

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/353846366>

Strengthening Sustainable Finance in Pakistan, Fair Finance Pakistan, Islamabad.

Technical Report · August 2021

DOI: 10.13140/RG.2.2.21804.18561

CITATIONS

0

READS

63

1 author:



[Abid Aman Burki](#)

Lahore University of Management Sciences

59 PUBLICATIONS 650 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Interplay of Finance and the Distribution of Income and Wealth [View project](#)



Pakistan's Dairy Sector [View project](#)



Strengthening Sustainable Finance in Pakistan

A Scoping review towards institutionalizing the
Fair Finance Pakistan



FAIR FINANCE ASIA

© Fair Finance Asia, August 2021: This publication is copyright, but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured. The cut off time for the information is the end of September 2020. The information in this publication is correct at the time of going to press

Fair Finance Asia Briefing Papers are written to generate data-driven evidence, contribute to public debate, and to invite feedback on sustainable finance policy issues.

About Fair Finance Asia

Fair Finance Asia (FFA) is a regional network of Asian civil society organisations that are committed to ensuring that the business decisions and funding strategies of financial institutions in the region respect the social and environmental well-being of the communities in which they operate. Eight countries within the region are a part of the FFA: Cambodia, Japan, India, Indonesia, Pakistan, The Philippines, Thailand and Vietnam.

About Fair Finance Pakistan

Fair Finance Pakistan (FFP) coalition aims to ensure that financial institutions in Pakistan respect the social and environmental well-being of local communities, and integrate ESG (environmental, social and governance) criteria in their business strategies.

Authorship

Dr. Abid Aman Burki, Fellow, Mahbub ul Haq Research Center (MHRC), Lahore University of Management Sciences, Lahore

Contributors: Asim Jaffry, Program Lead, Fair Finance Pakistan and Hussain Jarwar, CEO Indus Consortium

Design: Sunil Butola

Cover photographs: Sean Pollock on Unsplash and Kamran Sabir from Pexels

Disclaimer

The report is provided for informational purposes and is not to be read as providing endorsements, representations or warranties of any kind whatsoever. Fair Finance Asia observes the greatest possible care in collecting information and drafting publications but cannot guarantee that this report is complete. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. In connection with this report or any part thereof, Fair Finance Asia does not owe a duty of care (whether in contract or in tort or under statute or otherwise) to any person or party to whom the report is circulated to and shall not be liable to any party who uses or relies on this report.

For more information on this report, please write to asim.jaffry@indusconsortium.pk



ACKNOWLEDGEMENTS	4
ACRONYMS	5
1. INTRODUCTION	6
2. FINANCIAL INSTITUTIONS IN PAKISTAN	8
2.1 Commercial Banks, Banking Sector Reforms and Financial Regulations	8
2.1.1 Biggest commercial banks operating in Pakistan	9
2.1.2 Banking sector regulations on ESG	9
2.2 Investment Banks and Financial Regulations	12
2.2.1 Biggest investment banks operating in Pakistan	13
2.2.2 Investment banks and lack of ESG regulations	13
3. PROFILE OF COMMERCIAL AND INVESTMENT BANKS	15
3.1 Profile of Pakistan's Ten Largest Commercial Banks	15
3.2 Profile of Large Investment Banks	18
4. FFI THEMES AND CURRENT POLICIES OF BANKS	19
4.1 FFGI Themes	19
4.2 Review of Mandatory Themes for FFP	20
5. SELECTION OF MANDATORY THEMES FOR PAKISTAN	21
5.1 Mapping of Mandatory Themes for Commercial Banks	21
5.2 Mapping of Mandatory Themes for Investment Banks	21
5.3 Recommendations	24
5.3.1 Most relevant themes for the commercial banks	24
5.3.2 Most relevant themes for the investment banks	25
6. SELECTING PAKISTANI BANKS FOR ENGAGEMENT	26
6.1 Criteria Used by Other Fair Finance Coalitions	26
6.2 Sampling Method for Selection of Pakistani Banks	27
6.2.1 Considerations for sample selection	27
6.2.2 Generating initial sample	28
6.2.3 Findings and recommendations	29
6.2.4 Strengthens and weaknesses of the selected banks	30
7. CONCLUSIONS	31
REFERENCES	32
Annex: Listed and Unlisted Commercial Banks	33

ACKNOWLEDGEMENTS

I wish to acknowledge and express my sincere gratitude to various individuals for valuable discussions, comments and support during the course of writing of this report. I owe my special thanks to Asim Jaffry, Program Lead Fair Finance Pakistan, for his enthusiasm, thoughtful suggestions and comments both on substance and exposition of the material contained in this report. I am also indebted to Syed Shahnawaz Ali, Pakistan Country Director of Oxfam International for his splendid support, vision and leadership in building the Fair Finance initiative in Pakistan. I also owe my gratitude to Hussain Jarwar, CEO of Indus Contribution, for his guidance while working on the terms of reference and for providing complete support towards writing of the report. This report has immensely benefitted from extensive comments provided by Kees Kodde and Petra Hamers at various stage of this report, as well as from comments provided by Pavle Vizintin, Bernadette Victoria and Nirnita Talukdar on the draft and final reports. Any remaining errors are my sole responsibility.

Dr. Abid Aman Burki

Fellow, Mahbub ul Haq Research Center (MHRC)
Lahore University of Management Sciences, Lahore

ACRONYMS

ABL	Allied Bank Limited
ADB	Asian Development Bank
AOBP	Audit Oversight Board of Pakistan
BAF	Bank Alfalah
BAH	Bank Al-Habib
BOP	Bank of Punjab
BRR	Business Responsibility Report
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
DFID	Department for International Development
EIB	Escorts Investment Bank
ESG	Environment, Social and governance
FBR	Federal Board of Revenue
FCIB	First Credit and Investment Bank
FDIBL	First Dawood Investment Bank Limited
FIA	Federal Investigation Agency
HBL	Habib Bank Limited
HBM	Habib Metropolitan Bank
IBI	Islamic Banking Industry
ICAP	Institute of Chartered Accountants of Pakistan
ICIBL	Invest Capital Investment Bank
IFC	International Finance Corporation
IFIs	International Financial Institutions
IFRS	International Financial Reporting Standards
IGI	International General Insurance
IPOs	Initial Public Offerings
KPMG	Klynveld Peat Marwick Goerdeler
MCB	Muslim Commercial Bank
NA	Not available
NAB	National Accountability Bureau
NBFIs	Non-bank Financial Institutions
NBP	National Bank of Pakistan
NFGS	Network of Central Banks and Supervisors for Greening the Financial System
NVGs	National Voluntary Guidelines on social, Environmental and Economic Responsibilities of Businesses
OECD	Organization for Economic Co-operation and Development
PACRA	Pakistan Credit Rating Agency
PIBs	Pakistan Investment Bonds
PKRs	Pak rupees
PSX	Pakistan Stock Exchange
PSX	Pakistan Stock Exchange
SBN	Sustainable Banking Network
SBP	State Bank of Pakistan
SECP	Securities & Exchange Commission of Pakistan
SMEs	Small and Medium Enterprises



INTRODUCTION

The global community has recently faced a huge impact of the risk-taking policies adopted by the financial sector, especially during and after the global financial crisis of 2008. The consequences of these policies included bank bailouts, mostly in OECD countries, and the aftershocks of the Great Recession, which impacted both developed and developing countries (Gelder et al., 2020).¹ Since then, several international agreements have tried to strengthen the sustainability of financial institutions through various regulations and policies aimed at protecting societies from irresponsible acts of the institutions, as well as their clients (Gelder et al., 2020). Despite efforts to prevent society from the negative fallout of policies of the financial institutions in the future, more effort is required to bring about essential changes in the banking sector.

The global community is faced with numerous social and environmental challenges for which a strong financial sector in respective countries is needed. This sector will then be able to provide financial, lending and underwriting services by following responsible policies that help avoid environmental and social

harm. Responsible investment and financing policies are also required because the negative social and environmental effects of these investments are disproportionately felt by vulnerable communities. So far, civil society organizations (CSOs) have played a major role in reporting social and environmental issues faced by the general public to bring about some accountability for companies and financial institutions (Gender et al., 2020). The Fair Finance International (FFI) program is one such initiative, set up in 2014 as a coalition of CSOs mostly operating in Europe and Asia. Among other activities, the FFI program evaluates investment and financing policies in partner countries on a range of cross-cutting issues and in a variety of sectors to pressure assessed financial institutions to improve policies and practices, and demand stricter standards for companies they provide loans to or invest in, and influence regulators to adopt stronger environmental, social, and governance (ESG) regulations.

Oxfam launched the Fair Finance Asia program as a regional initiative, covering several countries, to stimulate greater transparency

¹ The US Treasury Department invested approximately \$200 billion, between 2008 and 2009, in hundreds of US commercial and investment banks as part of Capital Purchase Program to increase liquidity. <https://money.cnn.com/news/specials/storysupplement/bankbailout/> (accessed on 21st March 2021). The economic impact of the financial crisis was also felt by many developing countries (Nabli et al., 2011). Pakistan also suffered from the financial crisis as it did not escape from the international inflation, which affected fiscal and current account deficits. Other macroeconomic indicators were also impacted thus forcing the country to seek a financial bailout in November 2008 from the International Monetary Fund (IMF) <https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr08303> (accessed on 21st March 2021).

and accountability in the banking and financial sectors to motivate them to revisit their role in society. This study is a scoping review for Pakistan, as part of the Fair Finance Pakistan (FFP) initiative, in collaboration with Oxfam and Indus Consortium. It provides a scoping review on the selection of the Fair Finance Guide International (FFGI)² Methodology themes and financial institutions in Pakistan for future engagement by the FFP coalition. This report begins with a review of the financial institutions in Pakistan by highlighting the largest commercial and investment banks and their regulations on environment, social and governance (ESG)

issues. Then it moves on to discuss the profile of large commercial and investment banks operating in Pakistan. This is followed by an examination of the FFGI Methodology themes to set baseline for current financial policies of the banks in the light of assessment criteria of the FFGI Methodology for participatory coalitions. The study explores nine mandatory themes and recommends most relevant themes for the commercial and investment banks in the light of mapping of these banks. Finally, the study develops a criteria and formulates a list of banks for engagement by the future FFP coalition.

² The Fair Finance Guide International Methodology is used to assess financial institutions' approach to sustainability across 23 influential themes, including corruption, human rights, and climate change. To see the full Methodology, please visit <https://fairfinanceguide.org/media/496206/2020-ffi-methodology-clean-version-200827.pdf>



FINANCIAL INSTITUTIONS IN PAKISTAN

Financial institutions provide financial services to its clients as intermediaries of financial markets. An important function of these institutions is to collect funds from lenders and channel them to borrowers. There are three major types of financial institutions in Pakistan: 1) banks, 2) non-bank financial institutions, and 3) insurance companies.³ The State Bank of Pakistan is the central bank, which regulates the functioning of banks, whereas the Securities and Exchange Commission of Pakistan (SECP) is the regulator for non-bank financial institutions and insurance companies.

The first group consists of banks, which includes commercial banks and microfinance banks. Their main function is to accept deposits and make loans. The second group consists of non-bank financial institutions, which include investment banks, development finance institutions, mutual funds, leasing companies, *modaraba* companies⁴, discount and guarantee houses, house finance companies and venture capital companies. The third group consists of insurance companies including non-life insurance companies, life insurance companies and reinsurance companies.

2.1 Commercial Banks, Banking Sector Reforms and Financial Regulations

During the past three decades, wide ranging reforms in the financial sector of Pakistan have dramatically changed the entire banking structure in the country (Burki and Ahmad, 2010). These reforms have mainly focused on liberalization, restructuring, privatization and mergers and acquisitions of the banking institutions (SBP, 2002). The key objective of these reforms was to improve the financial performance of the banks. As part of liberalization, new private banks were granted permission to operate in Pakistan. Banks were allowed to open more branches all over the country. Restructuring and downsizing of state-owned commercial banks was initiated to cut financial intermediary costs (SBP, 2002). Under this scheme, employee separation schemes were implemented to reduce operational costs of state-owned banks. For a level playing field in a competitive banking industry, four major state-owned banks were privatized; Muslim Commercial Bank, Allied Bank, United Bank, and Habib Bank. Moreover, bank consolidation was promoted through mergers and acquisitions

³ List of all financial institutions in Pakistan is provided in SBP (2009), Annexure 4.

⁴ *Modaraba* (or *Mudarabah*) company is an Islamic instrument where a partner gives money for investment in a commercial enterprise.

that had the aim to achieve scale efficiency in the commercial banking sector. The State Bank of Pakistan (SBP) set higher minimum capital requirements, which set the stage for mergers and acquisitions of weak private and foreign banks by their financially stronger counterparts (SBP, 2002).

These reforms have drastically changed the structure of banking industry in the country. Financially weak banks have been driven out of the market or they have been taken over by their financially stronger counterparts (SBP, 2002; Burki and Ahmad, 2010). Commercial banks are categorized into public sector commercial banks, local private banks and foreign banks. As of 30th June 2020, there were 29 scheduled commercial banks in the country, including 5 public sector banks, 20 local private banks and 4 foreign banks.⁵ Another way of categorizing commercial banks is conventional versus Islamic banks. Pakistan has five full-fledged Islamic banks operating in the country, with 15 conventional banks are also providing Islamic banking services (KPMG, 2020).

2.1.1 Biggest commercial banks operating in Pakistan

Pakistan's banking sector consists of both large and small banks. Total assets of the 29 commercial banks are estimated at around PKR 22 trillion in 2019 (SBP, 2019). Of these, 10 biggest banks account for 74% of total banking assets, while two banks account for 28% share in total assets (KPMG, 2020). The ten biggest commercial banks ranked by total asset size as of 2020 are:

1. Habib Bank Limited (HBL)
2. National Bank of Pakistan (NBP)
3. United Bank Limited (UBL)
4. MCB Bank Limited (MCB)
5. Allied Bank Limited (ABL)
6. Bank Al-Habib Limited (BAH)
7. Meezan Bank Limited (Meezan)

8. Bank Al-Falah Limited (BAF)
9. Bank of Punjab (BoP)
10. Habib Metropolitan Bank Limited (HMB)

2.1.2 Banking sector regulations on ESG

Environmental, Social and Governance (ESG) standards refer to investment standards which financial institutions apply to screen potential investments. Environmental regulations refer to criteria in place for promoting environmentally-friendly policies by banks and non-bank financial institutions to minimize the environmental risks from their investment and loans. Social criteria for investment refers to relationships with employees, suppliers, customers and communities. Governance criteria refers to corporate governance including leadership, executive pay, internal controls, audits and shareholder rights.

The SBP is not only the central bank, but is also the regulator of commercial and microfinance banks in Pakistan. Likewise, the SECP is the regulator for non-bank financial institutions, including the investment banks. Being a member of the Sustainable Banking Network (SBN) since 2015, SBP has played a proactive role in implementing sustainable finance policy. However, SBP is not yet affiliated with the Network of Central Banks and supervisors for Greening the Financial System (NGFS). The financial regulations pertaining to ESG introduced by SBP to regulate the commercial banks are discussed below.

A. Guidelines for Green Banking

In October 2017, the State Bank of Pakistan issued Green Banking Guidelines (GBG) with the objective to create the foundation for green finance.⁶ This is an attempt to acknowledge responsibility of the financial sector towards the overall objective of a “low carbon” and “climate resilient” economy. These guidelines were meant to enable the banks to fulfill their

⁵ https://www.sbp.org.pk/publications/schedule_banks/June-2019/Appendices.pdf

⁶ <https://www.sbp.org.pk/smefd/circulars/2017/C8-Annex.pdf>

responsibility in environmental protection by providing finance to borrowers in such a way that it makes the economy resource-efficient and climate resilient.

While banks facilitate economic activities of borrowers, at the same time they are vulnerable to the environmental risks due to the actions of their clients. Therefore, these guidelines encourage banks to put in place adequate mechanisms that identify, assess and mitigate environmental risks of their clients. However, these guidelines are a first step where “in each of the coming stages [banks] will complement the GBG by the addition of such components, in a phased manner, as social issues or green lending levels, allowing banks/development finance institutions (DFIs) adequate adjustment time before the GBG become regulations”.

When the policy is fully implemented, the commercial banks will have a green banking policy of their own for their stakeholders, emphasizing that: environmental considerations are part of overall banking activities; their internal structures will have administrative procedures for managing green banking; they will have financial mechanisms in place that adapt to green investments; their own operations will help reduce environmental impacts; and they will devise a system to periodically review their overall portfolios.

B. Sustainable Development Goals (SDGs) and Pakistan Stock Exchange (PSX)

Pakistan endorsed the SDGs in 2015, with the Parliament of Pakistan approving the SDGs as the national development agenda on 16th February 2016. In this light, the Pakistan Planning Commission has developed a national framework for the SDGs along with goals and targets that are to be met by 2020.

In line with the national framework for SDGs, the Pakistan Stock Exchange requires all listed companies to report on SDGs. The

PSX has developed a detailed structure for the listed companies for reporting on the SDGs. Such reporting is expected to help the listed companies/banks to bolster financial performance, access new capital, get more business opportunities, align with government priorities, mitigates business risk, attract new customers, and increase the loyalty base of its customers due to better brand reputation.

The PSX has promulgated a minimum of 6 goals and 32 indicators for listed companies to comply with, including activities aiming to address climate change, gender equality, clean water and sanitation, decent work and economic growth, sustainable cities and communities and other matters related to building.

C. Corporate governance of banks in Pakistan

The State Bank of Pakistan has issued a Handbook of Corporate Governance in 2003, which provides guidelines for Board of Directors, managers and stakeholders of Pakistani banks.⁷ The guidelines contained in the Handbook are modeled on the SECP’S Code of Corporate Governance 2002 (now called the Public Sector Companies Rules 2013), and is also consistent with the recommendations made by the Basel Committee on corporate governance. Because most commercial banks are listed, they come under the ambit of the SECP’S Rules for corporate governance. However, the clauses of the Rules that come in direct conflict with the directives of the SBP are not applicable. To further strengthen corporate governance, the SBP has elaborated on the requirements for the banks through other legislations, e.g., the Banking Companies Ordinance 1962 (amended from time to time), SBP’S prudential regulations, which further amplify the governance requirements for the commercial banks. The guidelines provided in the Handbook cover four areas: 1) the roles and responsibilities of Board of Directors; 2) management; 3) financial disclosure; and 4) auditing processes.

⁷ https://www.sbp.org.pk/about/corp_gov/index.htm

The SECP's governance framework for the listed public sector companies consists of the Companies Act 2017, the Listed Company Regulations, and the Public Sector Companies Rules 2013 (covering corporate governance) (World Bank, 2020). The Rules have been added to the regulatory framework for the improvement of the listed public sector companies. The SECP disclosure requirements are often aligned with international good practices, as the updated Companies Act 2017 requires disclosure of many of the non-financial items recommended by the OECD principles (World Bank, 2020). Therefore, the SECP reporting standards for Pakistani listed companies are similar to the International Financial Reporting Standards (IFRS). The World Bank (2020) notes in its country assessment of corporate governance in Pakistan that the quality of disclosure has significantly improved over the past few years. The SBP Handbook of corporate governance recommends 37 voluntary disclosure items, including 13 items on financial and 24 items on non-financial disclosure, however, empirical evidence suggests that small banks are more efficient in disclosing information than large commercial banks (Hussain and Kakakhel, 2018).⁸ Full compliance in the banking sector has not been achieved because of several exemptions and deferrals (World Bank, 2020).

D. Social criteria for commercial banking sector

Social criteria for commercial banks refer to a host of services offered by the banks to serve 1) their customers, 2) investing in employee development; and 3) corporate social responsibility (CSR) initiatives. Unlike other ESG components, the SBP has no dedicated declared social criteria for the commercial banks to follow. However, this is part of other financial policies of the SBP has announced from time to time. For example, the SBP has prudential regulations for commercial banks, consumer financing, housing finance, infrastructure project finance, SME financing and agriculture finance.⁹

Moreover, the SBP also issues directives and instructions in respect of areas not covered under these regulations. Any non-compliance of the regulations, directives and instructions can attract penalties under the provisions of the Banking Companies Ordinance, 1962.

Due to market liberalization and financial sector reforms, the banking sector has achieved a more competitive market structure where public, private and foreign banks compete with each other to provide improved services to their customers to acquire a greater market share. The range of services provided by banks varies, including (but not being limited to) retail banking, corporate and commercial banking services, consumer financing, digital banking, Islamic banking, home remittances for expatriates, financing for small and medium enterprises, and investment banking and financing for the agriculture sector.

Investment in employee development includes, but is not limited to, management trainee programs, and transparent mechanisms for promotions and employee development. The CSR activities of the banks widely vary in terms of their focus. Some specific initiatives in this regard may include, but are not limited to, financing to micro lenders including non-banking financial institutions (NBFIs), promoting small and medium enterprises, promotion of sports, health and education initiatives (especially for underprivileged segments of society), promotion of the arts, and emergency assistance.

Even though gender equality is part of the national framework for SGDs, currently the SBP has no dedicated policies about women's rights that are addressed under the FFGI Methodology. Equal opportunity for men and women in their pursuit for professional growth and access to credit is important for inclusive growth. To meet this goal, on 21st December 2020, the State Bank of Pakistan introduced a draft policy for "Banking

⁸ Of the 10 commercial banks selected for empirical analysis, Faysal Bank had the highest disclosure level at 82.7% whereas Habib Bank had the lowest disclosure level at 54.3%.

⁹ <https://www.sbp.org.pk/publications/prudential/index.htm> (accessed on March 22, 2021).

on Equality Policy: Reducing the Gender Gap in Financial Inclusion.” This policy aims to promote equal opportunities for men and women to access to formal financial services. The policy underscores that “women are disproportionately under-served by the country’s financial system”. Therefore, its goal is to promote “equality in banking and reduce the gender gap in financial inclusion”.¹⁰ The proposed policy has five key features: 1) improving gender diversity; 2) gender-centric products and services; 3) women’s champions at all customer touchpoints; 4) robust collection of gender-disaggregated data and target setting; and 5) policy forum on gender. Once approved, these policies will be applicable to all SBP regulated entities, including commercial banks.

2.2 Investment Banks and Financial Regulations

Investment banks (all in the private sector) are relatively new entrants in the financial sector, compared with other non-bank financial institutions, as they were set up in late 1980s and early 1990s. Investment banks were allowed to conduct numerous business activities relating to project financing and capital markets. They were also involved in the trade of listed securities and in the analysis of securities and mutual funds, apart from providing other corporate services. Due to a wide range of services provided by investment banks, they became useful entities both for borrowers and savers, especially at a time when most commercial banks were state-owned and thus lacked efficiency and quality of services. Therefore, investment banks witnessed a rapid growth from 1990 to 2000 due to favorable economic conditions, a boom in the stock market, and the opening of foreign currency accounts, which led the number of investment banks to grow to 16 by the end of 2000. Their assets sharply increased from PKR 2.4 billion in 1990 to PKR 42.1 billion in 2000 while in the same period their share in assets of NBFIs increased

from 1.9% to 12% (SBP, 2002). However, in recent years the number of investment banks have fallen to 7, and their assets have significantly decreased on account of failure to effectively compete with the investment banking wings of commercial banks. Currently, the total assets of the investment banks are at PKR 9.99 billion (SBP, 2020), which means that the asset size have witnessed a major decline since 2000.

Traditionally, investment banks provide a range of services, including investment advisory services, corporate restructuring, mergers and acquisitions services, and equity and debt financing services. In this setting, investment banks provide an altogether different range of services vis-à-vis the commercial banking industry. However, in Pakistan, the investment finance companies have failed to create a market for themselves, as they have preferred to render services akin to those performed by the commercial banks (SBP, 2009). Due to a lack of access to low cost funds coming from customer deposits, they have had a clear disadvantage over the commercial banks. Due to the inability of investment banks to generate sufficient income from fees for advisory services and interest from financing long-term projects, several investment banks have merged with the commercial banks (SBP, 2009). Consequently, there are few dedicated players still operating in the market.

The Securities and Exchange Commission of Pakistan (SECP) was established in December 1997, replacing the Corporate Law Authority, and has the aim of streamlining capital market activities, improving regulation and supervision of securities and protecting interests of retail investors (SBP, 2002). The regulatory control of all the non-bank financial institutions (NBFIs) was transferred from the SBP to SECP from 1st December 2002. With this decision, investment banks, discount houses, housing finance companies and venture capital companies came under the regulatory arm of the SECP.¹¹

¹⁰ <https://www.sbp.org.pk/events/2020/BankingonEquality/Draft-Policy.pdf>

¹¹ <https://www.dawn.com/news/67410>

2.2.1 Biggest investment banks operating in Pakistan

Since 2010, the number of investment banks have varied, but as of the 31st October 2020, there were only 7 investment banks operating in the country, with a total asset base of PKR 9.99 billion (SBP, 2020). The asset base of the investment banks has shrunk by three-fourths of its 2000 level of PKR 42.1 billion, mainly due to their inability to compete with the investment banking wings of the commercial banks. Moreover, the slow growth in the economy of Pakistan, a decrease in new Initial Public Offerings (IPOs), a slowdown in merger and acquisition activities, and a lack of privatization of state owned entities were other key hindrances in the growth of investment banks.

For the reasons discussed above, the size of investment banking industry is small when compared with the commercial banks. Total assets of investment banks at PKR 9.99 billion are only a fraction of total assets of commercial banks, at around PKR 22 trillion in 2019 (SBP, 2019). Three biggest investment banks account for 72% of total investment bank assets, while the biggest investment bank accounts for 44% of total assets. The investment banks operating in Pakistan, ranked by their asset size, are given below:

1. Trust Investment Bank
2. Escort Investment Bank
3. First Credit & Investment Bank
4. First Dawood Investment Bank
5. Invest Capital Investment Bank
6. Security Investment Bank
7. IGI Investment Bank

2.2.2 Investment banks and lack of ESG regulations

Unlike the SBP's Green Banking Guidelines for the commercial banks, the SECP has not yet introduced similar measures that minimize

environmental risks arising from the activities of the investment banks. The SECP has introduced voluntary guidelines for the listed companies, which emphasize the broader concept of social and economic responsibilities including climate change. However, specific policies meant for the investment banks were not found in the research conducted for this study.

The same is true for the social criteria for the investment banks. No clear guidelines exist for the customers and employees of the investment banks. The SECP reporting requirements for listed companies are generally aligned with international best practices while the timeliness and quality of compliance have improved over the past few years. The SECP has accepted International Standards of Audit and quality control (World Bank, 2020). The auditors are rotated every five years. The self-regulatory function of the Institute of Chartered Accountants of Pakistan (ICAP) has been replaced with the setting up of an independent Audit Oversight Board of Pakistan (AOBP). Needless to say, the SECP has introduced Corporate Social Responsibility Voluntary Guidelines 2013 meant for all public companies.¹² The areas covered by the CSR policy consist of 1) community investment; 2) governance including human rights, anti-corruption, stakeholder relations; 3) product responsibility; 4) work life balance; 5) safety including risk management and disaster management; and climate change. However, these regulations do not seem to apply to the investment banks.

The SECP had first introduced the Code of Corporate Governance for listed companies in 2002, which was later amended in 2012 and 2017. However, the Listed Companies (Code of Corporate Governance) Regulations, 2019 supersedes the 2017 regulations. As noted by A.F. Ferguson & Co., the main feature of the

¹² <https://www.sustainablebankingnetwork.org/upload/file/2019/0819/1566184721324559.pdf>

¹³ [https://www.pwc.com.pk/en/assets/document/AFF%27s%20document%20on%20the%20Listed%20Companies%20\(Code%20of%20Corporate%20Governance\)%20Regulations,%202019.pdf](https://www.pwc.com.pk/en/assets/document/AFF%27s%20document%20on%20the%20Listed%20Companies%20(Code%20of%20Corporate%20Governance)%20Regulations,%202019.pdf)

revised code is that it is based on a “comply or explain” approach, which marks a new beginning in the governance regime in Pakistan.¹³ In the earlier governance regime, compliance was mandatory where any exception to the regulations were reported as non-compliance. The new regime is governed by principles rather than rules where the board of directors of listed companies can use the new principle of “comply or explain”. Except for some rules relating to appointment of directors and auditors, the code

of corporate governance largely does not apply to the investment banks.

Even though the SBP has introduced a draft policy for reducing gender gap in financial inclusion in commercial banks, no such policy is in place for the investment banks. However, the SBP in its policy has explicitly stated that the SECP will adopt a customized gender policy for non-banking financial institutions, including the investment banks.



PROFILE OF COMMERCIAL AND INVESTMENT BANKS

This section creates a profile of each of the large commercial and investment banks operating in Pakistan with focus on the nature of ownership, headquarters, governance structure, asset size, market share, and sectoral specialization.

3.1 Profile of Pakistan's Ten Largest Commercial Banks

Table 1 summarizes the profile of the largest commercial banks operating in the country, consisting of eight private and two public sector banks. One of the private banks is a fully-fledged Islamic bank while other banks provide conventional banking services; most conventional banks also provide Islamic banking services. HBL is the largest conventional commercial bank but it is also one of the largest banks providing Islamic banking products under the guidance of a Shariah Board consisting of renowned Islamic scholars in the country. In conventional banking, money is treated as a commodity, which is lent against interest to compensate for its use. By contrast, the Islamic banks treat money as a form of asset, which is traded against profit and loss sharing or renting. The relationship between a customer and a bank is that of a creditor and debtor. The Islamic banks only offer products that conform to Islamic law. As such, checking and saving deposits do not accrue interest unless they are invested. In Islamic finance, *sukuk*

are Islamic securities, possessing the features of both stocks and bonds, indicating partnership of holders in the assets or project for which they have been issued. Islamic banking and sustainable finance are mutually synergetic as some *sukuk* are linked with sustainable development goals and therefore are termed as green *sukuk*, issued by the government and private sector to finance environmentally friendly projects. In Islamic finance, *gharar* means uncertainty or risk, which is prohibited because it is opposed to the idea of openness and certainty. By the same principle, future commodity trading is not permissible in Islamic finance, while spot commodity trading is allowed. *Halal* is lawful or permitted in Islam while *haram* is unlawful or forbidden in Islam. Thus, trading of commodities that are *haram* is also not allowed. All investments are expected to provide social and ethical benefit to society, not just pure returns.

During the calendar year 2020, the assets of the Islamic Banking Industry (IBI) have grown by 30% and reached PKR 4,269 billion (SBP, 2021). In the same period, the deposits have increased by 27.8% and reached PKR 3,389 billion. In the past five years, the assets and deposits of Islamic banks have more than doubled (SBP, 2021). The share of IBI in the overall banking deposits is 16.9%, which is expected to growth further in the years to come.¹⁴

Table 1. Profile of large commercial banks operating in Pakistan

	HBL	NBP	UBL	MCB	ABL	BAH	Meezan	BAF	BOP	HMB
Owners	Aga Khan Fund for Economic Development owns 51% shares	Semi-Government; Government of Pakistan and SBP own 75.6% stakes.	Bestway Group owns 61.47% shares	Nishat Group owns a majority stake.	Ibrahim Holdings Private Ltd.	Dawood Habib Family owns majority stakes.	Noor Financial Investment Company owns 35.25% shares, Pak Kuwait Investment Company owns 30% shares, and IDB owns 9.32% shares	Abu Dhabi Group owns a majority stake.	A public sector bank owned by the Government of Punjab	The Mohammadali Habib family owns majority stakes (subsidiary of Habib Bank AG Zurich – a Swiss bank).
Headquarter	Karachi	Karachi	Karachi	Lahore	Lahore	Karachi	Karachi	Karachi	Lahore	Karachi
Governance structure	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors
Assets (PKR billion)	3227.13	3025.85	2023.74	1612.21	1483.38	1299.14	1126.12	1067.11	869.68	865.03
Market share in banking assets	14.25%	14.12%	8.56%	6.85%	6.70%	5.42%	5.07%	4.80%	3.92%	3.89%
Sector specialization	Branch banking; corporate & investment banking; treasury, SME & rural banking; financial institution & global trade services; transaction banking; and Islamic banking.	Consumer banking; corporate banking; investment banking; and offers loans and savings services	Commercial banking; corporate banking; private banking; and asset management	Corporate finance; trading and sales; retail and consumer banking; and commercial banking.	Personal banking; business banking; Islamic banking; other services	Corporate banking; SME banking; agriculture banking; trade services; cash management services; guarantees; financial institutions	Fully-fledged Islamic bank providing services in corporate banking; investment banking; commercial banking; SME banking	Consumer banking; corporate banking; investment securities brokerage; SME financing; agriculture financing; Islamic finance; and asset financing.	Private banking; consumer banking; corporate banking; investment banking; mortgage loans; private equity; wealth management.	Consumer banking; corporate banking; transaction banking; SME banking; agriculture financing; global remittance; international trade;

Notes: The data on assets was obtained from KPMG (2020). Market share in banking assets was obtained from SBP (2020). Other information was taken from the websites of the included banks.

The NBP and BOP are the two largest public sector banks, providing a range of conventional banking services to private clients as well as the government. HBL, UBL, MCB and ABL are the four largest private sector banks, which used to be state-owned banks, but have been privatized in 1990s and 2000s as part of the government's financial liberalization and privatization policy. Other private sector banks came into being in 1990s and 2000s as part of policy of allowing private sector to open banking companies or due to merger and acquisition of domestic and foreign banks by other financial institutions.

These banks have their headquarters either in Karachi or Lahore. The governance structure of the banks seem to follow the SBP guidelines contained in the Handbook of Corporate Governance 2003. The banks have a uniform governance structure where the board of governors consist of executive and independent directors who keep their oversight on the affairs of the banks. The ten largest banks hold around 74%, and top five banks hold nearly 50% of all banking assets in the country (Table 1).

The commercial banking industry has significant intermediary relationships with international financial institutions (IFIs). For example, the Asian Development Bank (ADB) and the International Finance Corporation (a member of the World Bank Group), have strong ties with leading commercial banks through their trade finance program. This program is designed to fill market gaps for trade finance by providing guarantees and loans to banks. The ten leading Pakistani commercial banks were included in the issuing banks list for trade finance program of the ADB.¹⁵ Moreover, the IFC frequently provides help to Pakistani commercial banks to expand access to finance for SMEs, and to strengthen

their capital base. HBL has a longstanding relationship with the IFC, spanning into loan for strengthening capital base, guarantees for global trade finance, for scaling up of its SME portfolio, and for advisory services to help launch products for farming communities.¹⁶

As in other countries, the commercial banks in Pakistan serve as intermediaries in the money and capital markets. They collect deposits in the form of current and saving accounts of private clients and institutions and extend them into loans and advances to private clients, companies and institutions who need them. The banks use their discretion to invest the money of depositors into various lucrative avenues including government bonds, securities and other government papers, mortgage loans, corporate businesses, SMEs, agriculture, non-bank financial institutions including microfinance, among others.

The ratio of bank credit to GDP in Pakistan is low relative to regional countries, which is decreasing with the passage of time. By 2000, the penetration ratio of 25% was reasonable, but since then the ratio of has decreased from 25% to 16%.¹⁷ A major proportion of the commercial banks' investments goes to government debt securities, which are risk-free but offer high and secure returns. The investments of commercial banks on government securities (e.g. treasury bills and Pakistan Investment Bonds) reached an all-time high of PKR 9.70 trillion on April 30, 2020. At the same time, the advances of the commercial banks to the private sector were PKR 8.22 trillion.¹⁸ The commercial banks also earn fees and commission by providing other financial services to their clients in the private and government sectors.

¹⁵ <https://www.adb.org/sites/default/files/page/179612/issuing-banks-list.pdf> (accessed on 25th March 2021)

¹⁶ <https://www.ifc.org/wps/wcm/connect/707fc1cb-38bb-409f-9a0d-fd9fd48a6204/IFC+and+HBL+Pakistan.pdf?MOD=AJPERES&CVID=kiSY.dB> (accessed on 25th March 2021).

¹⁷ <https://www.sbp.org.pk/publications/staff-notes/BankingReforms.pdf> (accessed on 25th March 2021)

¹⁸ <https://tribune.com.pk/story/2223026/2-investment-pakistans-debt-securities-soars> (accessed on 25th March 2021).

3.2 Profile of Large Investment Banks

Table 2 summarizes the profile of large investment banks operating in the country. Most of the entities are owned by the private sector and all are listed in the Pakistan Stock Exchange as public limited companies, except FCIB, which is a joint venture of semi-government NBP and WAPDA. Like commercial banks, the headquarters of these banks are either in Karachi or Lahore, except SIB, which is headquartered in Islamabad. Most of them are full-service investment banks providing investment finance to corporates, financial management, leasing, and advisory services. It is hard to determine the share in assets of investment banks, because this segment is blurred by the overlapping functions of the commercial banks.

Typically, investment banks charge a fee for their services as intermediaries between different

groups of clients including the government, businesses and individuals. They help their clients raise finance by issuing and selling bonds and shares to investors. If the investment banks are only involved in brokerage and consulting services and do not make an investment, then the FFGI Methodology policies may not apply to them. But when they provide capital to companies and make investments, the sustainability criteria set for the commercial banks should also apply to the investment banks.

The industry has ties with the IFC, which provides syndicated long-term credit and risk management facilities to some investment banks so that they are able to expand the scope of their operations and extend project financing to small and medium-sized enterprises while risk management facilities allow the investment banks access to hedge products, which help increase their competitiveness.¹⁹

Table 2. Profile of large investment banks operating in Pakistan

	Trust Investment Bank (TRIBL)	Escort Investment Bank	First Credit & Investment Bank (FCIB)	First Dawood Investment Bank (FDIBL)	Invest Capital Investment Bank (ICIBL)	Security Investment Bank (SIB)	IGI Investment Bank
Owners	A public limited company (ownership information is publicly not available)	Bahria Town Real Estate Developers have majority stakes	Joint venture of National Bank of Pakistan (NBP) and Water & Power Development Authority (WAPDA).	Dawood Group has majority stakes.	Multinational group of investors and renowned business groups of UAE	Haji Jan Muhammad, Mohammad Shoaib, Muhammad Mehboob	Syed Babar Ali Group/ part of IGI Holdings Company
Headquarter	Lahore	Lahore	Karachi	Karachi	Lahore	Islamabad	Karachi
Governance structure	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors
Assets (PKR billion)	4.04	1.44	1.39	0.996	0.95	0.82	--
Asset share of six investment banks	44.01%	14.41%	13.91%	9.97%	9.51%	8.21%	NA
Business services	Investment finance; leasing; asset management	Corporate finance; housing finance; microfinance; certificates of deposits	Fund and non-fund based facilities and advisory services.	Leasing, loans; real estate; IPOs and pre-IPOs; underwriting public issues	Financial management and advisory services.	Corporate financing; car financing; corporate advisory	Corporate finance; commercial financing; leasing; cash and treasury management

Notes: Data on assets and asset share was obtained from SBP (2020). Other information was taken from websites of included banks.

¹⁹ <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=19574> (accessed on 25th March 2021).



FFI THEMES AND CURRENT POLICIES OF BANKS

This part of the report is an attempt to set baseline for current financial policies of the banks in the light of policy assessment criteria developed by the FFGI Methodology for participating coalitions of the FFI program by focusing on mandatory themes. It expands on the FFGI Methodology developed for assessment of policies and reviews mandatory themes for the FFI coalition.

4.1 FFI Themes

To make banks and corporations accountable on various social and environmental issues faced by the public, FFI has developed a framework for assessment of policies in partner countries applied by the investigated financial institutions for various investment and financing policies. The

FFGI Methodology has recommended a range of cross-cutting, sector and operational themes to assess the policies (Gelder et al., 2020). The Methodology divides the 23 themes into three categories including 9 cross-cutting themes, 10 sector themes and 4 operational themes (see Table 3). The cross-cutting themes entail most of the international sustainability issues relevant to the work of the FFI network, and covers most industrial sectors and financial institutions. The sectors identify most of the sensitive industrial sectors where the financial institutions invest and or provide financial services that warrant specific policies. Finally, operational themes identify the internal operations of banks and other financial institutions, because they are expected to influence the investment decisions made by them.

Table 3. FFI's cross-cutting, sector and operational themes

Cross-cutting themes	Sector themes	Operational themes
Animal welfare	<u>Arms</u>	Consumer protection
<u>Climate change</u>	Financial sector	Financial inclusion
<u>Corruption</u>	Fisheries	Remuneration
<u>Gender equality</u>	Food	<u>Transparency & accountability</u>
Health	Forestry	
<u>Human rights</u>	Housing and real estate	
<u>Labor rights</u>	Manufacturing industry	
Nature	Mining	
<u>Tax</u>	Oil and gas	
	Power generation	

4.2 Review of Mandatory Themes for FFP

Of the 23 themes of the FFGI Methodology, nine themes have been identified as mandatory themes (see underlined themes in Table 3). It implies that the coalition countries must consider these themes at the time of assessment of banks and financial institutions while all other themes are considered as optional themes.

For this scoping review, FFP has chosen only mandatory themes. However, their relevance to the financial sector of Pakistan is not clear yet. The question arises that under what criteria these themes may be reviewed for their relative relevance to FFP. This understanding will be essential to prepare the coalition for its future work because the selected themes will help in selecting the bigger agenda that FFP will be working on, especially when there is convergence between the national context and the selected themes. Answers to these questions will have far reaching implications on the nature of work that FFP will be undertaking including decisions on which banks to be assessed, the nature and scope of case studies to be conducted, data collection and monitoring, and the nature and scope of advocacy campaigns to be launched (Verma et al., 2018).

The criteria used by other Fair Finance Coalitions for choosing themes has varied. For example, the Fair Finance India team compiled the criteria used by certain other country coalitions (Verma et al., 2018). This criteria includes: 1) relevance of themes for the participating organizations of the coalitions; 2) relevance to national context; 3) themes which enable banks to score high in overall assessments of policies; 4) exclusion of themes not based on international standards; 5) themes relatable to citizens; and 6) sectors which receive maximum financing from banks. However, the criteria that has received the most attention in these coalitions includes

relevance to the national context; relevance to the participating coalition members, and themes that enable banks to score highly (Verma et al., 2018).

Recently, Fair Finance India has conducted a mapping of the mandatory themes by applying a criteria that focuses on the alignment of mandatory themes against six criteria including: 1) whether any national policies or schemes or legislation were being formulated or debated upon in this area; 2) whether this thematic area is highly associated with India's financial sector in national policy and regulation; 3) whether there was direct alignment with at least one SDG target; 4) whether a dedicated Principle for this theme was contained within the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses (NVGs); 5) whether there was any overlap between FFGI Methodology elements and NVGs core elements; and 6) whether there was alignment with Business Responsibility Report (BRR) (Verma et al., 2018). The scoping review of the Indian banks suggested that almost all the mandatory themes have received some attention, albeit varied attention, with India's "primary sustainability regime," except the mandatory theme of arms, which has not received attention in any of the frameworks. Transparency and accountability, as well as corruption, were found to be dominant narratives having critical relevance to the Indian financial sector, followed by human rights.

Important lessons can be learned from these experiences in selecting the criteria to review the relevance of the mandatory themes to the banking sector of Pakistan. Relative relevance of the mandatory themes will have far reaching implications on the nature of work that FFP will be undertaking, including decisions on which banks to be assessed, the nature and scope of case studies to be conducted, data collection and monitoring, and the nature and scope of advocacy campaigns to be launched.



SELECTION OF MANDATORY THEMES FOR PAKISTAN

This section explores the most relevant mandatory themes that should be focused by the future coalition of the Fair Finance Pakistan. Based on the lessons learned from other country coalitions, the alignment of mandatory themes of the FFGI Methodology for relevance to the context of Pakistani commercial and investment banks is reviewed against the following criteria:

- ☉ Relevance to national context: any national laws already in place or policies/schemes that are being debated for legislation in Pakistan;
- ☉ Relevance of Pakistan's financial sector for this theme: any policies or schemes already in place or being debated for implementation in the banking sector;
- ☉ Relevance of this theme to the participating coalition members: whether this theme overlaps with the work or mission of the Indus Consortium, which is the participating organization in FFP coalition;
- ☉ Whether this theme is directly aligned with at least one SGD target: The theme is verified for its association with at least one SDG target.

5.1 Mapping of Mandatory Themes for Commercial Banks

The mapping of the mandatory themes for commercial banks in Pakistan is provided in Table 4. It shows that all of the FFGI themes except labor rights align with the national context. Certain articles of the Constitution do

provide for labor rights, but implementation of most of the laws is either weak or the relevant laws are non-existent.

Similarly, most of the themes are relevant to the commercial banking sector, with the exception of labor rights and arms. Moreover, no other labor law directly applies to the financial sector, except minimum wage law and workers' contributions to old age benefit, because the authority for labor legislation was given to the provinces in 2010 under the 18th Constitutional Amendment. However, the Provincial Industrial Relation Acts, implemented in 2011, altogether exclude the banking and financial sector workers. All of the selected themes are aligned with the work of major participating organization of the FFP coalition (i.e. the Indus Consortium for Humanitarian, Environmental and Development Initiatives). However, arms is the only mandatory theme that is an exception. Finally, all the mandatory themes are aligned with one or more of the sustainable development goals.

5.2 Mapping of Mandatory Themes for Investment Banks

The mapping of the investment banks offers the same story when it comes to the national context, relevance to participating coalition members and alignment with one or more of the sustainable development goals (see Table 5). Most of the FFGI mandatory themes are also relevant to the investment banks.

Table 4. Mapping of mandatory themes for their relevance to the commercial banks

	Relevance to national context	Is Pakistan's commercial banking sector relevant for this theme?	Relevance to participating coalition members	Aligned with at least one SGD target
Climate change	Yes, Pakistan announced its Climate Change Policy in 2012 with the objective to pursue sustained economic growth by tackling the climate change issues ²⁰ ; also Pakistan endorsed SDGs in 2015, the Parliament approved SDGs in 2016 and the Planning Commission developed national SDG framework with targets for 2030.	Yes, part of SBP's Green Banking Guidelines, 2017. Also part of PSX's minimum SDGs for listed companies along with detailed reporting requirements.	Yes	Yes
Corruption	Yes, NAB Ordinance 2000 is in force, which applies to holders of public office or any other person, and FIA was set up in 1976 to investigate financial and cybercrime, among others (Sayeed, 2010).	Yes, SBP has anti-money laundering policy updated on January 2021, also Banking Mohtasib can entertain complaints on corruption in state-owned banks.	Yes	Yes
Gender equality	Yes, Pakistan's Sustainable Development Goals include its commitment to achieve gender equality ²¹ , also Pakistan has been implementing UNCEDAW ²² yet as per UNFPA, Pakistan ranks the second lowest country in the world for gender equality. ²³	Yes, in SBP's draft policy for "Banking on Equality Policy: Reducing the Gender Gap in Financial Inclusion." Also part of SBP's Handbook of Corporate Governance 2003 and PSX's minimum SDGs of gender equality for listed companies.	Yes	Yes
Human rights	Yes, the Ministry of Human Rights has been established to strengthen institutional mechanisms for protection of human rights as enshrined in the Constitution of Pakistan and international human rights conventions ratified by Pakistan.	Yes	Yes	Yes
Labor rights	No, labor rights are contained in the Constitution in Articles 11, 17, 18, 25 and 27(e), ²⁴ but implementation of the laws is weak or the laws are non-existent.	None exist, except minimum wage of PKR 17,500 and old age benefit contributions. The labor legislation authority was given to provinces under the 18 th Constitutional Amendment. Provincial Industrial Relation Acts implemented in 2011 exclude banking and financial sector workers for collective bargaining rights.	Yes	Yes
Nature	Yes, it is part of SBP's Green Banking Guidelines.	Yes. Also, included in PSX's minimum SDGs for listed companies.	Yes	Yes
Tax	Yes, FBR's income, corporate and sales tax regimes are in place.	Yes	Yes, tax justice	Yes
Arms	Yes, Ministry of Interior has an Arms Control Policy, which regulates possession, use, stockpiling, transfer of arms and prohibited and non-prohibited bore weapons. After the passage of the 18 th Amendment to the Constitution, provinces got the right to make their own arms control acts.	None found	None found	Yes
Transparency & accountability	Yes, covered in SBP's Handbook of Corporate Governance under financial disclosure and auditors.	Yes	Yes	Yes

²⁰ GoP (2012).²¹ National Initiative for Sustainable Goals, 'Target 5: National Initiative for Sustainable Goals, 2000 <https://www.sdg-pakistan.pk/web/goals/goal5>.²² <https://www.pc.gov.pk/uploads/plans/Ch10-Gender-and-women-development1.pdf> (accessed on 4th February 2021).²³ <https://pakistan.unfpa.org/en/topics/gender-equality-14> (accessed on 4th February 2021).²⁴ https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158916/lang-en/index.htm (accessed on 4th February 2021).

Table 5. Mapping of mandatory themes for their relevance to the investment banks

	Relevance to national context	Relevance to the investment banking sector	Relevance to coalition members	Aligned with at least one SGD target
Climate change	Yes, Pakistan has endorsed SDGs in 2015, the Parliament approved SDGs in 2016 and the Planning Commission developed national SDG framework with targets for 2030.	Yes, SECP has Voluntary Guidelines for Listed Companies. Also part of PSX's minimum SDGs for listed companies along with detailed reporting requirements.	Yes	Yes
Corruption	Yes, NAB Ordinance 2000 is in force, and FIA, set up in 1976, investigates financial and cybercrime	Yes, SECP has introduced anti-money laundering laws & offenses of corruption.	Yes	Yes
Gender equality	Yes, Pakistan's Sustainable Development Goals include commitment to achieve gender equality, also Pakistan has been implementing UNCEDAW.	Yes, the SECP's Code of Corporate Governance for listed companies encourages gender diversity in BoDs. Also, PSX's min SDGs include gender equality.	Yes	Yes
Human rights	Yes, the Ministry of Human Rights has been established to strengthen institutional mechanisms for protection of human rights as enshrined in the Constitution of Pakistan and international human rights conventions.	Yes	Yes	Yes
Labor rights	No, labor rights are contained in the Constitution in Articles 11, 17, 18, 25 and 27(e), but implementation of the laws is weak or the laws are non-existent.	No, provincial Industrial Relation Acts 2011 excluded banking and financial sector workers from collective bargaining rights.	Yes	Yes
Nature	Yes, it is part of SBP's Green Banking Guidelines.	Yes	Yes	Yes
Tax	Yes, FBR's income, corporate and sales tax regimes are in place.	Yes	Yes, tax justice	Yes
Arms	Yes, Ministry of Interior has an Arms Control Policy, which regulates possession, use, stockpiling, transfer of arms and prohibited and non-prohibited bore weapons. After the 18 th Amendment, provinces got the right to make their own arms control policies.	None found	None found	Yes
Transparency & accountability	Yes, covered in SECP Code of Corporate Governance under financial disclosure and auditors.	Yes	Yes	Yes

As noted above, SECP has not yet notified the Green Banking Guidelines to acknowledge the responsibility of the financial sector, including investment banks and other non-bank financial institutions. However, they have introduced the Voluntary Guidelines for the Listed Companies including the investment banks, which highlight climate change. The SECP will be required to move forward and introduce a mechanism for corporate firms to launch green initial public offerings (IPOs), which will pave way for the equity market to recognize the importance of environmental performance (Mumtaz and Smith, 2019).

5.3 Recommendations

5.3.1 Most relevant themes for the commercial banks

Four mandatory themes, namely climate change, gender equality, corruption, and transparency & accountability, appear most relevant for the commercial banks. Based on Table 4, it seems that these four themes are the most likely to be useful in an influencing context, as they are aligned with more than one existing policy criteria.

For example, these themes are precisely integrated within the financial sector in the form of SBP regulations such as “Guidelines for Green Banking” and PSX’s goals for SDGs, draft policy on “Banking on Equality Policy: Reducing the Gender Gap in Financial Inclusion”, and “Handbook of Corporate Governance 2003” and an alignment of these policies with the national context, relevance to coalition partners and alignment with at least one SDG goal offers the perfect entry point. The alignment of these themes with the structure of national policies indicates that the coalition may be able to get a positive response both from the target banks, relevant federal government ministries, and provincial government departments. More conscious banks are likely to want positive

publicity by being able to show progress by scoring highly on the FFP assessment criteria. The government is also expected to show a positive response, because they have already taken constructive actions, and the FFP’s initiative will further expedite these actions.

Two other themes, namely human rights and tax, are also being increasingly recognized by the financial institutions. They also present interesting possibilities and potential of engagement with civil society and media. Civil society in Pakistan has already highlighted human rights and tax issues, while the media has demonstrated interest in covering the issues underpinning these themes. The FFP coalition may approach civil society and mainstream media to garner support for advocacy on this work.

Although labor rights appears to be least relevant theme for the financial sector, it continues to be a topic of great importance for civil society because labor rights are equal to human rights. Furthermore, it is of great international importance, which cannot be easily ignored. The Provincial Industrial Relations Acts or the Federal Government Industrial Relations Act must extend its jurisdiction to the financial sector. Again, there is possibility of engagement with civil society organizations, which are working for labor rights in the country.

Financial inclusion is another important theme to be considered by the FFP for the commercial banks, which entails offering banking and financial services to everyone in the country, irrespective of incomes and savings, in order to provide financial solutions to all the groups. Despite an ambitious goal set by the Pakistan Financial Inclusion Strategy 2015²⁵ of reaching financial inclusion levels of 50% by 2020, the available data suggests inclusion was quite low at around 21% in 2017, compared with 69% for the world.²⁶

²⁵ <http://www.finance.gov.pk/NFIS.pdf>

²⁶ <https://www.thenews.com.pk/print/525152-financial-inclusion-in-pakistan#:~:text=Pakistan's%20financial%20inclusion%20strategy%20has,money%20account%20by%20next%20year.&text=This%20constitutes%20around%2050%20percent,same%20is%20at%2028%20percent>. (accessed on 2nd May 2021)

5.3.2 Most relevant themes for the investment banks

Three mandatory themes, namely gender equality, corruption and transparency & accountability, are the most relevant themes to the investment banking sector. Table 5 shows that these themes are most relevant, since they are perfectly aligned with all of the existing policy criteria and therefore they provide excellent opportunity for constructive engagement. These themes are perfectly integrated within the financial sector. For example, the SECP Code of Corporate Governance is perfectly aligned with corruption, transparency & accountability and gender diversity in board of directors. These themes are also perfectly aligned with national policies. Apart from being relevant to the coalition partners, government, and financial sector, these themes are relevant to at least one SDG goal, which offers a perfect entry point for the coalition. This alignment will help muster support from the target banks, as well as the government, because both the banks may be able to show progress by scoring on the assessment criteria, while the government has already taken positive actions on sustainable finance in these specific areas.

Other mandatory themes, namely gender equality, green financing, human rights and tax, are also being recognized by the financial institutions including investment banks. As for

the commercial banks, these themes have great potential for collaboration with civil society organizations and mainstream media who have demonstrated interest in covering issues behind these themes. A customized gender policy for the investment banks to reduce gender gaps in investment banks is still not in place. Advocacy campaigns will be required to pressure the SECP to promulgate a similar policy as has been announced by the SBP for commercial banks.

Labor rights and arms appear to be least relevant themes for the investment banks. However, given the importance of labor rights in the international context, this cannot be ignored by the investment banks for long. The jurisdiction of the Industrial Relations Act has to be extended to the financial institutions at the earliest, for which the coalition will be required to play its role by garnering support from civil society for active engagement. Buying and selling of firearms is managed by the Interior Ministry and the provincial governments. However, in gun ownership, Pakistan ranks 24th in 230 countries, and the numbers from the Small Arms Survey 2017 show that Pakistanis own nearly 44 million firearms, of which only 14% firearms were registered.²⁷ A license is needed to purchase firearms, and the firearms can be acquired after payment of fees and registration with local authorities.

²⁷ https://en.wikipedia.org/wiki/Gun_law_in_Pakistan



SELECTING PAKISTANI BANKS FOR ENGAGEMENT

Although there is no fixed criteria for selecting financial institutions for future assessment and engagement, certain Fair Finance International coalitions have defined the principles, which might be useful for the purposes of selection for Fair Finance Pakistan.

6.1 Criteria Used by Other Fair Finance Coalitions

The principles and criteria used by other Fair Finance International coalitions has been compiled by the Fair Finance India (Verma et al., 2018), which is reproduced in Table 6 for

ready reference. It shows the range of criteria each country coalition has adapted to their respective circumstances. Note, however, that most frequently used criteria has been largest asset volume and commercial banks. The indicators used to determine representative banks have widely varied from seven in India, five in Germany, four in Brazil, three in Japan, two each in Indonesia and Sweden, to only one in Thailand. The criteria applied by the Fair Finance India coalition, to select representative banks, has by far been most rigorous and wide ranging, which has been adapted to select Pakistani banks.

Table 6. Criteria used by certain fair finance coalitions for choosing banks

Criteria/Country	Japan	Indonesia	Brazil	Germany	Sweden	Thailand	India
Largest asset volume	Yes	Yes	Yes	Yes		Yes	Yes
Socio-ecologically progressive banks				Yes	Yes		
Commercial banks			Yes		Yes		Yes
Banks relevant to customers	Yes			Yes			
Banks with biggest core capital		Yes					
Banks with international financing	Yes						
Mix of public private banks			Yes				Yes
Church-related banks				Yes			
Representatives from all groups				Yes			Yes
Sector-specific banks			Yes				Yes
Market capitalization							Yes
Net revenue/sales							Yes

Source: Verma et al. (2018)

To illustrate, the sampling frame applied by the Fair Finance India coalition included all 39 banks listed in the country's two stock exchanges. These banks were ranked across each of the three variables, namely market capitalization (or market value of the company's outstanding shares), total assets, and net revenue or sales.²⁸ In the next step, 13 banks each were classified into high, medium and low bands, and banks which appeared in the high band across each of the three variables were selected. Additionally, a purposive sampling strategy was applied to recommend 8 commercial banks to the Fair Finance India coalition for engagement, consisting of equal number of public and private sector banks.

6.2 Sampling Method for Selection of Pakistani Banks

Although the banks may be selected by taking a random sample of the listed commercial banks, some other methodological principles and concerns are also important, which should inform the sampling methodology. For example, three core principles, namely comparability, representativeness and diversity should form the basis of sample selection (Verma et al., 2018).

Comparability entails that there are enough institutions so that the selected institutions should be able to appropriately compare themselves. In other words, there should be at least two similar institutions, e.g., two state-owned banks, two private banks, two Islamic banks, etc. Representativeness involves ensuring that the sampled banks represent all notable categories of target institutions in the overall sample. Diversity refers to different categories of financial intuitions, which are easily identifiable. This may include the size (measured by assets, liabilities, revenues, and

market capitalization), ownership status (public versus private banks), type of institutions (banks, NBFIs, etc.), national versus regional, among others. In sum, an unbiased sampling methodology should have the sampled banks that represent the diversity of the banking sector as a whole.

6.2.1 Considerations for sample selection

The commercial banking industry in Pakistan has a substantial proportion of private banks, with few public sector banks present. Within the private sector apart from conventional banking, Islamic banks have also a significant presence. Of the 29 scheduled banks, only 19 are listed on the Pakistan Stock Exchange (PSX).²⁹ As shown in Annex Table A1, the unlisted banks on the PSX are mostly small foreign-owned banks, with few exceptions. While all listed companies ensure disclosure of compliance with various codes and conditions laid down by the Pakistan Stock Exchange, the SBP and the SECP, the same is not true for unlisted companies. Because public disclosure is a prerequisite for scoring under the FFGI Methodology, the non-disclosure by unlisted companies may be a major problem from a programmatic focus point of view.

Thus the sampling method of the present study focuses on the listed commercial banks. As part of their core business activities, the listed banks engage in accepting deposits and lending to borrowers. They are also involved in project financing, corporate lending and retail banking, which are key undertakings in the FFGI Methodology assessment criteria. The listed banks are not only large in size, but also have core business dealings with the corporate sector. They could be FFP's advocacy target, as they also have significant dealings with the IFIs such as the ADB and the IFC. Moreover,

²⁸ Net revenue refers to sum of interest and non-interest incomes less expenses (excluding loss provisions).

²⁹ The scheduled banks are the ones which are carrying on the business of banking in Pakistan and are declared as scheduled banks in the notification in the official Gazette under the SBP Act 1956. The scheduled banks are required to fulfill certain conditions laid down by the SBP. Non-scheduled banks are not required to follow the same norms.

they have a large customer base through deposits, which opens up discussion on issues of responsible banking.

6.2.2 Generating initial sample

This study uses the following process to generate an initial sample, which was further refined in the light of core principles to generate the list of recommended banks.

- ☉ In the first step, 19 commercial banks were identified, which featured as listed banks on the PSX.
- ☉ Data of all the listed banks was collected on three variables, namely market capitalization, total assets and net revenue³⁰ and the banks were ranked on each of the variables by size, where the top ranked banks got the highest value.
- ☉ Banks were classified into size groups of large, medium, and small according to their market capitalization, total assets, and net revenue. First six banks in ranking were classified into large, next six banks into medium and last seven banks into small (see Table 8).

Table 8. Ranking of banks by market capitalization, total assets and net revenue

Name of bank	Market capitalization (PKR billion)	Name of bank (PKR billion)	Total assets (PKR billion)	Name of bank	Net revenue (PKR billion)
MCB Bank	242.9	Habib Bank	3227.1	United Bank	43.04
Habib Bank	230.9	NBP	3132.4	MCB Bank	42.83
United Bank	201.34	United Bank	2223.7	NBP	42.54
Meezan Bank	122.3	MCB Bank	1612.2	Habib Bank	32.2
Allied Bank	109.5	Allied Bank	1483.3	Meezan Bank	31.16
NBP	92.1	Bank Al Habib	1290.1	Standard Chartered	27.18
Standard Chartered	91.4	Meezan Bank	1126.1	Bank Alfalah	25.9
Bank Al Habib	84.6	Bank Alfalah	1067.1	Allied Bank	25.3
Bank Alfalah	81.2	Bank of Punjab	869.7	Bank Al Habib	22.4
Habib Metropolitan	38.1	Habib Metropolitan	865.0	Bank of Punjab	15.8
Bank of Punjab	30.0	Askari Bank	833.4	Habib Metropolitan	12.05
Faysal Bank	28.9	Faysal Bank	629.9	Askari Bank	11.2
Askari Bank	23.4	Standard Chartered	620.0	Faysal Bank	11.00
Bank of Khyber	13.6	JS Bank	473.2	Silkbank	4.85
Bank Islami Pakistan	12.3	Soneri Bank	422.5	Bank Islami Pakistan	4.64
Soneri Bank	10.9	Bank of Khyber	306.3	Soneri Bank	2.66
Silkbank	10.51	Bank Islami Pakistan	284.5	Bank of Khyber	2.2
Samba Bank	8.1	Silkbank	205.7	Samba Bank	1.60
JS Bank	7.0	Samba Bank	129.6	JS Bank	-175.0

Source: KPMG (2020), SBP (2020)

³⁰ In this study, net revenue refers to net markup/interest income plus non markup income minus non markup/interest expenses before provisions. This is also termed as profit before provisions.

Banks appearing in a particular band in each of the three categories were chosen as representing that band. For example, MCB appears in large band in all three categories (i.e. market capitalization, total assets and net revenue). Therefore, MCB was selected as representing the banks in the large band. Similarly, Bank Alfalah appears in the medium band in all three variables, and thus it was selected as representing the banks falling in the medium band. Eleven banks were selected through this exercise.

- ④ Islamic banking is a growing and important sub-sector of Pakistan's financial sector, but there was only one Islamic bank in the list. For inclusivity, this study used purposive sampling and added Meezan bank to the list of medium banks. Meezan bank appeared in large banks in two of the criteria, namely market capitalization and net revenue, and was top ranked in medium band in terms of total assets. Meezan bank is the largest fully-fledged Islamic bank of the country in the private sector. With this criteria, the list of 12 banks is presented in Table 9.
- ④ As shown in Table 10, the banks are further divided into public and private banks, which consist of 3 public sector

and 9 private sector banks. Four banks fall in the category of large band, four in medium band and four in small band. Yet, this distribution requires further refinement because it is not representative of the actual share of large, medium and small banks in market capitalization, total assets and net revenue.

6.2.3 Findings and recommendations

How many financial institutions should be selected for the first phase of policy assessment by the FFP is a key policy question. However, the answer lies in available financial resources and the effort needed to conduct the FFGI Methodology assessments on a yearly basis. For coalitions that are starting out in using the FFGI Methodology, it is typically capped at 5 banks (e.g. Cambodia, the Philippines, and Vietnam). The Fair Finance India has capped it at 8 banks, which is an exception (Verma et al., 2018), due in part to the much bigger size of the Indian economy than the other Asian coalitions, and the available financial resources.

Since 12 banks are too many to engage by the FFP coalition, this number is capped at 5 as with other fledgling coalitions. Given the programmatic focus of the FFP, it is important to engage with banks of greater size because

Table 9. Banks in large, medium and small bands

Large	Medium	Small
MCB Bank	Meezan Bank	Bank of Khyber
Habib Bank Limited	Bank Alfalah Limited	Bank Islami Pakistan Limited
United Bank Limited	Habib Metropolitan Bank Limited	Soneri Bank Limited
National Bank of Pakistan	Bank of Punjab	Silk Bank Limited

Table 10. Public and private banks by bank size

	Large	Medium	Small	Total
Public	1	1	1	3
Private	3	3	3	9
Total	4	4	4	12

the impact of influencing their policies would have much larger effect than with small banks. Accordingly, the sample weights are balanced out to determine relative shares. Actual average shares of the three variables come to 64% for large band and 36% for medium and small band together (Table 11).³⁰ Using respective weights and a purposive sampling plan, five banks are chosen: three large banks and two medium banks. The names of chosen banks are provided in Table 12. In the large band category, there are two private banks and one public sector bank. Of the two remaining banks, Meezan bank is a full-fledged Islamic bank and Bank Alfalah is a conventional private bank.

6.2.4 Strengthens and weaknesses of the selected banks

The selected banks have the strengths that they have almost proportionate representation of private and public sector banks. They have representation of a higher number of large banks, which also have an international footprint (e.g., HBL, NBP and MCB).³¹ Moreover, the selected banks have significant intermediary relationships with IFIs.

The selected banks also have the presence of both high performing and low performing banks. For instance, the long term credit rating assigned by PACRA varies across the selected banks: HBL, MCB and NBP have AAA credit ratings, while Meezan Bank and Bank Alfalah have AA+ credit ratings.

The included banks consist of the largest banks in terms of their exposure to project financing (e.g., MCB, HBL, NBP) (SBP, 2008). Moreover, Meezan Bank is the largest Islamic bank with highest exposure to Islamic finance, both providing synergies with sustainable finance and focus on well-being of all stakeholders. MCB is also renowned for offering mortgage finance facilities.

None of the included banks seem to have a demonstrated commitment to sustainability, which is an apparent weakness in the selected banks. Even though the boards of some banks (e.g., MCB) have adopted the green banking guidelines promulgated by the SBP in 2017, no bank seems to have adopted a set of environmental and social benchmarks for managing their risks in financing of projects.

Table 11. Band specific shares in market capitalization, total assets and net revenue

	Large	Medium	Small	Total
Share in market capitalization	69.40	24.61	5.96	100
Share in total assets	62.34	25.92	11.74	100
Share in net revenue	61.10	31.42	7.52	100
Average share	64.28	27.32	8.41	100
Proposed share	(3/5=62.5%)	(2/5=25.0%)	(0/5=12.5%)	5

Table 12. Selected banks for engagement by bank bands and ownership

Selection criteria	Bank bands	Bank ownership	
		Private	Public
Size informed by three variables (market capitalization, total assets and net revenue), weights informed by average shares of the variables, and numbers chosen by random sampling.	Large (3)	MCB, HBL	NBP
	Medium (2)	Meezan, Bank Alfalah	
	Small (0)		
	Total (8)	4	1

³¹ Net revenue of JS Bank was an outlier, and accordingly it was excluded before calculating the share in net revenue.

³² For example, HBL has more than 1700 bank branches in over 25 countries. Similarly, NBP and MCB also have large international footprints.



CONCLUSIONS

This study is an attempt to provide a scoping review of the FFGI Methodology themes in the context of Pakistan, with a special focus on the nine mandatory themes of the Methodology. This review helps in selecting most important themes, as well as Pakistani financial institutions for engagement by the future FFP coalition.

The review of financial institutions focuses on the largest commercial and investment banks along with their ESG regulations. In terms of themes, nine mandatory themes suggested by the FFGI Methodology have been reviewed for relevance to the context of Pakistan. The study explores nine mandatory themes and

recommends most relevant themes for the commercial and investment banks in the light of mapping of these banks.

Five representative commercial banks have been selected for engagement by the future FFP coalition. The broad selection criteria adopted for selection of banks allows this study to select large banks; banks with international exposure; banks with largest exposure of project financing and investment banking; and banks offering mortgage financing. The choice of banks reflects an understanding of factors important for the mandatory themes relevant to Pakistan.

REFERENCES

- Burki, Abid A., Shabbir Ahmad (2010). Bank Governance Changes in Developing Countries: Is There a Performance Effect? *Journal of Economics and Business*. **62**(2), 129–146. <http://www.sciencedirect.com/science/article/pii/S0148619509000538> (accessed on 7th February 2021)
- Gelder, V., J.W. and L. van Loenen (2020). *Fair Finance Guide International Methodology 2020*, Profundo, Amsterdam.
- GoP (2012). *National Climate Change Policy*, Ministry of Climate Change, Government of Pakistan, Islamabad.
- Hussain, A., S.J. Kakakhel (2018). The Extent of Information Disclosure in Commercial Banks of Pakistan: A Comparative Analysis of Large Commercial Banks and Small Commercial Banks, *Journal of Managerial Science*, 12 (2), 153 – 170.
- KPMG (2020). *Banking Results 2019 – Commercial Banks Operating in Pakistan*, KPMG Taseer Hadi & Company, Karachi.
- Mumtaz, M.Z., Z.A. Smith (2019). Green Finance for Sustainable Development in Pakistan, *Islamabad Policy Research Institute Journal*, 19(2), 1 – 34. [Article-1-IPRI-Journal-XIX-2-Ana-Gre-Fin-ED-SSA.pdf](https://www.ipripak.org/Article-1-IPRI-Journal-XIX-2-Ana-Gre-Fin-ED-SSA.pdf) (ipripak.org) (accessed on 7th February 2021)
- Sayeed, A., (2010). Contextualizing Corruption in Pakistan. *Social Science and Policy Bulletin*, 2(1), 10 – 18.
- SBP (2002). *Pakistan: Financial Sector Assessment, 1990 – 2000*. Research Department, State Bank of Pakistan, Karachi.
- SBP (2008). Review of Project Financing: Five Year Analysis FY04 to FY08. Infrastructure and House Financing Department, State Bank of Pakistan, Karachi.
- SBP (2009). Financial Stability Review 2007-08, Financial Stability Department, State Bank of Pakistan, Karachi.
- SBP (2009). Financial Stability Review, 2008-09, State Bank of Pakistan, Karachi.
- SBP (2020). *Financial Statements Analysis of Financial Sector, 2015 – 2019*, Statistics and DWH Department, State Bank of Pakistan, Karachi.
- SBP (2021). *Islamic Banking Bulletin, October – December, 2020*, Islamic Banking Department, State Bank of Pakistan, Karachi.
- SECP (2020). *Summary of NBFCs, NEs. & Modarabas Sector*, Securities and Exchange Commission of Pakistan, Islamabad.
- Verma, E., J. Dutta, P. Narayanan, R. Preece (2018). Scoping Study on Banks, Themes and Case Studies, Fair Finance India.
- World Bank (2020). Report on the Observance of standard and Codes (ROSC), Corporate Governance Country Assessment Report 2018, Securities and Exchange Commission of Pakistan, Islamabad.

ANNEX: LISTED AND UNLISTED COMMERCIAL BANKS

A1. Listed and unlisted commercial banks operating in Pakistan

List of scheduled banks	Market capitalization (PKR billion)	Total assets (PKR billion)	Net revenue (PKR billion)	Listed in PSX
Allied Bank Limited	109.5	1483.3	25.3	Yes
Askari Bank Limited	23.4	833.4	11.2	Yes
Bank Alfalah Limited	81.2	1067.1	25.9	Yes
Bank Al Habib Limited	84.6	1290.1	22.4	Yes
Bank Islami Pakistan Limited	12.3	284.5	4.64	Yes
Bank of Khyber	13.6	306.3	2.2	Yes
Bank of Punjab	30.0	869.7	15.8	Yes
Faysal Bank Limited	28.9	629.9	11.00	Yes
Habib Bank Limited	230.9	3227.1	32.2	Yes
Habib Metropolitan Bank Limited	38.1	865.0	12.05	Yes
JS Bank Limited	7.0	473.2	-175.0	Yes
MCB Bank Ltd.	242.9	1612.2	42.83	Yes
Meezan Bank Limited	122.3	1126.1	31.16	Yes
National Bank of Pakistan	92.1	3132.4	42.54	Yes
Samba Bank Limited	8.1	129.6	1.60	yes
Standard Chartered Bank Limited	91.4	620.0	27.18	yes
Silkbank Limited	10.51	205.7	4.85	yes
Soneri Bank Limited	10.9	422.5	2.66	yes
United Bank Limited	201.34	2223.7	43.04	Yes
Al-Baraka Bank Pakistan Limited	--	162.0	1.2	No
Citibank N.A	--	149.4	8.4	No
Deutsche Bank AG	--	33.9	1.14	No
Bank of China – Pakistan Operations		26.5	-509	No
Dubai Islamic Bank Pakistan Limited	--	264.6	6.41	no
First Women Bank Limited		24.8		No
Industrial & Commercial Bank of China Ltd	--	505.4	16.33	No
MCB Islamic Banking Limited	--	105.0	-0.366	No
Sindh Bank Limited	--	161.7	-2.99	No
Summit Bank Limited	--	233.05	-0.762	No

Source: KPMG (2020), SBP (2020)



About Fair Finance Asia

Fair Finance Asia (FFA) is a regional network of Asian civil society organisations that are committed to ensuring that the business decisions and funding strategies of financial institutions in the region respect the social and environmental well-being of the communities in which they operate. Eight countries within the region are a part of the FFA: Cambodia, Japan, India, Indonesia, Pakistan, The Philippines, Thailand and Vietnam.