

**Following clarification issued by State Bank on July 22, 2019 to print and electronic media in response to newspaper reports published on instructions contained in its FE Circular No. 03 of 2019:**

**Clarification: No Change in Instruction on Purchase of Foreign Currency Notes by Banks**

Foreign exchange policy and its operations in Pakistan are formulated and regulated in accordance with the provisions of Foreign Exchange Regulations Act, 1947 (FERA). For the purpose of ensuring compliance with the provisions of the Act, instructions to banks are issued in the form of notifications, circulars and circular letters. These instructions/circulars etc. are made part of the Foreign Exchange Manual. SBP is in process of revision of Foreign Exchange (FE) Manual in phased manner. In this respect, seven chapters (1, 2, 3, 4, 5, 7 & 20) of FE Manual have been revised and circulated through FE Circular dated November 29, 2018, in the first phase. In phase II, three chapters No. 8, 9 & 11 have been revised through FE Circular No. 03 of 2019 dated July 16, 2019.

One of these revised chapters, 11, includes regulations on 'Dealings in Foreign Currency Notes and Coins etc. by the Authorized Dealers (banks). With respect to revised Chapter 11, it has come to our notice that there are some confusions/ misinterpretations regarding Para 2 suggesting that SBP has allowed the banks to sale/ purchase foreign currencies to/from public by amending the existing regulations. In this regard, it is clarified that no such amendment has been made. It would be pertinent to mention here that even before the recent revision in Chapter 11, *"every authorized branch is permitted to deal in foreign currency notes, coins, deposits, credits, drafts, traveler's cheques, letters of credit and bills of exchange, expressed or drawn in Pakistan currency but payable in any foreign currency."* {(Para 2(iii), Chapter 2 of Foreign Exchange Manual}. Since Chapter 11 of the FE Manual specifically governs regulations regarding dealings in foreign currency notes and coins etc. by the authorized dealers, therefore, the instructions related to sale/purchase of foreign currency notes have been added in Chapter 11 with emphasis on Authorized Dealers regarding compliance with AML/CFT regulations.

Further, the existing instructions issued by SBP vide Notification No. F.E.1/2012-SB dated the 16th June, 2012 regarding currency declaration to the Customs authorities by the inbound travelers on amount exceeding US\$ 10,000, or equivalent in other currencies, have also been incorporated in revised Chapter 11.

**Following are some of the newspaper reports:**

**Banks allowed to do foreign currency business with public**

*Dawn/July 21, 2019*

KARACHI: The State Bank of Pakistan (SBP) has laid the foundation to eliminate exchange companies from the currency business by allowing banks and their entire branches to buy and sell foreign currencies with public across the country.

The SBP on Saturday issued revised chapters of Foreign Exchange (FE) Manual providing details about the currency business while assigning the role of exchange companies to banks.

Earlier, the banks were not allowed to sell or buy foreign currencies directly from public except for those having their own exchange companies.

The SBP did not say anything regarding the existence or future role of exchange companies but feel threatened with the latest development.

Under the headline of purchase of foreign currency notes from the public, the SBP said that all incoming persons — whether Pakistani or foreign national — can bring with them without any limit foreign currencies and other instruments against the submission of a declaration to the customs authorities on amount exceeding \$10,000 or equivalent. “Such currencies or instruments may be freely purchased by the Authorised Dealers (banks) against payment in PKR. Authorised dealers may also purchase foreign currencies withdrawn by the account holders from their foreign currency accounts and from the walk-in-customers against payment in PKR subject to fulfilment of applicable AML/CFT regulations,” said the SBP.

Banks were also told to ensure availability of foreign currencies to sell it to the public. It is the responsibility of authorised dealers to ensure adequate foreign currency is available with their authorised branches at all times for meeting the requirements of their customers, read the manual.

Under the headline of ‘Sale of foreign currency notes to the public’, the SBP said the dealers may sell foreign currency notes to persons proceeding abroad within the amount of foreign exchange allowed through special permission by the SBP or under the authority delegated to them.

Currency dealers said allowing banks to conduct day-to-day currency business with the general public means there is no need for exchange companies.

“I personally know that some high officials in the government are willing to close down the exchange companies as they hold them responsible for financial indiscipline,” said Secretary General Exchange Companies Association of Pakistan Zafar Paracha.

He said that amendments in the manual are clear indications that exchange companies are not required in this country.

“But I must say that general public will suffer since they easily buy foreign currencies from exchange companies and sell them without hurdles. Banks are unable to take care of millions of people for buying and selling of foreign currencies,” Paracha said, adding that banks will charge higher margins as they do currently.

He said banks are paid Rs12-14 per remittance from abroad while exchange companies provide this service without this cost.

“We annually provide \$10 to \$11 billion to the country which includes import of dollars against other foreign currencies,” he said.

“If exchange companies are closed about 25,000 direct employees lose their jobs and up to 60 thousand indirectly attached with this business would lose jobs.”



## فنان کیسچینج میںوں متروہ بینکوں کو غیر ملکی کرنسی کی خرید و فروخت کی اجازت؟

پاکستانیوں کے علاوہ غیر ملکی بھی کرنسی بینکوں کو فروخت کر سکیں گے، بلیک مارکیٹنگ کا خاتمہ

ہوگا، معاشی تجزیہ کار

آکسیچینج کمپنیوں کا کام بینکوں کو دے دیا گیا، کاروبار بند ہونے سے 25 ہزار افراد بے روزگار

ہو جائینگے، ظفر پراچہ

کراچی (اسٹاف رپورٹر، خیر ایجنسیاں) اسٹیٹ بینک آف پاکستان نے بینکوں کو ملک بھر میں عوام سے غیر ملکی کرنسی کی خرید و فروخت کرنے کی اجازت دے دی۔ رپورٹ کے مطابق اسٹیٹ بینک نے غیر ملکی زرمبادلہ کا نظر ثانی شدہ مینوئل جاری کر دیا جس میں کرنسی کے کاروبار کے حوالے سے تفصیلات درج ہیں جبکہ آکسیچینج کمپنیوں کا کام بھی بینکوں کو دے دیا گیا ہے۔ قبل ازیں بینکوں کو غیر ملکی زرمبادلہ براہ راست عوام سے خریدنے یا فروخت کرنے کی اجازت نہیں تھی سوائے ان کے جن کی اپنی آکسیچینج کمپنیاں تھیں۔ اسٹیٹ بینک کا کہنا ہے کہ پاکستانی شہریوں کے علاوہ غیر ملکی افراد بھی کسٹم ڈیکلیریشن کی صورت میں 10 ہزار ڈالر سے زائد مالیت کی غیر ملکی کرنسی بھی بینکوں کو فروخت کر سکیں گے، مجازی ڈیلرز بھی اکاؤنٹ ہولڈرز کی جانب سے اپنے غیر ملکی کرنسی اکاؤنٹ سے نکالی گئی غیر ملکی کرنسی خرید سکتے ہیں جسے پاکستانی روپے میں ادا کیا جائے گا۔ اسٹیٹ بینک کا کہنا ہے کہ ڈیلرز غیر ملکی کرنسی نوٹوں کو بیرون ممالک جانے والے افراد کو فروخت کر سکیں گے۔ معاشی تجزیہ کاروں کا کہنا ہے کہ اسٹیٹ بینک کے اس اقدام سے ڈالر کی بلیک مارکیٹنگ کا خاتمہ ہوگا۔ کرنسی ڈیلرز کا کہنا ہے کہ بینکوں کو عوام سے کرنسی کا کاروبار کرنے کی اجازت دینے کا مطلب اب آکسیچینج کمپنیوں کی ضرورت نہیں ہے۔ آکسیچینج کمپنیز ایسوسی ایشن آف پاکستان کے سیکریٹری جنرل ظفر پراچہ کا کہنا ہے کہ عوام اب باآسانی غیر ملکی کرنسی کی خرید و فروخت نہیں کر سکیں گے کیونکہ بینک لاکھوں افراد کی ضروریات کو پورا نہیں کر سکتے جبکہ بینک اس کام کے ہم سے زیادہ پیسے لیں گے، بینکوں کو باہر سے ملنے والی رقم پر 12 سے 14 روپے ملتے ہیں جبکہ آکسیچینج کمپنیاں یہ سہولت مفت فراہم کرتی ہیں، ہم غیر ملکی کرنسی کے بدلے ڈالر کی درآمد سے ملک کو سالانہ 10 سے 11 ارب ڈالر فراہم کرتے ہیں، اگر آکسیچینج کمپنیاں بند ہو گئیں تو اس سے براہ راست جڑے 25 ہزار افراد بے روزگار ہو جائینگے جبکہ 60 ہزار افراد جو اس کاروبار سے کسی نہ کسی طرح جڑے ہوئے ہیں وہ بھی بے روزگار ہو جائینگے۔