



PBA monthly update

Meeting with the Federal Reserve Bank of New York

On April 27, 2023, a delegation of the Federal Reserve Bank of New York visited PBA Office and met with the members of the PBA Executive Committee to discuss matters pertaining to the banking sector in Pakistan.



Federal Budget for the fiscal year 2023-2024

Suggestions for the Federal Budget for the fiscal year 2023-24, were received from members and reviewed at PBA office. After consolidation of the recommendations by the PBA Accounting and Taxation Sub Committee, the proposals were sent to FBR, after PBA EC approval on April 19, 2023.



Electronic Warehouse Receipt Financing (EWR):

PBA was approached by SBP for a meeting of the PBA Agriculture Subcommittee on the EWR. The discussions included: EWRF Action plan and progress, Key Learnings on EWRF, Storage Facilities and their capacities and Awareness campaign. SBP will now provide further details which will be taken up with PBA EC, for implementation by the banks.



IFRS-9 Update

PBA requested the deferment of Implementation of International Financial Reporting standard (IFRS 9) and Financial Reporting Formats

In the PBA SBP Coordination Meeting with the Governor SBP, held on February 21, 2023. It was decided that PBA will share specific suggestions on the subject with SBP. Keeping in consideration the above, it was suggested that implementation of the IFRS-9 framework may be deferred for at least a year.

After continuous follow-ups by PBA with SBP, a circular has been issued by SBP on April 13, 2023 with the following instructions to the Banking Industry:

- i. For banks having asset size of PKR 500 billion or above as of December 31, 2022 and for all the Development Finance Institutions (DFIs), the implementation date has been extended from January 01, 2023 to January 01, 2024.
- ii. The implementation date for all other banks and Microfinance Banks (MFBs) will remain the same i.e. January 01, 2024.



The Sindh Finance (Amendment) Act, 2013- Recovery of Electricity Duty

SBP had directed all the Banks and Micro Finance Banks to comply with the Finance Department Government of Sindh Letter No. FD/SO (RES III) 2 (218) 2022 wherein the subsection 3 of the section 2 of the Act, 2013 is referred.

Under the section, all scheduled banks, post offices and other bill collecting agencies have been directed to recover the Electricity Duty as a separate item in the monthly electricity bills and credit the same into Government Treasury under the specified head of account and furnish treasury receipt to concerned Electric Inspector on or before 15th of every month.

PBA has already taken up the matter with SBP and following suggestions have been recommended:

GoS to advise the three utility companies to inform the collecting banks to transfer the amount of Electricity Duty on or before 15th of every month. Consolidated Transfer amount to be advised to banks by utility companies themselves.

The utility companies may also deposit the amount of Electricity Duty directly via Bankers Cheque / RTGS in of Government of Sindh.

Amendment in the Companies Act 2017.

SECP has informed PBA about constitution of a Special Committee for proposing amendments in the Companies Act, 2017, and has sought PBA comments/ feedback. SECP had advised that the feedback can be related to any aspect of the Act, including governance, compliance, financial reporting, stakeholder facilitation or any other areas requiring legislative attention.

Accordingly, the member banks were requested to consult their relevant internal departments and then send their feedback/ comments to PBA.

The feedback/ comments received from some of the member banks are being compiled/ consolidated at PBA and will be sent to SECP, shortly (since, sent on May 5, 2023).



Conference on False/ Fake and Misleading Advertisement on Social Media & Main Stream Media regarding Real Estate Projects NAB U/S 33:

SBP had sought PBA feedback on a letter from NAB on this matter. PBA approached the members of the PBA Mortgage Forum. After consultation with members of the PBA Mortgage Forum, PBA feedback on the following two points have been sent to SBP.

1. **NOC from relevant authority:**
Since there is a lack of identification of the " Authorities" for issuance of " NOC", banks need to have clear guidelines/ instructions to strengthen their controls and safeguard bank as well as their customers.



In this context, it was suggested that a standardized list of Authorities be created who are authorized for issuance of NOC's, for banks to refer to. Moreover, in order to bring transparency and increase public confidence, it was also suggested that a Website/Portal be created which can identify / verify status of NOCs of various Projects.

It was further suggested that Advertisements through Print and Electronic Media may not be allowed, without written approval of concerned departments/ regulators. News Papers and TV Channels should not advertise such projects without approval of the concerned authority.

2. printing of Special Deposit Slips/ Demand Draft Forms:

SBP was informed that this would not serve any material purpose, and would only be an additional cost to the banks, and will create additional operational issues. Hence, this should be left at the discretion of banks on the basis of its relationship with the customers or expected number of depositors/ deposits.




Key Matters in the pipeline: in brief As of April 30, 2023


- 1. Blockchain e-KYC Platform for the Banking Industry:** The project is under way and the PBA WG and Avanza meet regularly.
- 2. Assigning of the Targets for CSAF to the member banks:** On the advice of the Governor SBP, PBA assigned targets to the banks. PBA has now started receiving CSA Financing targets and disbursements from banks and the same will be presented in the next ACAC meeting.
- 3. Measures to Enhance Security of Digital Banking Products and Services:** The members of CSF & FPF requested PBA to arrange presentation/ briefing by 1 Link on the new functionalities of FTDH, including but not limited to New Functionalities of FTDH, treatment and scope of RAAST transaction and treatment of further layering of funds, etc. 1 Link will arrange this session and same will be attended by members of the CSF and some past Heads of the FPF.

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