



PBA monthly update

PBA's eKYC Working Group

has completed the assessment of the technical and financial proposals from the bidding vendors providing eBusiness and following a presentation to the PBA Executive Committee (EC), approval has been given by the EC to award the contract to the recommended vendor, 'Avanza Innovations'. PBA has been regularly updating members on the shared e-KYC project undertaken on the request of SBP. It is a facility for the Pakistan banking industry which includes a platform to support participating financial institutions (FIs) to perform KYC (Know Your Customer) of their existing as well as new customers, by utilizing information/ data available with any other FI in the loop. PBA is also conducting awareness sessions for member banks, so that members are fully aware of the benefits eKYC

Shared eKYC project

offers for the banking industry and as it also requires external engagement and preparation for banks to roll out the shared eKYC successfully. The awareness sessions are meant to enable members to fully understand the project and how it will affect all user banks. On August 29, 2022, two such back to back awareness sessions were held at PBA via Zoom – morning and afternoon – in which 37 members participated. eKYC, once performed by a member bank, can be utilized by other banks for Customer Due Diligence, thus minimizing cost and effort in customer onboarding. In future, this platform may also possibly be configured to send and receive documents and perhaps be able to integrate with government agencies for verification of data from their databases, like NADRA, NACTA, FBR, LEAs etc.

Matters addressed
August 1 – August 31, 2022

Revised PRs for Corporate/ Commercial Banking

SBP had requested PBA to provide feedback on the revised Prudential Regulations, particularly R-8 (Classification and Provisioning for Assets); benefit of collateral/security PBA members had sent in their comments on SBP's proposed amendments which were reviewed by the PBA Risk Sub Committee and a consolidated feedback on the revised PRs has been sent to SBP.

SOPs for digital and social engineering frauds

In July, 2022, SBP had forwarded Standard Operating Procedures (SOPs) developed by the designated committee for cooperation amongst banks, SBP and FIA for expeditious investigation and prosecution of digital and social engineering frauds. As per SOPs, one of the actions required by Regulated Institutions (RIs) was to make nomination of point of contact for each FIA Zone. Nominations were received from 44 member banks of PBA and submitted to FIA and SBP in August as required under the SOPs for future coordination.

Member Banks' CSR programs

PBA has requested member banks to share their respective contributions towards Corporate Social Responsibility so that the banking sector's collective contributions and impact may be publicized to external stakeholders and the general public.

NADRA Biometric & Verisys Service – AML/CFT/CPF regulations

Earlier in 2022, PBA had asked SBP to convey to NADRA certain concerns/challenges being faced by banks regarding regulations to conduct Customer Due Diligence as per AML/CFT/CPF regulations. To reduce the risk of identity theft, it was requested that NADRA provide cost effective verification service for occasional customers at banks. PBA was subsequently informed in August 2022, that NADRA has agreed to provide a new biometric based verification service to the banking sector for verification of walk-in/ occasional customers as per PBA's request.

Meetings/Awareness Sessions

Meeting of the PBA Executive Committee

The PBA EC's regular meeting was held on August 23, 2022 which was attended by the EC members in person as well as via Zoom. PBA Chairman, Mr Muhammad Aurangzeb attended in person. Included in the agenda was the Business Plan and the PBA Budget for the year 2021-2022, which was approved. Also included was an update on the progress of the Shared E-KYC project for which the appointment of the vendor was also approved.

Meeting with World Bank

A virtual meeting between the Head of Digital Banking at PBA and the Senior Program Associate, Equitable Growth, Finance and Institutions, The World Bank (WB), Islamabad and other WB representatives, was held on August 5, 2022 to discuss open Banking initiatives in Pakistan and to understand the rules of participation in retail banking schemes/networks. The discussion included current interaction with Fintechs (payment initiation services) and with the credit bureaus.

FBR awareness session on Common Reporting Standard (CRS)

The awareness session on CRS, was organized by FBR on August 31, 2022 at the Pakistan Stock Exchange building. PBA facilitated the participation of its member banks for the session which was conducted by Mr. Mubashar Naveed, CRS Specialist, FBR. The main focus of the session was on understanding the requirements of CRS and its implementation. The presentation also included details on Automatic Exchange of Information.



Key Pipeline items

- 1. Amendment in import policy: On Member banks' request, PBA General Banking Sub Committee is reviewing the matter of prior permission of LC and bank contract to be taken from SBP.**
- 2. Policy for Financial Inclusion of Persons with disabilities: SBP has sought PBA's views on the potential challenges and possible solutions for the industry regarding banking and financial services for visually impaired/blind persons. PBA's General Banking Sub Committee is reviewing the matter.**
- 3. Compliance of Schedule-IV notification: Challenges being faced by banks due to irregular information process regarding freezing of accounts under NACTA (National Counter Terrorism Authority NACTA), Pakistan. PBA General Banking Sub Committee is reviewing members' request to streamline the deletion notification process in collaboration with all relevant authorities.**
- 4. Mobile Application Security Guidelines: SBP has requested PBA for its feedback on the Mobile Applications (Apps) Security Guidelines, issued for the purpose of providing baseline security requirements for app owners when developing payment applications. PBA Cyber Security Forum is reviewing the guidelines.**

PBA OFFICE

Islamic Chamber of Commerce building
Ground floor, Street 2A,
Clifton block 9, Karachi

CONTACT:

 :+92 21 35822986/87
 :pba@pakistanbanks.org
www.pakistanbanks.org.pk