



STATE BANK OF PAKISTAN
FINANCE DEPARTMENT
I.I. CHUNDRIGAR ROAD
KARACHI

FD Circular No. 03/2017

August 31, 2017

The Presidents/Chief Executives
All Banks / Microfinance Banks

Dear Sir/Madam,

SBP Currency Management Strategy

Reference FD Circular No.03/2015 dated August 26, 2015, FD Circular No.01/2016 dated January 25, 2016 and subsequent instructions issued from time to time regarding the captioned subject.

In this regard, a number of meetings have been held with PBA representatives to discuss the progress and address the issues being faced by the banks regarding implementation of the currency management strategy. Considering the various aspects of implementation and feedback of the stakeholders, the following changes have been made in the strategy:

I. *Sealed Cassettes based feeding of ATMs:*

The instructions contained at section C (iii) of FD Circular No.03/2015 dated August 26, 2015 regarding use of standardized purpose built cassettes for feeding of ATMs shall stand amended as under:

- a) The requirement of cassette based feeding of ATMs has been made optional for the time being. The banks are however encouraged to plan for gradual movement towards cassette based feeding to comply with our instructions. SBP will continue to monitor the situation on periodic basis for a policy decision.
- b) The banks may alternatively use sealed bags or trays for feeding of ATMs. However the banks shall ensure that sealing and unsealing of bags/trays and replenishment of ATMs is carried out under proper CCTV controlled environment.
- c) The on-site ATMs can be fed by their respective branches provided that the end to end process from cash processing to ATM feeding is covered by CCTV cameras.
- d) Other requirements as advised under section C of FD Circular No.03/2015 dated August 26, 2015 shall remain applicable.

II. *Application of Strategy on lower banknote denominations:*

The instructions contained at section-I of FD Circular No.01/2016 dated January 25, 2016 regarding implementation of phase-II of strategy for all denomination of banknotes w.e.f. 2nd January 2018 shall stand amended as under:

- a) The banks will start disbursing machine authenticated banknotes of Rs 100 w.e.f. 2nd January 2018 and Rs 50 w.e.f. 2nd January 2019 respectively.
- b) The lower banknote denominations of Rs 20 and Rs 10 have been excluded from Currency Management Strategy.

III. *Banknote Packing Instructions (BPI)*

The Banknote Packing Instructions issued vide FD Circular No.02/2017 dated March 10, 2017 shall stand amended as under:

- a) The effective date of instructions contained at section 1.2 and 1.3 of BPI has been extended from 3rd July 2017 to 1st December 2017.



- b) The banks may deposit the cash processed and packed by other bank(s) with SBP BSC or offer the same in IEC. The earlier requirement that the cash processed and packed by the depositing bank can only be deposited with SBP BSC or offered for exchange in IEC shall stand withdrawn. However, in case of any discrepancy, the bank which has processed and packed the cash shall be responsible.
- c) The instructions contained under section 1.2 and 1.3 of BPI regarding preparation of banknote packets and bundles have been revised as under:

Sections	Previous Specifications	Revised Specifications
Packet Banding (sections 1.2d and 1.2e)	At least 30 mm white paper band	<ul style="list-style-type: none">At least 30 mm white paper band OR 30 mm Polyethylene (PE) coated paper band (subject to availability of the requisite information on the band). In case band is less than 30 mm, two bands may be placed. However, in this case the banding must not be less than 15 mm for each band.
Bundle Banding (sections 1.3c and 1.3d)	At least 30 mm white paper band	<ul style="list-style-type: none">At least 30 mm white paper band OR at least 30 mm Polypropylene (PP)/ Orientated Polypropylene (OPP) transparent band/film.However, nylon bundle banding will not be allowed.

- d) The Banknote Packing Instructions are not applicable on mutual arrangements between the banks beyond the scope of Interbank Exchange of Cash (IEC).

IV. Formal Arrangements for processed cash from other banks

The commercial/microfinance banks not having their own cash processing facilities are required to make arrangements with other banks to get processed cash. All such banks and microfinance banks (MFBs) must have formal agreement with other banks to get their cash processed. Further, the banks offering cash processing services to other banks/MFBs can recover processing charges for providing machine processed cash to other banks as per their mutual agreement.

Please acknowledge receipt.

Yours faithfully,

-s.d-
(Saleem Ullah)
Director