

PRESS RELEASE

MUFAP and CDC-ITMinds Limited sign MoU for Mutual Fund Digital Platform

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Mutual Funds Association of Pakistan (MUFAP) and Central Depository Company of Pakistan Limited (through its subsidiary ITMinds Limited) signed a Memorandum of Understanding for the development and implementation of a digital platform for the support of the Mutual Fund industry. Mr. Aamir Khan, Chairman - Securities and Exchange Commission of Pakistan (SECP) presided at the MoU Signing Ceremony at the CDC House, Karachi.

At the occasion, describing the features of the platform, CEO-CDC Mr. Badiuddin Akber said that *“This FinTech solution aims to enhance the investor outreach for Asset Management Companies (AMCs) by leveraging the power of technology to provide a convenient, informative and interactive medium for investors to invest in a wide range of investment products offered by different mutual funds.”*

Dr. Amjad Waheed, Chairman MUFAP applauded the efforts of CDC and SECP and said that this initiative will pave the way for the growth of the Mutual Fund Industry.

While addressing the occasion, Chairman SECP - Mr. Aamir Khan said that *“The initiative is in line with SECP’s highly recommended course of action for the mutual fund industry which advocates the development of alternate distribution channels and digital platforms. The recent circumstances induced by the pandemic make it all the more exigent for AMCs to undergo complete digital transformation. This platform will facilitate investors from specific market segments and low risk investors, thus promoting financial inclusion at the grass root level and harvesting the savings culture in Pakistan.”*

He said the pivotal role of innovation in economic development is undeniable, with advancements in Fintech leading the change. Innovative tech-based processes can lead to higher productivity, reduced turnaround times, lower costs and wider outreach.

He said the first cohort of the Regulatory Sandbox launched by SECP received an overwhelming response from the market, and a number of innovative ideas and solutions that were received, related to digital distribution, Robo Advisory and digital intermediation. There is a clear indication that the market is ripe for adoption of digital solutions and both SECP and MUFAP have jointly employed a focused approach to harness this potential through streamlining regulatory processes. However, this development must be viewed in the backdrop of some worrying statistics.

He said Pakistan's mutual fund segment stands at a meager 1.6 percent of the GDP, which is very low compared to the market's potential. A major obstacle in moving the needle has been limited outreach and focus on specific market segments. While this 'Digital Platform' will provide a low-cost and centralized solution to investors, initially through covering low-risk investors in the first phase, it must quickly be expanded to a full-fledged distribution mechanism for all investors.

The audience was also addressed by Mr. Farrukh Sabzwari, Commissioner Specialized Companies Division – SECP, Ms. Khalida Habib, Executive Director – Specialized Companies Division – SECP and Chairman CDC - Moin Fudda. The event was attended by the senior management of AMCs and other high ranking officials of the industry.