

November 18, 2009

SBP, PTA to introduce unified regulatory framework for enhancing mobile banking in Pakistan

The State Bank of Pakistan and the Pakistan Telecommunication Authority have agreed to introduce a unified regulatory framework for enhancing mobile banking in the country.

It has been decided to set up a 'Joint Regulatory Committee,' said a Joint Statement released after a meeting held at SBP, Karachi today between Syed Salim Raza, Governor, State Bank of Pakistan and Dr Mohammed Yaseen, Chairman PTA.

This Committee, which will comprise members from both the SBP and PTA, is to introduce unified regulatory framework for Third Party Solution Provider (TPSP) system. It will propose modification in existing regulatory/legal framework, if needed. Further, an M-banking Stakeholders Group (including mobile network operators, financial institutions, Ministry of Information Technology, PTA, SBP, TPSP/integrators) is also proposed to be set up, which would address technical standards, product & services, licensing regime and relevant operational issues etc.

"We hope that this understanding will encourage innovative technological products which would ultimately enhance outreach of financial services in the country," the Joint Statement said.

It may be mentioned here that mobile banking services are increasingly being provided by financial institutions in collaboration with mobile operators around the world to increase outreach, generate additional revenues, reduce costs and increase customer satisfaction. Mobile banking offers a variety of financial/non- financial functions, including merchant payments, utilities bills payments, fund transfers, and remittances etc. The synergy likely to be created by the financial institutions, mobile operators and other partners will bear very promising results.

In Pakistan, such innovative services have been possible through introduction of Branchless Banking Regulations (BBRs) by State Bank. Subsequent to BBRs, the Ministry of Information Technology issued Policy Directives to PTA to prepare a framework on technical implementation of BBRs. By assessing the potential of partnership between banks and mobile operators, it is felt that there is a need for a joint platform of both regulators (SBP and PTA) for achieving the very purpose of these regulations.
