term, medium-term and long-term policy measures aimed at encouraging uptake of formal financial services by Pakistan's adult female population. The SBP is currently soliciting stakeholders' feedback to refine and finalize the said policy. The proposed policy measures are based on 5 pillars to further strengthen the supply side: i) Gender Diversity in Financial Institutions and their Access Points, ii) Women Centric Products and Services, iii) Women Champions at all touch points, iv) Robust Gender Disaggregated Data Collection and Target Setting, and v) Policy Forum on Gender.

The draft policy document acknowledges the lack of gender diversity within banking employees. Women currently represent 13% of overall bank staff (including head offices, branches and branchless banking agents); branchless banking has alarmingly low incidence of women agents at 1%. To increase the number of women employees within the sector, the policy proposes a target of 20% for all banking institutions. The policy also proposes that all branchless banking providers shall design a clear Gender Mainstreaming in Agents Policy (GMAP), with a mandatory requirement to increase share of respective female branchless banking agents to 10% by Dec. 2022. For the achievement of its second policy goal of having women centric products and services, it is proposed that all banking institutions should have a specialized department for women financial services along with a female marketing team with an aim to expand financial literacy and understanding of banking services among women. The offerings (current and new) should be inspected and refined so that they are better suited to address requirements of female consumers.

The policy also talks about the idea of having specialized women desks for better consumer experience and redressal of consumer complaints. As per the proposed measures, financial institutions will be required to have women consumer representatives at least 75% of their touch points over the next three years. With regard to the collection of gender segregated data, it is important to stress the need for ensuring granularity of data. Also, supply and demand side statistics at times quote different figures for the same metric.

Identifying and assessing data inequality is very important so that institutions can design programs that are needed to uplift the un/underserved segments and geographies. The policy envisions to implement a system where quarterly gender-disaggregated supply side data related to share of men, women and transgender in bank accounts, credit, payments, agri credit disbursements, Islamic financing, etc. will be acquired from all SBP regulated financial institutions i.e., commercial banks, Development Finance Institutions (DFIs), Electronic Money Institutions (EMIs) and Microfinance Banks (MFBs). The policy also talks about having a specialized policy forum on gender and finance that can advocate the changes/improvements required in the existing regulatory frameworks and initiate a dialogue about the innovations required to support women's financial inclusions. The roll out of this policy indicates dedication of the apex regulator to bridge the increasing gender gap within financial connectivity to the formal system. While it aims to address key supply side issues, the policy also sets targets to educate the demand side and conduct targeted marketing campaign to enhance financial knowledge among women. To further reinforce effectiveness of the policy, however, it is also crucial to design supply side penetration targets for under developed regions necessary to curb regional disparity. Enhanced cellular connectivity/ownership among women and promotion of digital financial services is the key, as it opens up the avenue of digitally remitted social welfare payments through which a large number of women can be brought into the financial inclusion net.

While the immediate focus should be to improve access to and outreach of formal financial system, the longer-term vision should focus on refining financial products and infrastructure that can benefit the ultimate consumers. A blog post by the Consultative Group to Assist the Poor (CGAP) titled Beyond Access and Usage: Financial Services for Livelihoods also puts emphasis on this idea and discusses different sector specific approaches that can be used to have a meaningful and positive impact on the livelihoods and income patterns of the financially included population. Therefore, it is imperative for the policy initiatives to set well formulated short- and medium-term targets that can contribute to achieving the long-term goal of financial empowerment and sustainability.

Infographics

27TH JUNE
2021
**MSME
DAY**



Karandaaz investments for SMEs are categorized into four buckets:



Karandaaz provides debt financing for SMEs via specific product-programmes implemented by a wide range of partners such as Financial Institutions, listed corporations or Special purpose vehicles (SPVs). These programs can use different facilities such as risk participation, unfunded, first loss, etc. or a combination of these facilities.



Karandaaz deploys growth capital in the form of equity in SMEs



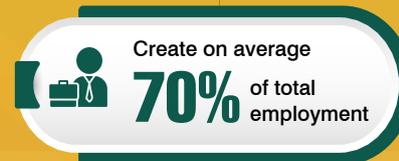
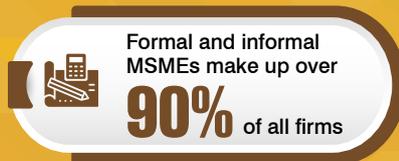
Karandaaz under the FCDO's commitment to climate funding has expanded its mandate to green financing which includes renewable energy (RE) generation and energy efficiency segment along with green building and green transportation.



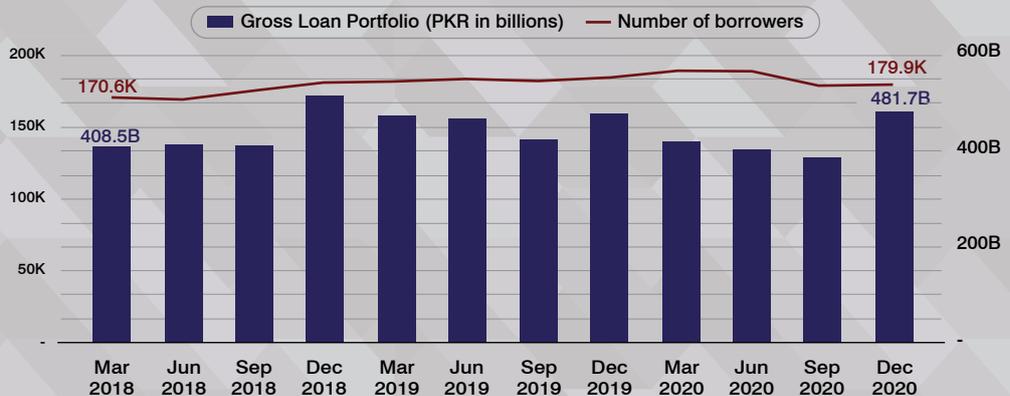
Women Ventures provides investment and business development services to women-led businesses.

United Nations General Assembly declared 27 June Micro-, Small and Medium-sized Enterprises (MSME) Day!

According to International Council for Small Business:



SME Lending by Banks and DFIs



Source: SME Finance Review by SBP, brought to you by Karandaaz Data Portal

Karandaaz Pakistan partnered with Pakistan Poverty Alleviation Fund and KfW Development Bank to create Pakistan Microfinance Investment Company (PMIC) to serve Pakistani enterprises at the bottom of the pyramid. Currently PMIC has:

24
Partners



A Loan Portfolio of PKR
23 Billion



66%
of PMIC Clients are in Rural Pakistan



763,000
Clients



81%
of PMIC Clients are Women



Source: <https://pmic.pk/>

About Karandaaz

Karandaaz Pakistan is a Section 42 company established in August 2014 and focuses on fostering economic growth and creating jobs through the financial inclusion of unbanked individuals and unserved enterprises, with a special focus on women and youth. The company has four verticals:



Karandaaz Capital

Provides wholesale structured credit and equity-linked direct capital investments to micro, small and medium enterprises (MSMEs) that demonstrate compelling prospects for sustainable business growth and employment generation in Pakistan.



Karandaaz Digital

Focuses on expanding the poor's access to digital financial services in Pakistan by working across the ecosystem with all stakeholders.



Karandaaz Innovation

Manages the Innovation Challenge Fund and Women Ventures, providing risk capital and grants to partners with the aim to generate innovative solutions in areas of financial inclusion and entrepreneurship.



Knowledge Management and Communications

Supports the company's core financial inclusion goal by developing and disseminating evidence-based insights and solutions.

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For more information, contact us at: info@karandaaz.com.pk



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