PRESS RELEASE (Also emailed*/faxed separately)

Opinion Poll

**Special Press Release**

**Access to Finance**

**(Part 3 of a 15 part series)**

# 77% of the general public in Pakistan claim to have heard the word 'Interest' and understood its meaning. (Access to Finance Survey 2015 – SBP/ Gallup Pakistan)

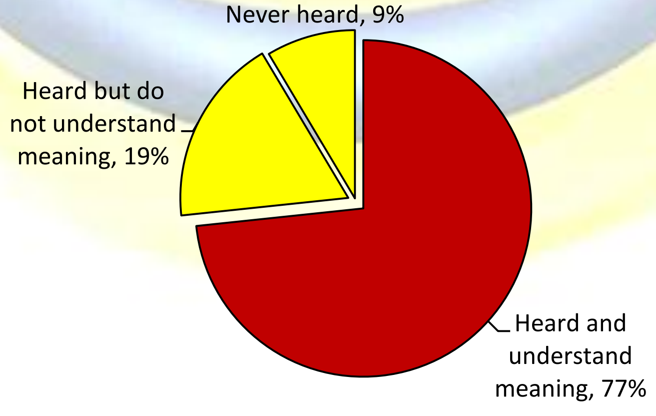
Islamabad, April 19, 2016

According to a survey conducted by Gallup Pakistan for the State Bank of Pakistan, 77% Pakistanis claim to have heard and understood the meaning of the term 'Interest' whereas only 4% said that they have never heard the word. These results are a part of the nationwide Access to Finance Study conducted by the State Bank of Pakistan in 2015 with the intent of determining the degree of financial inclusiveness of the Pakistani public (please refer to page # 4 for more details).

This press release is part of a special series that aim to foster an empirical understanding of financial inclusion in Pakistan and that hope to create a collaborative network of individuals working on the topic. This press release focuses on the concept of 'Interest' with intent of determining the proportion of Pakistanis that is aware of this word and understands its meaning. Interest lies at the foundation of the existing global financial system. Practically, interest is the amount charged to a borrower of money or assets and is thus included in all transactions based on borrowing or lending. However, the people of Pakistan may also have a different understanding of Interest; one that is conditioned by the religion of Islam. Islamic law prohibits the taking of interest. Thus, Islamic finance and banking tries to replace interest with a risk/reward sharing mechanism.

A nationally representative sample of men and women from across the four provinces was asked, "There are many word used in Pakistan that apply to financial services. Please tell me if you have heard the following word: Interest." In response to this question, an outright majority of Pakistanis i.e. 77% said that they have heard of this word and understand its meaning. On the other hand, only 19% said that they have heard the word but do not understand its meaning while 4% also said that they have never heard of the word. Thus, empirical results show that Interest is a concept that most Pakistanis are fairly familiar with.

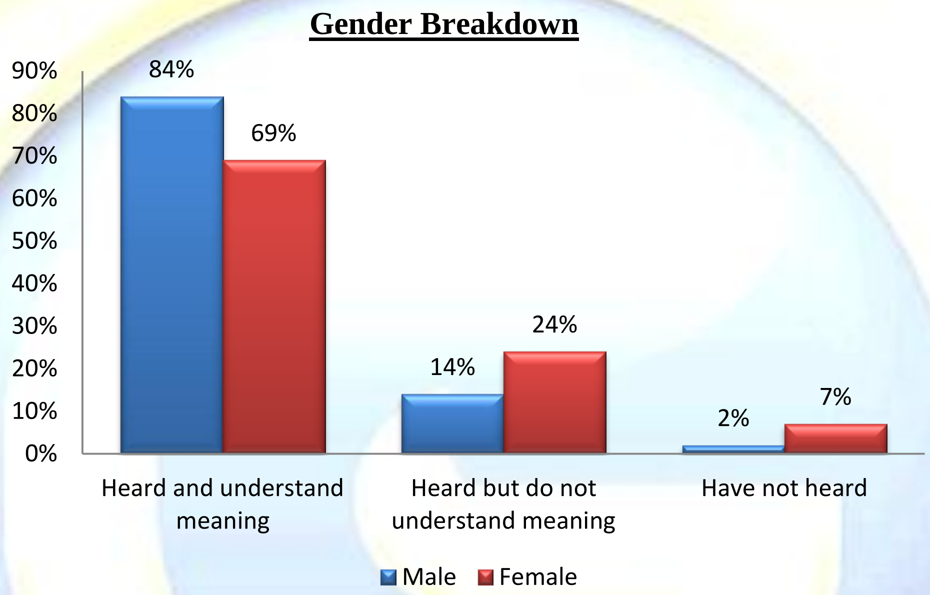
**Question: "There are many word used in Pakistan that apply to financial services. Please tell me if you have heard the following word: Interest."**




*Source: Access to Finance Survey 2015: State Bank of Pakistan/Gallup Pakistan (https://www.a2f2015.com, www.gallup.com.pk)*

**Gender Breakdown:** A majority of men and women are aware of and understand the term 'Interest'

A gender breakdown of this result also reveals a picture quite similar to the one above, albeit with minor variation between the two genders. 84% males said that they have heard and understand the meaning of the word 'Interest' while the same response is given by 69% of the females. Meanwhile, 14% males said that they have heard of the word 'Interest' but are unclear on its meaning while the same response was given by 24% of the females. Only 2% males and 7% females stated that they had never heard of the term 'Interest'. These results show that an outright majority of Pakistanis, irrespective of gender, are aware of Interest. Here it should be stated that their interpretation of Interest could potentially be a negative one, by virtue of the fact that Islam, which is the dominant religion of Pakistan, forbids usury. Therefore, it may not be unreasonable to suggest that most Pakistanis understand Interest in light of the conjunctions of Islamic law and jurisprudence.

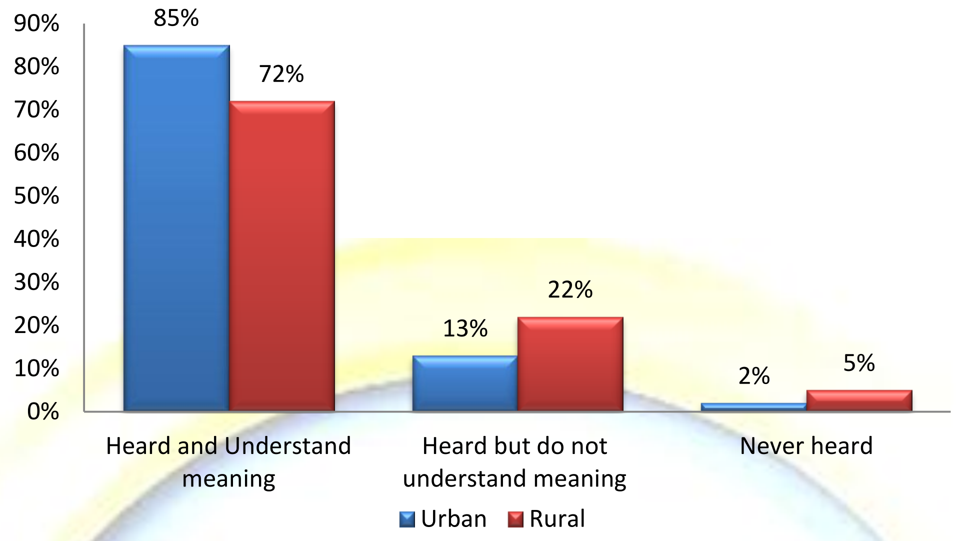



*Source: Access to Finance Survey 2015: State Bank of Pakistan/Gallup Pakistan*
*(https://www.a2f2015.com, www.gallup.com.pk)*

**Urban-Rural Differences:** Higher Proportion of Urban residents (85%) have heard and understood the term 'Interest' as compared to 72% Rural Pakistanis

In the same vein, a rural/urban breakdown reveals that 85% of the respondents in urban areas and 72% in rural areas have heard and understand the meaning of the word 'Interest'. With a difference of 13%, this shows that there is a slightly greater awareness of Interest in urban areas as opposed to rural areas. This increased awareness in rural areas may be interpreted as slightly surprising in the religious context of Pakistan, seeing as how the rural areas of Pakistan are perceived to be more orthodox compared to the urban areas. This would suggest that more Pakistanis living in rural areas ought to be aware of Interest but empirical results show otherwise. Finally, just 13% in the urban areas said that they have heard the word but do not understand its meaning while the same answer was given by 22% of the respondents in rural areas.

## Urban-Rural Breakdown

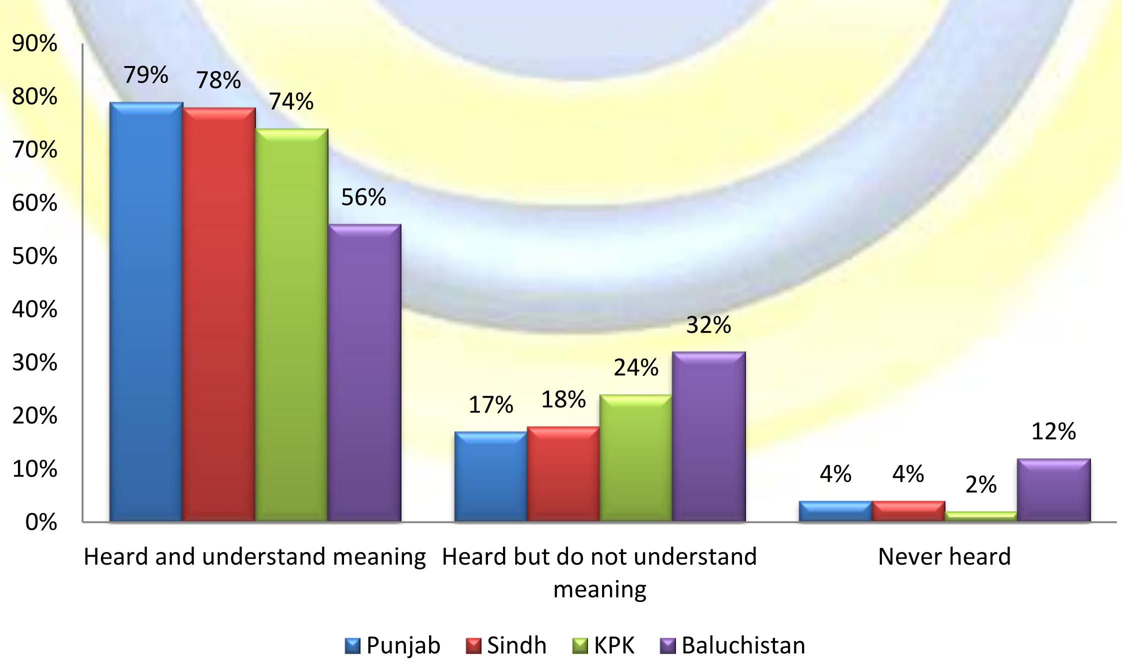



*Source: Access to Finance Survey 2015: State Bank of Pakistan/Gallup Pakistan*
(https://www.a2f2015.com, www.gallup.com.pk)

**Provincial Results:** A majority residents in all the provinces are aware of and understand the meaning of the term 'Interest', with the highest such proportion found in the Punjab (79%)

According to the provincial breakdown, 79% of the respondents in Punjab, 78% in Sindh, 74% in KPK and 56% in Baluchistan said that they have heard of the word 'Interest' and understand its meaning. Thus, in all the respective breakdowns including the provincial one, it is seen that a majority of residents of Pakistan's four provinces are aware of the word Interest and understand its meaning.

## Provincial Breakdown




*Source: Access to Finance Survey 2015: State Bank of Pakistan/Gallup Pakistan*
(https://www.a2f2015.com, www.gallup.com.pk)

of Gallup Pakistan
(1980-2016)

## Introduction to Access to Finance:

The Access to Finance Survey 2015 (A2F 2015) aims to create a platform for the State Bank, the Government and the private sector of Pakistan to adopt and implement a comprehensive set of reforms needed to influence financial inclusion among Pakistanis in a more holistic manner. A2F 2015 will help state and non-state actors in streamlining their policies and reforms to ensure that they are able to effectively target the financial inclusivity of the Pakistani public.

Gallup Pakistan, in collaboration with HORUS Development Finance, conducted an extensive survey in over 10,000 households across Pakistan. The primary aim of the study was to determine the extent of financial services being used by Pakistanis as well as to provide insights into the barriers faced by the Pakistani public in accessing formal financial services.

The data was released as part of Access to Finance Study 2015. Fieldwork carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International, among a sample of 10,000 households across rural and urban areas of all four provinces of Pakistan, during March 27 – June 12, 2015. Error margin is estimated to be approximately ± 2-3 per cent at 95% confidence level.

For more survey data on social and other issues see website *www.gallup.com.pk*