



**STATE BANK OF PAKISTAN**  
**Post Box No.4456, I.I. Chundrigur Road**  
**Karachi (74000)**

**RTGS-Project**  
**Management**  
**Office**

No. RTGS/ 248 /65-2007

24<sup>th</sup> July, 2007

The Presidents/Chief Executives,  
All Banks,

Dear Sir,

**AWARENESS/TRAINING OF COUNTRY WIDE NETTING OF CLEARING**  
**RESULTS TO THE SBP-BSC OFFICES/COMMERCIAL BANKS**

As you are aware that SBP is presently in the process of implementing a Real Time Gross Settlement (RTGS) in order to automate inter bank funds transfer and securities settlement on real time basis. In this connection Country wide netting of clearing results is one of the prerequisites for smooth functioning of the proposed RTGS System. In this regard a detailed scheme has been prepared and finalized by SBP in consultation with NIFT for its implementation.

As a first part of the above said implementation plan, a joint team of SBP and NIFT visited all the 16 field offices of SBP BSC during May-June, 2007 and conducted training sessions which were attended by the concerned officials of Commercial Banks of respective regional offices.

Under the new system instead of providing individual nets at each SBP Centre, NIFT will collect nets from all automated centers and provide a consolidated country wide net position to SBP-BSC Karachi for settlement (sample appended below). Thus the countrywide net position will be debited / credited to banks' current accounts in Karachi. It may be relevant to mention that this will in any case not affect other operations in the local current accounts of banks maintained at respective SBP-BSC office.

| <b>SAMPLE CHART</b>      |                         |                        |   |
|--------------------------|-------------------------|------------------------|---|
| <b>CITY</b>              | <b>DELIVERED AMOUNT</b> | <b>RECEIVED AMOUNT</b> | <b>NET AMOUNT</b>   |
| Karachi                  | 500,000                 | 300,000                | 200,000   |
| Lahore                   | 100,000                 | 200,000                | -100,000  |
| Islamabad                | 100,000                 | 60,000                 | 40,000  |
| Peshawar                 | 250,000                 | 350,000                | -100,000  |
| Sialkot                  | 140,000                 | 60,000                 | 80,000  |
| Faisalabad               | 70,000                  | 90,000                 | -20,000   |
| Quetta                   | 180,000                 | 220,000                | -40,000   |
| <b>Countrywide Total</b> | <b>1,340,000</b>        | <b>1,280,000</b>       | <b>60,000</b><br>Net Amount<br>Credited in bank's<br>account at Karachi |

### **PROCESS SUMMARY**

1. There will be no change in the clearing procedure, reporting and functions. The change will have no effect at branch level. Only the Inter-city cycle will become a two-day product from existing three day cycle.
2. NIFT will furnish six composite nets for all centers at Karachi on a product-wise basis to SBP BSC at Karachi.
  - a) Normal Clearing
  - b) Same Day Clearing
  - c) Intercity Clearing
  - d) Return Normal Clearing
  - e) Return Same Day Clearing
  - f) Return Intercity Clearing
3. Local SBP offices and main branches of Commercial Banks in different cities will get the same set of reports as is being done currently for control and reconciliation purposes.
4. The reporting will, as usual be provided to banks via hard copies by NIFT however if required by banks NIFT could also provide advance information of bank's position to their concerned departments/Treasury etc. via web by employing PKI Security so that they may be assisted in fund management.

In essence this transition will be transparent to the commercial banks and there will be no change in procedure, reporting and functions currently being followed at banks Branch level. But there will be a change in the accounting procedure at Main Branch level for the clearing related transactions in all cities i.e. currently the main branches in each city reconciles their clearing related transactions with SBP-BSC office of the same city. As stated above the country wide composite nets will be debited/credited to the bank's current account in the books of SBP-BSC Karachi, therefore, the Main Branch at each city will reconcile their clearing related transaction with their Main Branch Karachi.

As per plan, the scheme will be implemented product wise i.e. at first instance we implement country wide netting of Normal Clearing–Inward and Normal Clearing–Return only from August 15, 2007 for two weeks and after its successful implementation, the other two products viz Same Day Clearing and Intercity Clearing will be implemented afterwards.

As the implementation of the said scheme is expected to start tentatively w.e.f. 15-08-2007, you are therefore advised to plan/streamline the flow of accounting transactions in this respect and communicate the same to all Main Branches and **also inform us about your preparedness as soon as possible but not later than August 10, 2007.**

For any query or detail please feel free to contact Shaikh Jamilul Haque, General Manager, NIFT e-mail [jamil@nift.com.pk](mailto:jamil@nift.com.pk) / Phone 021-2629665. Although NIFT will primarily be responsible for providing any support during the implementation, however for any further elaboration/clarifications you may also contact Mr. Muhammad Aslam via e-mail [muhammad.aslam22@sbp.org.pk](mailto:muhammad.aslam22@sbp.org.pk) / phone 021-2453401 or Mr. Shahid Rabbani via email [shahidrabbani@sbp.org.pk](mailto:shahidrabbani@sbp.org.pk) / phone 021-2453409.

Yours faithfully,

-sd-

Syed Sohail Javaad  
Project Manager