



Sectoral Matters

July 1, 2021
to July 31, 2021

□ **Launch of PBA Campaign on Cyber Fraud**

To create awareness against the Cyber Frauds, PBA has launched an aggressive campaign on the media w.e.f Monday July 26, 2021 on behalf of the banks and on the request of SBP.

□ **Regulations for Payment Card Security – PSD Circular Letter No. 2 of 2021**

On PBA's Consumer Banking Subcommittee's recommendations, SBP has extended the compliance timelines for clauses (i), (ii), (iii), (v) and (vi) of the circular to December 31, 2021, and has advised that no further extension will be granted.

□ **The Agriculture Transformation Plan (ATP)**

Agriculture Transformation Plan (ATP) Subcommittee on Agriculture Credit (ATP-SCAC) has been formed by the PM Office. The Committee has proposed that an industry level efforts need to be taken through PBA Platform on the below mentioned points, which were discussed in the PBA Agriculture Finance Subcommittee and their views were communicated to SBP.

□ **Transfer of common Non Performing Assets (NPAs) to Pakistan Corporate Restructuring Company Limited (PCRCL)**

SBP had requested PBA to help identify the common NPAs of the industry to assist in building consensus among the industry for transfer of such NPAs to PCRCL for better management/ resolution.

A Pakistan Corporate Restructuring Committee (PCRC) was formed by PBA for this purpose and after consultation with banks, they have shared the

□ **Electronic Fund Transfers (EFT)**

Regulations issued through PSD Circular No. 03 of May 09, 2018

In the meeting of the PBA General Banking Subcommittee, it was observed that many banks are not fully compliant with all the EFT regulations, which require beneficiary banks/ beneficiaries to get the names of remitting Banks and the remitters. Given the above, PBA issued an advisory to all Member Banks on July 14, 2021 in order for our member banks to be fully compliant with Section 10 (iii) and 10 (iv) of the EFT regulations, and should review SMS Messages they generate for notification of EFT transactions to their customers & beneficiaries, and ensure full compliance. They have also been advised to reassess their processes for ensuring compliance of Section 11 of EFT regulations.

□ **Banks' feedback on Warehousing guidelines and SOPs**

SECP has developed and issued the Collateral Management Companies (CMC) Regulations in consultations with stakeholders including SBP and banks. As a result, the first CMC company, Naymat Collateral, has been incorporated. Naymat CMC prepared the draft warehousing guidelines and Standard Operating procedures (SOPs) for approval by SECP. These documents were shared with SBP, by SECP, for soliciting banks' feedback before finalization. On the request from SBP, the draft CMC regulations were shared by PBA, with its members for comments. The input/ feedback received from member banks, has been shared by PBA with SBP.

□ **Electronic Fund Transfers (EFT)**

Regulations issued through PSD Circular No. 03 of May 09, 2018

In the meeting of the PBA General Banking Subcommittee, it was observed that many banks are not fully compliant with all the EFT regulations,

list identifying the assets which need to be transferred to PCRCL. This has been communicated to SBP on July 17, 2021. It was also communicated to SBP that banks have yet to obtain relevant BOD Approvals and Agency Agreements have not been signed with PCRCL, which will be a pre-requisite for transfer of these loans.

which require beneficiary banks/ beneficiaries to get the names of remitting Banks and the remitters.



Matters in the pipeline

As on July 31,
2020

1. e-KYC:

PBA has been working towards developing the Block chain/ E-KYC Platform for the banking industry. The vendor M/s Avanza is currently conducting Proof of Concept (POC) with three banks and the same will be completed in August 2021. Final Selection of vendor will be made after the POC.

2. Development of Database for screening of proscribed persons and PEPs:

The testing of the portal has been done by the PBA Working Group. The Group has recommended purchase of data files of PEP from the vendor for which costs etc. are being negotiated.


3. 1-Link Services:


To Address the notice issued by the Khyber Pakhtunkhwa Revenue Authority (KPRA) regarding 1- Link's taxable services and the withholding/ sales tax, several meetings of the PBA Accounting & Taxation Committees were held and it was agreed that banks will share with 1-Link, a list of ATM Machines IDs with names of provinces where these machines are installed. This information will help 1-Link in tagging transactions with a specific province/ tax authority for payment of FED/ Sales Tax. Thereafter, banks and 1-Link Teams will be in touch with respect to tagging of new machines to their respective provinces/ tax jurisdiction. This will resolve the issue of calculating FED/ Sales Tax amounts associated with income part of Rs.3.75 (Out of Rs.18.75 per transaction) by 1 Link for its onwards deposit to the respective provincial tax authority.

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