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Federal Government, State Bank launch historic Pakistan Remittance Initiative

The Federal Government and the State Bank of Pakistan today launched the historic Pakistan Remittance Initiative (PRI) that will bring a fundamental change in country's remittance regime to boost and facilitate the flow of remittances sent home by non-resident Pakistanis.

An impressive ceremony was held at State Bank of Pakistan, Karachi this afternoon at which Federal Minister for Finance, Mr. Shaukat Tarin, Federal Minister for Overseas Pakistanis, Dr Farooq Sattar and Governor SBP, Syed Salim Raza jointly launched the initiative.

Speaking at the launching ceremony, Mr. Tarin said: "This event will go down in the history as a memorable moment whereby we are laying down the foundation of perpetual structure for facilitating the flow of remittances by non-resident Pakistanis." "I hope with the launch of this initiative, we would be able to double the volume of remittances within the next two to three years," he added.

He said that before the launch of the initiative a detailed assessment was carried out pertaining to prevalent home remittance system in the country. He said one of the important findings of assessment was that there was no owner of the remittance structure in Pakistan. In order to provide for a structure whereby ownership of remittance to Pakistan could be placed, PRI is established wherein:

- State Bank of Pakistan shall deploy a team of senior officials and other support required to implement and execute the objective.
- Ministry of Finance through SBP will make available the requisite funds required to enable the Pakistan Remittance Initiative to commence its operations and take all necessary actions to enhance the flow of remittances.
- There will be an Advisory Group which will, in consultation with other stake holders, formulate the strategy to achieve the objective of Pakistan Remittance Initiative.
- An independent organization shall be established which will take the initiative and continue the work which the Pakistan Remittance Initiative would have already undertaken.

Mr. Tarin said that in order to provide a reliable and immediate contact, 24 hours 7 days a week call centre has been established which is now operational. All overseas Pakistanis and their families can inquire about the remittance services of banks and lodge their complaints with the call centre. The PTCL number to call is 92 (country code)

21 (City Code) and 35208888. “We are working to provide such services toll free for overseas Pakistani living in various regions of the world,” he said and added at the moment, toll free services are available to Pakistanis living in North America and the number is 1-877-707-7714.

In addition, he informed that a comprehensive website has been established to provide maximum information about the processes involved in the remittance transactions. Further to facilitate the remitters in identifying the places near to them to route remittances through banking channels, a locator has been placed, he added.

He pointed out that insufficient presence of Pakistani banks in overseas jurisdictions and lack of marketing efforts are some of the major impediments to the flow of remittances. In this backdrop, he added, a financial incentive scheme is being launched for overseas entities whereby they will be supported in their marketing efforts. The scheme is performance-based and rests on the basic premise of offering financial incentives against mobilization of additional remittances, he said and added that such incentives shall start from bringing at least US\$ 100 million from one particular jurisdiction in one year.

Speaking on the occasion, Dr Farooq Sattar said that this is the first time in the history that Government of Pakistan is viewing the overseas Pakistanis from the angle of discharging its responsibility towards their welfare, dignity, and other rights. “This sea change in the approach is being manifested here today when we are launching Pakistan Remittance Initiative with a view to discharge government responsibility to provide safe, cheap, and efficient remittance delivery channels to overseas Pakistanis to send their funds back home,” he said and added that the real motivation is not the collection of additional foreign exchange rather to provide for facilitation to the remitters and their families back home.

He said his ministry in collaboration with the Ministry of Labour would assist Pakistan Remittance Initiative to guide all overseas bound workers about their right of convenient and official ways to remit funds to Pakistan. Similarly, he said Labour Attaches posted in various overseas missions are being instructed to take direct guidance from Pakistan Remittance Initiative relating to remittance services being offered in their respective residing countries. In turn, these Attaches shall provide assistance to overseas Pakistanis in effecting their remittances through official channels in an efficient manner, he added.

Syed Salim Raza, Governor SBP, in his remarks on the occasion, said that despite steady rise in the aggregate remittances to Pakistan in the last few years (almost 100% increase in last five years), there still exists considerable untapped potential and room to improve upon the service levels provided to overseas Pakistanis and for their families back home.

Mr. Raza said that with the help of PRI, the banks in Pakistan are being facilitated to change their approach.. Instead of becoming a part of any foreign remittance product initiated by overseas entities/ global money transfer operator, they are planning to take the initiative of marketing overseas Pakistanis and design their own products while utilizing overseas counterparts as 'collection points,' he added.

SBP Governor said in the initial phase, SBP formed a focused group of five large-size banks and these banks in consultation with SBP have finalized all related arrangements to instantly credit the bank account of the beneficiary once they receive the funds. Similarly these banks have completed their arrangements for cash over the counter payments, he said and added that all these payments would be instant. Similarly, to address the issue of delay in interbank settlement of remittance transactions, SBP has put in place a mechanism whereby the banks would inform twice a day to each other about the bank accounts to be credited with the remittances received while the funds shall route through RTGS simultaneously with the exchange of information.

He said that SBP is also introducing a mechanism for compensation to remittance beneficiaries for delay by the banks and a comprehensive 'Complaint Handling Mechanism' has also been put in place. Similarly, SBP under the auspices of PRI is encouraging the enhanced role of technology in offering remittance services.

The Heads of five major banks including ABL, MCB Bank, HBL, UBL and NBP also spoke on the occasion.

The ceremony was attended, among others, by heads of commercial banks, senior officials of the Federal Government and the State Bank.
