



## PBA's campaign on cyber fraud

PBA has launched an aggressive campaign in the media to create awareness of cyber related frauds, especially theft of customer information acquired via calls from fraudsters impersonating as officers of SBP or banks.

SBP had requested PBA to initiate a campaign against the rising issue of cyber frauds, while featuring a celebrity endorsement with strongly voiced precautionary measures for bank clients against fraudsters stealing critical information from account holders.

The campaign was launched on July 26, 2021, on behalf of PBA's member banks and was released via print, television and radio advertisements nationwide, also broadcasting ways to identify/apprehend fraudsters.

Celebrity endorsement of Mr Shaan Shahid was included in the campaign, giving a more dynamic impact to the communication.

The campaign clearly advertised ways in which a potential victim may be targeted and how he/she may identify/apprehend fraudsters and

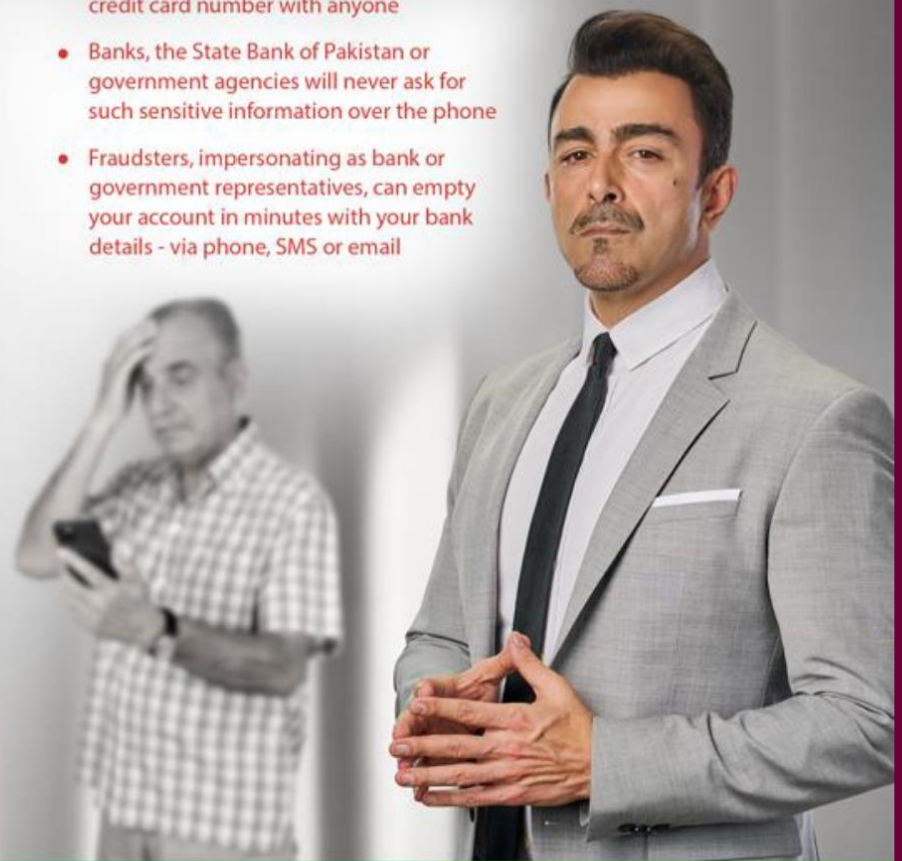
report fraudulent activities through his/her bank's helpline.



# BEWARE!

## YOU MAY BE THE NEXT VICTIM

- Do not share your PIN code, OTP, CVV, debit or credit card number with anyone
- Banks, the State Bank of Pakistan or government agencies will never ask for such sensitive information over the phone
- Fraudsters, impersonating as bank or government representatives, can empty your account in minutes with your bank details - via phone, SMS or email



Pakistan Banks' Association



State Bank of Pakistan

A public service message by Pakistan Banks' Association in collaboration with State Bank of Pakistan.

You must report details of fraudulent calls to your bank's helpline immediately.

**LET'S FIGHT AGAINST CYBER FRAUD!**

# Housing and Construction Finance Scorecard and Income Estimation

The Steering Committee (SC) for Housing and Construction Finance, chaired by Governor, SBP, and with CEO's of six banks (HBL, FBL, BAFL, MBL, UBL & BoP), NAPHDA and Senior SBP officers as members, has set up a 'PBA, Technology Working Group (WG)' to oversee the design, development and deployment of an automated income estimation and credit assessment methodology for Naya Pakistan Housing initiative. The PBA, Technology WG, comprises CEOs and teams of three banks (Bank Alfalah, HBL and Faysal Bank), CEO of PBA and Director Consumer Protection, SBP, Mr Asif Mahmood. It has been engaged since October, 2020, in creating a roadmap to ensure sustainable market-led financing of housing projects and mortgage financing for the underserved in the country. To further develop automated and statistical credit assessment models as well as income estimation models using multiple and alternative sources of data, the PBA Technology Working Group has now appointed a Consortium of consultants comprising four entities;

1. Creditinfo
2. Aequitas Information Services Limited
3. Pakistan Credit Rating Agency
4. Analytics (Private) Limited

The appointment of this Consortium included a structured RFP process in which multiple local and international consultants participated and the process was overseen by Price Waterhouse Cooper (PWC) hired by the Working Group upon approval by the PBA, EC.

Work on this project is scheduled to begin in September, 2021 and it will include development of personal scorecards for existing and potential borrower base not only for housing, but later also for other consumer finance products.

Use of these scorecards, based on data and repayment behaviour/history of borrowers, would help the banks to take more informed credit decisions, potentially reduce credit losses and increase loan volumes.

Once completed, this initiative, through the PBA platform, will be transformational for mortgage/consumer lending space in Pakistan. We will keep communicating to our members as we progress, the basic model of which is expected to be available in the next 6 months for use by the banks.

The entire project, including, Expert Score; Income Estimation Model; Statistical Score; Meta Data App; Psychometric Score and Annual Model Review is expected to be completed in 30 months.

## Development of Database of Proscribed Persons and PEPs

PBA has facilitated the banking industry in finding a viable database solution for screening of negative lists and PEPs. A quality database screening solution with a favourable cost structure through local vendors was vetted at length by PBA's Smaller Working Group comprising representatives from MCB, HBL, UBL, NBP, ABL, ICBC & PBA Office.

After detailed analysis of different options, the Working Group selected the analytics company, Love for Data (LFD) with the option of, 'Pay Per Search' for screening. Accordingly, PBA has informed its member banks about the availability of the screening solution. The banks can review their options and avail the service in their individual capacities as per the requirements of their respective institutions.

The role of PBA was to facilitate the banking industry in finding a quality, yet economical solution, for screening requirements. PBA has also requested banks to inform PBA their willingness to acquire the solution by September 6, 2021, so that the service provider may be informed accordingly.

Till now, 17 institutions have expressed their interest in acquiring the service whose names have been forwarded to LFD for further discussions and decisions.

## PBA's initiatives for Low Cost Housing



Since the launch of SBP's Markup Subsidy scheme under the Prime Minister's Mera Pakistan Mera Ghar initiative, PBA has

been supporting the programme in several ways, including raising awareness through advertising campaigns; via the PBA Technology Working Group (WG) which oversees the design, development and deployment of an automated income estimation & credit assessment methodology; and through a PBA Joint Call Centre (JCC) which handles incoming calls pertaining to Low Cost Housing (LCH).

To enable the JCC to operate at its full capacity of 5000 calls per day, a Monitoring and Development Committee (M&DC) also manages/monitors the call centre performance and next deliverables. Since commencing operations in May 2021, the Joint Call Center (JCC) has been steadily recording calls from potential borrowers interested in availing housing finance through the Low Cost Finance scheme.

PBA, with the help of its member banks has also managed a focused campaign to build awareness of both the product and the call centre via SMS messages and social media marketing.





## Awareness session on 'Alternate Dispute Resolution '

Early in 2021, the Prime Minister's Office had shared the Agriculture Transformation Plan (ATP) and accordingly, PM decisions, directions and recommendations on the ATP were communicated to relevant ministries and institutions to be implemented for the development of the agriculture sector in the country.

Subsequently, recommendations were also made to enhance agriculture credit for the farming sector and to make foreclosure clause for agriculture land more bankable.

In view of the above, PBA was requested by SBP to work-out and prepare an implementation plan for banks regarding Loans for Agricultural, Commercial and Industrial Purposes (LACIP) and Alternate Dispute Resolution (ADR), primarily for the purpose of recovery of outstanding amounts of banks' loans.

SBP had also approached PBA to facilitate awareness sessions for banks to enhance their understanding of the Alternate Dispute Resolution (ADR) mechanism especially for collection/recoveries of default cases.

In this regard, an awareness session for the members of PBA, Agriculture Finance, Sub Committee & Microfinance banks was conducted by a member of the Ministry of Law and Justice, Government of Pakistan – Deputy Solicitor, Manaam Omar.

The session was held on September 27, 2021, and SBP officials also attended the programme.

# Sectoral matters reviewed

## ❑ Delays in loan recovery cases

The Steering Committee (SC) on Housing and Construction Finance (which is chaired by Governor, SBP), had asked PBA to write to the Supreme Court with a request to establish special benches to decide on FIRO (Financial Institutions Recovery of Finances Ordinance, 2001) related cases.

Accordingly, a letter was sent by Chairman, PBA, to the Honourable Chief Justice, Supreme Court of Pakistan, in August 2021, emphasizing the need to provide speedy disposal of loan recovery cases which otherwise tend to take five to seven years to decide.

It was also proposed that the cases under FIRO may be placed before the special benches of respective High Courts to ensure early recovery.

## ❑ TBML Framework – issues with Price Due Diligence

A member bank had pointed out certain issues to PBA which are being faced by banks while performing Price Due Diligence under the Trade Based Money Laundering (TBML) framework (dated October 14, 2019).

The issues pertained to some key points in the TBL Framework, which were reviewed at length by PBA members and PBA's General Banking Sub Committee.

PBA has requested SBP that amendments, as per the suggestions of the members, regarding these points of the TBML framework be considered.

## International Finance Corporation report

SBP had forwarded the International Finance Corporation's (IFC's) draft diagnostic report on the assessment of legal, regulatory and taxation framework for effective recovery and resolution of Non-Performing Loans (NPLs) of banks and DFIs, requesting PBA's feedback on it.

PBA's members examined the report and the collective response was submitted in September directly to IFC with a copy sent to SBP.

## ❑ Personal Data Protection Bill 2021

The draft of the Personal Data Protection Bill 2021, drafted by Ministry of Information Technology & Telecommunication (MOITT), was forwarded to PBA by State Bank of Pakistan for input and comments of PBA members in September.

The Bill governs the collection, processing, use, and disclosure of personal data and it is to establish and make provisions about offenses relating to violation of the right to data privacy of individuals by collecting, obtaining, or processing of personal data by any means.

All member banks of PBA and PBA's Legal Sub Committee and Cyber Security Forum were requested to examine the Draft Bill and provide comments which were consolidated and submitted to SBP on September 23, 2021.

## Federal Board of Revenue tax regime

PBA has sent a letter to FBR, addressing the concerns raised by member banks regarding additional tax on income from government securities.

With the amendments made in Clause 6C of the Seventh Schedule to the Income Tax Ordinance, through the Finance Act 2021, a new taxation regime for income from Federal Government Securities was levied on banks which is currently applicable on 'Total Income' earned by banks.

On PBA member banks' behalf, a request has been submitted to FBR that the basis of the calculation of the enhanced tax be reverted to the previous condition – i.e., on Additional Income from Additional investment in government securities, rather than on Total Income.

# Matters in the pipeline

(As on September 30, 2021)

- 1. Blockchain eKYC Platform for the banking industry:** A final selection of vendor has been made following approval of Proof of Concept by the PBA, EC. The vendor is currently conducting POC with three banks and a final decision will be made after feedback is received from these banks.
- 2. Draft Islamic Foreign Exchange Master Agreement:** PBA, Treasury & Capital Markets Sub Committee had addressed all the legal queries raised by PBA's legal consultants, Mandviwalla & Zafar (M&Z). The draft is now being further reviewed by M&Z.
- 3. National Financial Inclusion Program (NFLP) - inactive bank accounts:** A PBA, Project Team (PT) has been formed to address the issue raised by SBP. The PT, through a consultant, will be carrying out an in-depth survey/research to understand the key reasons for inactivity in customers' bank accounts via a third party consultant. The survey report will be shared with SBP for further action.
- 4. Fraudulent Transaction Dispute Handling (FTDH):** Meetings being held between PBA, Fraud Prevention Forum (FPF) and SBP team regarding a way forward on FTDH. Feedback is awaited from SBP on PBA's recommendations on FTDH SOPs.
- 5. Prudential regulations (PRs) for corporate / commercial banking**  
SBP has asked PBA to review the final draft of the revised PRs for Corporate / Commercial Banking (Risk Management and Operations).  
Comments were received by PBA members and forwarded to the PBA Risk Sub Committee for review and consolidation.
- 6. Supreme Court Judgment on Grower Rights**  
A virtual meeting between the Chairman and CEO of PBA and representatives of PSMA (Pakistan Sugar Mills Association) was held in September. The PSMA has put forward their views and concerns about financing for sugar mills following a decision of the Supreme Court and its possible implications, which is under consideration of PBA's Executive Committee.

## Meetings Held

### Committees

- Executive Committee  
August 10, 2021
- Investment Committee  
September 09, 2021

### Sub Committees

- Accounting & Taxation  
July 12, 2021  
July 28, 2021
- Risk  
Sept. 07, 2021
- Consumer Banking  
August 09, 2021

### Forums

- Cyber Security  
July 30, 2021



### Working Groups

- PBA Technology Group for  
Naya Pakistan Housing  
July 2, 2021  
July 29, 2021  
July 30, 2021  
August 20, 2021  
Sept. 06, 2021  
Sept. 23, 2021

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