



External Relations Department

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SBP Takes Major Steps to Boost Digital Payments in the Country

To further improve the digital payment services landscape in the country and promote financial inclusion, SBP has issued instructions to the banking industry for improving the acceptance of payment cards in the country. Specifically, SBP has taken three steps: one, the banks are now bound to offer the domestic payment scheme card, PayPak, to the customers as a first priority, whereas cards of international payment schemes like Visa, MasterCard and Union Pay may be issued on the request of the customer. Two, the merchant discount rate (MDR) i.e. the fee charged by banks to the merchants, will now be in the range of 1.5 to 2.5 percent. Earlier banks were allowed to charge any fee to the merchants. Three, the distribution of revenues generated from a merchant among the players including card issuer, card machine deploying entity and the payment scheme company, has also been rationalised to keep the incentives equitable among all the players. These measures are expected to increase payment card acceptance access points in the country and in turn will also help in digitizing the economy and promoting financial inclusion.

Addressing another gap in cheque clearing whereby it took weeks to clear cheques in far flung areas of the country, SBP has allowed the use of Pakistan Real Time Interbank Settlement Mechanism (PRISM) for the settlement of cheques. This is expected to decrease the processing time for clearing of payment instruments in areas that are not easily accessible. This will also help the financial institutions in far flung areas to leverage digital channels for their clearing and settlement obligations.

It may be recalled that SBP launched the National Payment Systems Strategy in November 2019 and has since taken a number of steps to promote digitization of payment transactions in the country.

The National Payment Systems strategy is available at <http://www.sbp.org.pk/PS/PDF/NPSS.pdf>