

WB wants promotion of mortgage financing

From Azhar Mahmood

KARACHI: The World Bank and the International Finance Corporation (IFC), its affiliate body intend to develop and promote institutional mortgage financing in the country, sources said on Tuesday.

Since the country has no unified law on mortgage financing, secondary markets or even financing on the basis of hire-purchase, the World Bank and other international financial institutions (IFIs) believe the recently introduced housing finance scheme is sure to hit snags and ultimately land in serious financial troubles, sources said.

Sources said the World Bank and the IFIs have acquired the services of top financial experts of Western world, India, Bangladesh and Thailand who will share their

experiences with the country's top policy makers and bankers.

The World Bank and IFC will in this regard hold a two-day housing finance workshop in Karachi on August 20-21 to be inaugurated by Dr Ishrat Hussain, Governor State Bank of Pakistan. Finance Minister Shaukat Aziz will chair the workshop's concluding session.

Sources said the workshop would be a response to the express need of various financial sector regulators and practitioners for a systematic discussion about the development of a housing finance market in Pakistan.

The workshop is expected to focus on various facets of profitable primary and secondary mortgages and creating capacity in financial institutions including (a) the key functions of housing finance, (b) mortgage products and

their design, affordability and profitability, and (c) legal and regulatory issues.

Sources said on the basis of recommendations of the 'breakout groups' it is likely that the Ministry of Finance and the central bank will take further legal and administrative measures to strengthen the recently started housing finance.

Sources said the last financial year was better for the country's construction industry, which got Rs12,456 million loans from the banks.

The housing finance companies disbursed Rs5,801 million loans during last financial year whereas during 2001-2002 the loans disbursed by them faced a contraction of Rs4,958 million because of continued war like situation on Pak-Afghan and Pak-India borders, sources added.