



PBA monthly update

PBA welcomes incoming Governor, SBP

The Chairman PBA, on behalf of its members, hosted a lunch on November 19, 2022, to felicitate Mr Jameel Ahmed on his appointment as Governor, State Bank of Pakistan. Deputy Governor, SBP, Dr Inayat Husain was also present at the event which was held at a private Club in Karachi and attended by the CEOs of PBA's members. ♦

Cross Border Transactions

The SBP FE Circular No. 7 of November 2022, titled 'Transactions through Debit/Credit Cards', regarding the annual limit placed per individual on card based cross-border transactions by SBP was deliberated upon by the PBA Consumer Sub Committee members. Members had noted that SBP had not engaged with PBA in the consultation process. Some challenges were identified by PBA Sub Committee members, including practical matters regarding full compliance of the instructions included in the circular. Matters regarding usage of payment cards were also brought up by members and a request was sent by PBA to SBP in November for clarifications on some key points, including capping and monitoring of the prescribed limit for Debit & Credit Card portfolios. A meeting was subsequently called by SBP and PBA is engaging further with SBP to explain the industry's point of view vis-à-vis the implementation/ compliance of the circular and to try finding a way to resolve this matter. ♦

PBA Campaign against Cyber Fraud

The second run of PBA's campaign on raising awareness regarding Cyber frauds, was released on November 2, 2022, and it went on for over two weeks in the print media as well as on TV, radio and digital/social media. The campaign is directed specifically against fraudsters who impersonate as bank officials or representatives of regulatory bodies and fraudulently gain access to unsuspecting customers' accounts. PBA has further requested its members to spread the message of raising awareness against cyber-crimes through their respective social media platforms and all other portals and channels employed at banks and branches. ♦

CSAF strategy

The final revisions to the Climate Smart Agriculture Finance (CSAF) strategy – developed on the request of the Agricultural Credit Advisory Committee (ACAC) by PBA and its Agriculture Finance Sub Committee and then submitted to SBP as a presentation in March 2022 – were reviewed by the ACAC in its Quarterly Meeting held in November 17, 2022. SBP then requested PBA to seek input from all its members before its next presentation in the upcoming ACAC meeting. The draft was shared with PBA members and following the input received from members, mostly regarding timelines, the draft has been forwarded to SBP. ♦

**Events, matters
addressed/submitted
to SBP**

November 1 – November 30, 2022

Structural impediments of Housing and Construction sector

The Ministry of Housing & Works, Government of Pakistan had requested an urgent sectoral feedback from PBA in November on the current position regarding structural impediments in the housing and construction sector, including quantitative performance criteria and indicative targets, on a very urgent basis.

Following consultations with Mortgage heads of some member banks, a consolidated feedback from PBA members was sent to the Ministry of Housing and Works, GoP. Since the launch of SBP's Markup Subsidy scheme in October 2020, PBA has been collaborating with SBP in several ways.

PBA has raised awareness through successive advertising campaigns for the MPMG initiative; PBA's Technology Working Group (WG) oversees the design, development and deployment of an automated income estimation & credit assessment methodology and PBA has a Joint Call Centre (JCC) helpline, which handles incoming calls pertaining to Low Cost Housing (LCH). ♦

Realtors as Facilitators – Framework promoting Low Cost Housing

In November, PBA communicated to all member banks that until further instructions, banks are no longer required to submit the status report on implementation of the Framework to support Low Cost Housing, on a monthly basis.

PBA members had requested that PBA take up the matter with SBP, regarding discontinuing the requirement for banks to submit a monthly report on implementation of the Framework. PBA subsequently took up the matter with SBP with the request to review the proposed

Shared eKYC project

Following discussions of the eKYC Working Group with the vendor and consultations with SBP, the contract document with the vendor is expected to be signed soon as most of the clauses have been agreed and amended after mutual discussions. The 1st phase of implementation of the eKYC project will commence once the contract is signed and cleared by the Steering Committee on eKYC.

The implementation will be done in phases and managed by the eKYC Working Group. The first phase will comprise several banks, including the three banks which originally participated in the POC – ABL, MCB & Meezan Bank. Other banks will be subsequently identified as per their readiness. ♦

Challenges in Image Based Clearing System (IBCS)

Following discussions held by the PBA General Banking Sub Committee, PBA had requested SBP in July 2022 regarding challenges being faced by banks on Image Based Clearing System (IBCS). The challenges had required attention from NIFT (National Institutional Facilitation Technologies), so that standardized/uniform solutions could be provided across the board.

In response to PBA's concerns/challenges pointed out in the IBCS, SBP has provided a detailed response in November to clarify matters related to cheque processing challenges in Image Based Clearing System. PBA has shared SBP's clarification with Heads of Operation of all its member banks. ♦

Scorecard and Income Estimation

Meeting were held in November 2022, between the PBA Technology Working Group and members of the Consortium (*consultants comprising*

Format by SBP regarding banks' engagement with realtors to facilitate in marketing as well as origination of housing finance clients.

PBA was subsequently informed by SBP that they have acceded to PBA's request and advised PBA that submission of banks' status report on implementation of the Framework on monthly basis may be temporarily discontinued till further instructions. ♦

Mobile Application Security Guidelines

A virtual meeting of the PBA Cyber Security Forum (CSF) with SBP was held on November 11, 2022 to discuss matters arising regarding the Guidelines and to convey members' comments to SBP. Earlier in October 2022, CIOs and CISOs of PBA member banks had given their input to PBA on the guidelines which were conveyed to SBP for consideration. SBP's response is awaited. ♦

four entities – Creditinfo; Aequitas Information Services Limited; Pakistan Credit Rating Agency and Analytics [Private] Limited) to review the credit scoring as well as the timelines regarding the income estimation model.

The PBA, Technology Working Group oversees the design, development and deployment of an automated income estimation and credit assessment methodology for the Low Cost Housing Scheme.

The scope of work of the PBA Technology WG with the expertise of the Consortium, includes development of personal scorecards for existing and potential borrower base, not only for housing, but later also for other consumer finance products. ♦

Key matters in the pipeline

Social Engineering Scams/Fraudulent Transactions

SBP had requested PBA's feedback on a draft circular letter on, 'Measures against Fraudulent Transactions' in November and asked for an urgent review of the draft.

As per SBP's information, social engineering frauds have continually been depriving customers of their funds almost on a daily basis and complaints received by SBP and by banks have steadily risen.

PBA is preparing a consolidated feedback to be presented to SBP based on the comments/input received from members on the draft circular on fraudulent transactions.



IFRS 9 regulations

PBA is engaged with SBP on finalizing the format for IFRS 9 regulations which SBP is expected to issue by December 15, 2022. PBA has raised some points regarding issues for the internationally active banks which need to be considered before SBP issues the circular.

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