



Towel Manufacturers' Association of Pakistan

TMA HOUSE

77-A, SMCHS, Karachi-74400 (Pakistan)

Phones: (9221)34382801-4 Fax : (9221)34551628

E-Mail: tma@towelassociation.com Web Site : www.towelassociation.com

Dated : Tuesday, August 17, 2021

To : Members of the Association

SBP INTRODUCES SME ASAAN FINANCE (SAAF) SCHEME

This is to inform you that the State Bank Pakistan (SBP) has introduced an innovative initiative to improve Access to Finance for Small and Medium Enterprises (SMEs). The circular has been issued by SBP's Infrastructure, Housing & SME Finance Department vide Circular No. 09 of 2021 dated August 16, 2021 (**Copy of Circular is attached herewith for ready reference**).

The scheme is available for SMEs for financing up to Rs. 10 million in which SBP will charge @ 1 percent p.a. while the Banks will charge @ 8 percent p.a. The above financing will be available upon personal guarantee of borrower without involving any collateral.

Members are requested to proceed their respective Bank at earliest for more information and required documents of processing.

Thanks & Regards,

Muzzammil Husain
Secretary General



Affiliated with the Federation of Pakistan Chamber of Commerce and Industry



[Circulars/Notifications](#) / Infrastructure, Housing & SME Finance Department

IH&SMEFD Circular No. 09 of 2021

August 16, 2021

The Presidents/CEOs
All Banks

Dear Sir/Madam,

SME Asaan Finance (SAAF) Scheme

- Enhancing access to finance to Small and Medium Enterprises (SMEs) is one of the priority areas of the State Bank of Pakistan (SBP). SMEs face a number of challenges in getting credit from banks; lack of collateral and high delivery costs are considered the biggest challenges. In order to overcome these challenges in an innovative manner, SBP is now adopting a new approach wherein interested banks will bid for a subsidized facility with risk coverage. Banks winning the bid will invest in human resource, technology and processes to successfully develop expertise, capacity and capability to cater SME finance market. Accordingly, SBP is offering a '**SME Asaan Finance' (SAAF)** scheme, available at Annexure A-i, wherein refinance and risk coverage both are being offered together.
- Under the scheme, SBP will provide time bound refinancing for three years to the banks selected through a transparent bidding process. After three years, banks will repay the refinanced amount in ten equal yearly installments. The risk coverage will, however, be valid for a period of four years starting from launch of the scheme, in order to suitably cover loans extended during third year of the scheme.
- To accommodate the financing needs of faith sensitive borrowers, Shariah compliant alternate of the scheme i.e. '**Islamic SME Asaan Finance' (I-SAAF)** has also been developed and is available at Annexure B-i.
- Following are the main features of the scheme:
 - Scope and Eligibility**
All SMEs (new businesses as well as operative businesses) that are new borrowers of the participating banks are eligible. A single SME can, however, avail this facility from one bank only.
 - Financing Limit and Type**
 - Maximum financing, under the scheme, to a single SME will be capped at PKR 10 million.
 - All types of loans i.e. term loans as well as working capital/running finance loans will be eligible.
 - Loans may be secured against personal guarantees of the borrowers.
 - Financing Tenor**
Maximum tenor of the loan will be as per financing facility approved by the participating bank.
 - Rate of Mark-up**
Mark-up rate for end user under the scheme will be of up to 9 percent per annum (p.a.). SBP will provide refinance to banks at 1 percent p.a. thereby, offering a spread of up to 8 percent p.a.
 - Risk Sharing**
Under the scheme, Government of Pakistan will provide risk coverage of 40 percent to 60 percent on first loss portfolio basis on following portfolio categories:

Portfolio Category	Risk Coverage
Loans of up to PKR 4 million	60 percent
Loans exceeding PKR 4 million and up to PKR 7 million	50 percent
Loans exceeding PKR 7 million and up to PKR 10 million	40 percent

- The risk sharing will be synchronized with the classification and provisioning criteria of SBP prescribed under Prudential Regulations for SME Financing to ensure that the profit & loss account of participating banks is not affected as far as loan infections remain below risk coverage levels.
 - The guarantee/risk sharing will be applicable on loans disbursed under this scheme during the first three years from the launch of the scheme. The validity of the guarantee/risk sharing facility will, however, come to an end after four years of the initiation of the scheme. The last payment under the risk sharing facility will be made for infections recognized at the end of last quarter of fourth year.
 - The risk coverage, at prescribed percentages, will be available separately for each portfolio category and appropriation of residual risk coverage from one portfolio category to another will not be permissible.
- Limit on clean facility prescribed under Regulation SME R-4 of Prudential Regulations for SME financing will not be applicable on financing by banks under this scheme.
 - SBP invites interest of banks through Expression of interest (EOI) that desire to build their SME loan portfolio during the three-year validity period of the scheme. Banks offering highest portfolio size and largest number of borrowers will be selected for participation in the scheme. Maximum number of participating banks under the scheme, selected from following four categories, based on the criteria specified by SBP, will be eight:-
 - Large Banks
 - Mid-sized Banks
 - Small Banks
 - Any category of banks in collaboration with a Fintech
 - Details are specified in EOI available at Annexure C. Banks are encouraged to apply as per EOI to SBP within four weeks from the issuance of this circular.

Encls:

Annexure A-i: [SME Asaan Finance \(SAAF\) - Scheme](#)
Annexure A-ii: [SME Asaan Finance \(SAAF\) - Documents](#)
Annexure B-i: [Islamic SME Asaan Finance \(I-SAAF\) - Scheme](#)
Annexure B-ii: [Islamic SME Asaan Finance \(I-SAAF\) - Documents](#)
Annexure C: [Expression of Interest Document](#)

Yours sincerely,

Sd/-

(Dr. Mian Farooq Haq)
Director

[Home](#)
[About SBP](#)
[Publications](#)
[Economic Data](#)
[Press Releases](#)
[Circulars/Notifications](#)

[Laws & Regulations](#)
[Monetary Policy](#)
[Help Desk](#)
[SBP Videos](#)
[SBP Welfare Trust](#)
[Contact us](#)

[What's New?](#)
[Speeches](#)
[Online Tenders](#)
[Web Links](#)
[Educational Resources](#)
[Regulatory Returns](#)

[Library](#)
[Rupey ko Pehchano](#)
[Events](#)
[Zahid Husain Memorial Lecture](#)
[Careers](#)
[Sitemap](#)



Best view Screen Resolution : 1024 * 768
Copyright © 2016. All Rights Reserved.