

Annexure – I

BIOMETRIC IMPLEMENTATION IN MFBS - FREQUENTLY ASKED QUESTIONS (FAQS)

1) When did SBP make it mandatory to install biometric machines in MFB branches?

SBP vide AC&MFD Circular No. 02 Of 2017 dated June 19, 2017 (<http://www.sbp.org.pk/acd/2017/C2.htm>) advised MFBs to make use of biometric technology at the branch level for verification of particulars of prospective customers.

2) What is the purpose of biometric verification in MFBs?

The purpose of biometric verification is facilitation of customers by instant verification of their particulars through an advanced technological verification tool.

3) Is the requirement of biometric verification limited to individual customers only?

No, the AC&MFD Circular No. 02 Of 2017 does not limit the scope of biometric verification to individual customers only.

4) Is the requirement of biometric verification applicable to entity accounts?

Yes, the AML/CFT Regulations require verification of identities of the customers (natural persons) and in case of legal persons, identities of their natural persons from relevant authorities or where necessary using other reliable/ independent sources.

5) For entity accounts, is biometric verification required only for authorized signatories, or for all members of the governing body/ Board of Directors?

In case of legal entities, the verification using biometric mode may only be applied to persons who are authorized to open and operate the account.

6) Will NADRA Verisys still be required for customers who are verified through biometric?

No, verification through biometric mode is sufficient, provided that the proof of verification is properly maintained.

7) Despite installation of biometric technology at MFB branches, will NADRA Verisys system still be required at MFBs? If yes, why?

Yes, the verification of identity of customers using NADRA Verisys shall continue to be permissible in cases where verification cannot be done through biometric due to genuine reasons or technical issues.

8) What are the genuine reasons or technical issues referred in FAQ No. 7) above?

Following scenarios may be considered: provided MFB is satisfied and proper reason/ proof is recorded/ retained by the MFB;

- a) NADRA system/data/connectivity or technical issue beyond a reasonable time
- b) NADRA does not have biometric records of prospective customers.
- c) Customers whose eligible identity documents are other than biometrically verifiable documents, e.g. Passport, Alien Registration Card, etc.

- d) Customer's permanent physical disability, e.g. limbs disability, uneven texture/ erased / unclear fingerprints, etc.
- e) Customer's temporary issue e.g. wounded/ bandaged hands/ mehndi, etc.

9) Will Biometric verification still be required for customers who are verified through NADRA Verisys?

Yes, only in case of temporary biometric connectivity or customer's related issue as highlighted in FAQ No. 8. In this regard, biometric verification should be done once the issue is resolved, subject to reasonable time limit to be defined by institutions in their internal policies.

10) Can biometric verification be conducted offsite or only in MFB premises?

It is discretion of the MFB to use mobile devices for verification of customers outside the MFB premises while following regulatory requirements. However, no exemption may be presumed from any of the requirements laid down under relevant law, AML/CFT Regulations/ guidelines and it should be ensured that accounts will ultimately be opened in MFB branches and initial/ subsequent deposits will only be received in MFB branches.

11) Can certain low risk accounts be exempted from the requirement of biometric verification?

No, unless explicitly allowed in special circumstances by SBP.

12) Is biometric verification exempted under bulk account opening propositions e.g. payroll accounts, etc.?

No, unless explicitly allowed in special circumstances by SBP.

13) What minimum information should be sufficient in biometric verification?

The verification using biometric, at the minimum, should have particulars of prospective customers verified by MFBs through NADRA Verisys. This should include (i) individual's name; (ii) father's name; (iii) date of birth; (iv) mother's maiden name or individual's place of birth; (v) identity card number; (vi) identity card expiry date; (vii) permanent & current address; and (viii) photograph.

14) Is any activity permitted in MFB account prior to biometric verification of customer?

In terms of Regulation M 1 Customer Due Diligence (Para 6), it is permitted to accept initial deposit at the time of submission of necessary documents by their prospective customers, prior to verification, and provisionally open accounts subject to certain controls. However, there should be no transaction activity in the account except initial deposit prior to completion of verification of identity of the customer.

15) Is there any specification of biometric device to be used for biometric verification of customers?

No, the selection or specification of biometric device is decided by MFBs in consultation with NADRA as per their system functionality.

16) Is the requirement of biometric verification applicable to all MFBs/ customers irrespective of whether the MFB has centralized or de-centralized process of account opening?

Yes, the requirement of biometric is applicable irrespective of process of account opening.

17) What information is important related to acceptable fingerprint templates?

As per NADRA's technical specifications, following information is important:

- a) Finger prints should be acquired at 500 dpi before conversion to any template format.
- b) Maximum information of fingerprint should be acquired.
- c) Fingerprint should be placed flat with maximum contact between scanner lens and skin.
- d) Image lens should be clean and without any moisture for better biometric acquisition.
- e) Fingerprint template should be one of following:
 - ANSI
 - ISO_19794_2
 - SAGEM_PKMAT
 - SAGEM_PKCOMPV2
 - SAGEM_CFV
 - RAW_IMAGE

18) What specific measures can be taken for biometric verification of existing customers presently outside Pakistan?

In this connection. MFBs are advised to adhere to the following instructions;

	Type of Customer	Treatment
a)	Non-resident Pakistanis (NRPs) <i>As defined in Income Tax Ordinance, 2001 – Chapter 5, Division II, Section 82</i>	For customers who fall under the definition of NRP, the MFB may obtain a signed undertaking from the customer invariably containing the following: <ul style="list-style-type: none">• Customer's NRP status along with proof (i.e. copy of valid passport, visa, exit stamp, resident permit, etc.).• Copy of valid identity document.• Account number(s) of the customer's account(s) maintained with the bank as per customer record.• Undertaking by the customer to inform the bank of any change in residency status.

		<p>The MFB, after verification of the customer's signature from its record, shall accordingly update/ reflect the NRP status in the customer profile.</p> <p>For such customers, as an alternative to biometric verification, the MFB may conduct fresh NADRA Verisys using the information provided by the customer.</p>
b)	Resident Pakistanis temporarily outside Pakistan	<p>For customers who do not qualify under the definition of NRP, but are currently/ temporarily outside Pakistan for any reason, the MFB may obtain reasonable evidence/ proof from the customer regarding his/ her absence from the country (i.e. copy of valid passport, visa, exit stamp, resident permit, etc.) and the expected date of return.</p> <p>For such customers, as an alternate to biometric verification, the MFB may conduct fresh NADRA Verisys using the information provided by the customer.</p> <p>The MFB may retain the NADRA Verisys in place of biometric verification until the customer returns, subject to reasonable time limit (not more than six months) to be defined by MFB. Biometric verification of such customers shall be done immediately upon the customer's return to the country.</p>
c)	Joint Accounts where one account holder is outside Pakistan (NRP/ temporarily)	<p>For joint account holders, treatment of biometric verification should be done according to the status of respective individual. Biometric verification should be conducted for the joint account holder who is resident Pakistani, while for other joint account holders, the relevant procedure described at (a) and (b) above should be adopted.</p>

MFBs may operate accounts on the basis of NADRA Verisys in genuine cases (as provided in FAQ No. 8), provided MFBs are satisfied and proper reason/ proof is recorded/ retained by the MFB. For such cases, in the absence of biometric verification, MFB may ensure that requisite identification document has been obtained, marked as 'original seen' by their staff and verified through NADRA Verisys. Moreover an undertaking should be obtained from the customer declaring that the particulars provided to the MFB are correct and that their staff has verified the same. The declaration should be endorsed by the Branch Manager and should be available in the MFB's centralized record.
