



## External Relations Department

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### **Expansion of local CNY Clearing and Settlement Mechanism in Pakistan**

SBP has allowed Standard Chartered Bank (SCB) Pakistan Limited to establish their local CNY clearing and settlement setup in Pakistan. SCB Pakistan can now open CNY accounts of the banks operating in Pakistan to facilitate settlement of CNY based transactions such as remittance to/from China. SCB can also provide CNY liquidity to the interbank market for the settlement of CNY based transactions.

It may be mentioned here that over the years, State Bank of Pakistan (SBP) has been at the forefront in providing a conducive policy & regulatory environment to encourage the use of local currencies in trade and financing transactions between China and Pakistan.

Earlier, SBP had also permitted Industrial and Commercial Bank of China Limited (ICBC) Pakistan in 2015 and Bank of China Limited (BOC) Pakistan in 2018 to establish similar local CNY clearing and settlement mechanism in Pakistan.

The expansion of local CNY clearing and settlement setup in Pakistan is expected to further improve efficiency of the local banking system in transacting in CNY, enhance market liquidity and facilitate rising trade and investment with China through fostering competition and increasing CNY resource avenues.

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