

# Flash Note

Tuesday, July 7, 2026



## Commercial Banks

### Deregulation of Minimum Rate of Return on Saving Deposits

- According to a circular ([Link](#)) issued by the State Bank of Pakistan (SBP), the minimum profit rate requirement related to profit sharing on saving deposits has been removed on eligible saving deposits. Effective from August 1, 2026, the minimum profit rate requirement will only be applicable on individual depositors maintaining monthly average balance of up to PKR 10 million. This move came along with the launch of “InvestPak” which is a digital platform through which investors can directly invest their savings in the Government securities and earn better returns.
- This move also comes after the discontinuation of Telegraphic Transfer Charges Incentive Scheme (TTCIS), which was a remittance incentive (rebate) scheme to encourage the use of formal banking channels for home remittances. The discontinuation of this scheme will lead the banks to bear the remittances acquisition costs earlier paid by the Government.
- Overall, the reduction in funding costs resulting from the deregulation of the minimum profit rate on savings deposits is expected to partially offset the additional costs arising from the discontinuation of TTCIS. Consequently, the net earnings impact is likely to vary across banks depending on their funding mix.
- Moreover, the extent of the benefit will also depend on each bank’s competitive pricing decision and depositors’ behavior. As deposits exceeding PKR 10 million constitute a relatively small portion of the sector’s savings deposits base and the fact that these depositors tend to be highly-rate sensitive, aggressive reduction in saving deposits rates can also lead to deposit migration given the convenience of direct investment in Government securities through InvestPak.

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