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Aurangzeb highlights govt's approach to financing for SMEs

BUSINESS RECORDER

Federal Minister for Finance and Revenue Senator Muhammad Aurangzeb on Wednesday highlighted Pakistan's reforms to expand financing for small and medium enterprises (SMEs), targeting an increase in lending to Rs two trillion by June 2028, while promoting digital financial inclusion, private investment and technology-driven financing solutions.

Addressing the Ministerial Dialogue on SME Growth, Jobs and Competitiveness at the Global SME Finance Forum 2026 in Singapore, held during the ongoing Singapore Fintech Festival, the minister underscored the vital role SMEs played in Pakistan's economy, accounting for 90 percent of businesses, 40 percent of GDP, around 20 percent of exports and approximately 78 percent of non-farm employment.

He observed that the sector's contribution could be significantly greater with improved access to finance and a more enabling business environment, said a press release issued by finance ministry here.

Highlighting the government's financing ambitions, he outlined the target of increasing SME financing to Rs two trillion by June 2028, almost double the current level.

He emphasised the need to move beyond conventional, collateral-based lending towards technology-enabled, data-driven and inclusive financing solutions, supported by stronger participation from banks, fintech companies, development finance institutions and private investors.

Aurangzeb highlighted the SME Connect Portal, launched by the State Bank of Pakistan on November 1st, as an important step towards facilitating SME registration, improving access to financing, enabling application tracking and enhancing transparency in banks' responses and processing times.

He stressed the importance of accessible working capital and long-term financing to strengthen the productive capacity of SMEs and help them compete in international markets.

He also emphasised the role of the Small and Medium Enterprises Development Authority (SMEDA) in building the capacity of businesses to better understand and manage their balance sheets and disclosures, enabling them to become more financially prepared and attractive to lenders and investors.

Emphasising the role of technology, the Minister identified fintech solutions, digital payments, alternative credit assessment and digital lending as important tools for widening access to finance, particularly for businesses that lack conventional collateral. He also called for greater use of risk-sharing mechanisms to facilitate lending to SMEs.

He also highlighted the potential for engagement with Singapore's financial technology ecosystem, including through the Global Finance and Technology Network (GFTN).

The Minister called for greater mobilisation of private capital and stronger partnerships with development finance institutions, international financial institutions and investors through credit guarantees, risk-sharing arrangements, blended finance and technology transfer.

Reaffirming Pakistan's commitment to developing an inclusive, competitive, digitally enabled and export-oriented SME ecosystem, the Minister emphasised that international partnerships, innovation and private-sector investment would be essential to unlocking the sector's full potential.

The Minister also visited the Singapore FinTech Festival, where he inaugurated Ignite's Pakistan Pavilion and interacted with Pakistani companies including Tax Nerd Pakistan, Ping Up, Bagh-e, Fortanixor Technologies, and Lendverse / Tawha Technologies. Representatives of the participating companies briefed him on their respective products, services and innovative fintech solutions.

The Minister also visited the pavilion of Ant International, where he was briefed on the company's services and solutions.-AFP

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