

Regulations for Mobile Banking Interoperability 2016

PART- I PRELIMINARY

1. Scope and Applicability: — (1) These Regulations are being issued under Section 3 of Payment Systems and Electronic Fund Transfers Act, 2007 and shall be applicable to Third Party Service Providers and Authorized Financial Institutions offering Mobile Banking services.

(2) The Financial Institution(s) desirous to offer Mobile Banking services in collaboration with Third Party Service Providers and / or Telecom Operators shall require prior written approval of State Bank of Pakistan.

(3) These Regulations shall be read in conjunction with the Branchless Banking Regulations unless specifically stated otherwise.

(4) These Regulations shall be for interoperability purpose within branchless banking domain, whereas Payment System Operators and Payment System Providers (PSO/PSP) shall provide an electronic platform for clearing, processing, routing and switching of electronic transactions under Rules for Payment System Operators and Payment Service Providers issued and as amended by State Bank of Pakistan from time to time.

2. Definitions: — (1) In these Regulations unless there is anything repugnant in the subject or context:

- i. "**Act**" means the Payment Systems and Electronic Fund Transfers Act, 2007;
- ii. "**Any-to-any Model**" means the arrangement(s) between multiple authorized financial institutions at the one end and multiple telecom operators at the other end, necessitating a Third Party Service Provider for facilitating transactions;
(Explanation): "Any-to-any" has the same meaning as "many-to-many" defined in State Bank of Pakistan's Branchless Banking Regulations.
- iii. "**Pakistan Telecommunication Authority (PTA)**" means Pakistan Telecommunication Authority established under section 3 of the Pakistan Telecommunication (Re-organization) Act, 1996;
- iv. "**Authorized Financial Institutions (AFIs)**" means financial institutions authorized by State Bank of Pakistan to undertake mobile banking services under Branchless Banking Regulations and these Regulations;
- v. "**Branchless Banking Regulations**" means the Regulations issued by State Bank of Pakistan vide BPRD Circular No. 09 dated June 20, 2011 and as amended from time to time;
- vi. "**Class License**" means a License issued by the PTA under the Class Licensing and Registration Regulations, 2007 for the specified class of telecommunication services;
- vii. "**Consumer Data**" means the consumer antecedents required at the time of purchase of SIM and maintained in accordance with the Subscriber Antecedents

- Verification Regulations, 2010 issued by PTA. It also includes any non-financial records/information about a consumer, whether in paper, electronic, or other form, available with AFI(s), Third Party Service Provider(s) and / or telecom operator(s);
- viii. **"Consumer Sensitive Data"** means any or all information that is used by a consumer to authenticate identity and gain authorization for performing mobile banking services, including but not limited to User ID, Password, Mobile PIN, Transaction PIN etc;
- ix. **"Co-ordination Committee"** means a committee established to resolve the disputes among the parties to the dispute, comprising equal number of representatives from Telecom operator(s), TPSP(s) and AFI(s) subject to procedure(s) approved by SBP and PTA;
- x. **"Customer"**, for the purpose of these regulations, means a person who utilizes one or more of the mobile banking services offered by the authorized financial institutions;
- xi. **"Customer Financial Data"** means a set of financial information of the customer, which includes account balances, deposits and data relating to financial transactions etc;
- xii. **"Financial Institutions"** means Commercial Banks, Islamic Banks and Microfinance Banks as specified in State Bank of Pakistan's Branchless Banking Regulations;
- xiii. **"Financial Transaction"** means an act of depositing and withdrawing money into/from a bank account, transferring funds including making or receiving payments for goods and services etc;
- xiv. **"Information"** includes text, message, data, voice, sound, database, video, signals, software, computer programs, codes including object code, source code and system design etc.;
- xv. **"Interconnection"** shall have the same meaning as assigned in the Pakistan Telecommunication Rules, 2000;
- xvi. **"Interoperability"** means the ability of a system which enables integration and interconnection among the AFIs, TPSPs and telecom operators for the provision of branchless/mobile banking services only to customers of member AFIs and subscribers of member telecom operators.
- xvii. **"Joint Committee"** means the Committee constituted jointly by Pakistan Telecommunication Authority and State Bank of Pakistan to resolve disputes among the stakeholders subject to procedure(s) approved by SBP and PTA.;
- xviii. **"Mobile Banking"** means conduct of branchless/mobile banking activities through mobile phone devices using Mobile Phone Network in accordance with State Bank of Pakistan's Branchless Banking Regulations, these Regulations, Regulations for Technical Implementation of Mobile Banking and other relevant regulations/guidelines issued by SBP and PTA from time to time on branchless banking.
- xix. **"Mobile Banking Account"** means current account, saving account , or any other account excluding foreign currency account maintained by a customer with an AFI for the purpose of conducting mobile banking transactions;
- xx. **"One-to-one Model"** means one authorized financial institution offering mobile phone banking services in collaboration with a specific telecom operator.
(Explanation): It is explained that an AFI can have several one-to-one arrangements with many telecom operators or alternately, one telecom operator can have several

one-to-one arrangements with many AFIs provided that such arrangements are under proper SLA.

- xxi. **“Regulations”** means the regulations issued by State Bank of Pakistan from time to time including these regulations;
- xxii. **“Regulations for Technical Implementation of Mobile Banking”** means the Regulations issued by PTA on technical implementation of mobile banking services and as amended from time to time;
- xxiii. **“Service Level Agreement (SLA)”** means an agreement providing measurable level of services between and / or among the Third Party Service Providers and / or telecom operators and the AFIs for the purpose of these Regulations;
- xxiv. **“State Bank of Pakistan (SBP)”** means State Bank of Pakistan established under section 3 of State Bank of Pakistan Act, 1956;
- xxv. **“Technical Services”** means the technical platform / set up that facilitates end-to-end connectivity and system integration for mobile banking services (Transactions Channeling, Routing and Switching) with proper IT facilities, infrastructure and systems under formal SLA among AFIs, telecom operator(s) and TPSP(s);
- xxvi. **“Technical Transaction”** means conduct of activities related to mobile banking in the form of signaling and end-to-end transmission from user terminal to AFIs;”
- xxvii. **“Telecom Operators”** means for the purpose of these Regulations mobile cellular licensees;
- xxviii. **“Third Party Service Provider (TPSP)”** means a Class Applications Service Provider for technical support of mobile banking services, licensed by PTA and authorized by SBP to provide technical services for channeling, routing and switching transactions for branchless/mobile banking only.
- xxix. **“Transaction”** means an act or series of acts in relation to creation or performance of rights and obligations related to mobile banking.

(2) The words and expressions used but not defined in these Regulations shall have the same meaning as assigned to them in the Act, Electronic Transactions Ordinance (ETO), 2002, Banking Companies Ordinance (BCO), 1962, Pakistan Telecommunication Authority (Re-organization) Act, 1996, Regulations for Technical Implementation of Mobile Banking, 2016 issued by PTA, Branchless Banking Regulations issued by SBP from time to time, and as determined to be relevant by SBP and PTA.

PART -II

OBLIGATIONS FOR THE PROVISION OF MOBILE BANKING SERVICES

3. Provision of Technical Services to Authorized Financial Institution(s) for Mobile Banking by Third Party Service Providers under any-to-any model: — (1)

The primary objective of TPSP shall be to enable interoperability among member AFIs and telecom operators for branchless /mobile banking only;

(2) The existing one-to-one arrangements of AFIs with telecom operators for mobile/branchless banking services would continue without requiring a separate license from PTA. In future, the AFI(s) desirous of offering mobile banking services will have the option to enter into arrangement either with telecom operator(s) and or with TPSP(s) duly licensed by the PTA and authorized by SBP.

(3) AFIs, currently offering mobile banking services, shall ensure compliance with relevant clauses of these Regulations within six months of the issuance of these Regulations.

(4) The TPSP(s) having a license from PTA and authorized by SBP as defined under Part III Regulation 8 are authorized to provide technical services to AFIs and telecom operators for mobile banking only.

(5) The TPSP(s) who wish to offer technical services for mobile banking interoperability shall mutually agree to provide all relevant technical support to AFI(s) and telecom operators. The terms and conditions will be mutually agreed between AFI (s) and the TPSP(s).

(6) SBP shall have the powers to examine an AFI's arrangement with TPSP(s). In case the entity, having arrangement with AFI, is not regulated by SBP, it may obtain relevant information through the concerned Regulatory Agency.

4. Obligations of Authorized Financial Institutions and Third Party Service Providers: - Clearing and settlement of transactions among member AFIs shall be made as per the relevant Act and other relevant instructions / guidelines issued by SBP from time to time.

(2) In each case, the customer's mobile banking account must reside with AFI(s). Each financial transaction must hit the actual customer account on a real time basis.

(3) No monetary values should be stored on the mobile devices or any of the intermediate staging system.

(Explanation: The balances shown on mobile device etc. will only be a reflection of actual account balances).

(4) The TPSP(s) shall ensure the integrity of transactions and consumer data, consumer sensitive data and customer financial data during its transit and / or storage in their respective networks till delivery to consumer's terminal in accordance with the rules / regulations framed under the Act and terms / conditions of respective licenses/designation including:

- i. Security, quality of services, encryption arrangements; and
- ii. Secrecy, confidentiality, authenticity and non-repudiation of technical and financial transactions.

(5) The TPSP(s) shall be liable to AFI(s) in case it fail(s) to take appropriate measures to execute the financial & technical transactions, ensure quality of service, security, integrity, and confidentiality in a manner agreed with AFIs and in accordance with applicable SLA, Rules, Regulations, and License conditions. However, AFI(s) shall be liable to their customers for any financial loss, fraudulent activities, and its consequences thereof in accordance with the applicable laws.

(6) The TPSP(s) should be capable of:

- i. Channeling, switching and routing branchless/mobile banking transactions on real time basis;
- ii. Integrating and interconnecting multiple AFIs with multiple telecom operators to enable interoperability;
- iii. Integrating and interconnecting with peer TPSP(s);
- iv. Maintaining all proofs of transactions; and
- v. Providing day-end reconciliation statement of financial transactions to AFI(s).

(7) The TPSP(s) shall not perform any banking function(s).

(8) The AFIs and TPSPs shall follow minimum security standards and communication channels as stipulated under Branchless Banking Regulations for different levels of accounts.

(9) AFI(s) and TPSP(s) shall conduct comprehensive Information Security (IS) audit at least once in a year on all systems used for mobile banking services. Further, the TPSP shall also carry out IS Audit through reputable third party audit firms after every two years.

(10) The AFI(s) and TPSP(s) shall be required to retain complete record of all transactions in electronic form in a manner as provided under section 6 of Electronic Transactions Ordinance, 2002 and for a period of at least five years from transaction date or as may be determined by SBP.

(11) The AFI(s) and TPSP(s) shall maintain detailed transaction logs to enable processing of audit trails required to be reconstructed in the event of any dispute(s) or supervisory concern(s), without compromising confidentiality.

(12) For provision of technical services for mobile banking through SMS, USSD and other protocols as allowed in SBP's Branchless Banking Regulations, TPSP(s) and/ or telecom operator(s) shall obtain short codes from PTA where applicable.

(13) The AFIs and TPSPs shall ensure secrecy of all mobile banking transactions in accordance with all the applicable laws, rules and regulations.

(14) TPSPs, telecom operators and AFIs shall meet the relevant quality of service benchmarks issued by SBP and/or PTA from time to time regarding network availability, resource availability and reliability, priority SMS, message delivery and security standards required for protecting consumer data, consumer sensitive data, customer financial data as well as consumer rights protection.

(15) TPSPs, telecom operators and AFIs shall have infrastructure to support high availability of services in normal circumstances and ensure network and application redundancy arrangements and proper disaster management/back-up recovery systems to ensure smooth operations in case of disruptions. TPSPs and telecom operators shall also ensure that these arrangements are properly and specifically covered in SLA with AFIs.

(16) All charges / fees structure and income sharing have to be pre-agreed among the AFI(s), TPSP(s) and telecom operator(s) in a transparent manner. The fees structure should be devised in manner which is commensurate with the mobile banking services standards and the same should be disclosed to the consumers.

(17) The AFI(s) and TPSP(s) shall immediately notify to SBP in writing, any change in TPSP's ownership, management, governance structure or any other significant change(s)) in the conduct, governance or delivery of services.

(18) In case, the AFI(s) and TPSP(s) mutually agree to terminate / discontinue their arrangements, they shall seek approval from SBP ninety (90) days in advance in writing of such termination / discontinuation.

(19) In case, subsequent to authorization of the TPSP by SBP, any fact is found to have been misreported or misrepresented to SBP; or there is any contravention of the relevant laws, rules and regulations by the TPSP(s), SBP shall have the right to take appropriate measures as it deems fit, which may include revocation of authorization of TPSP.

(20) The AFI(s), TPSP(s) and / or telecom operator(s) shall not, in any way, violate the provisions of the Act, Banking Companies Ordinance, 1962, Branchless Banking Regulations, Regulations for Technical Implementation of Mobile Banking, these Regulations or any other applicable regulatory instructions/ laws.

(21) In case, if any provision of these Regulations is contravened or failure to comply with any requirements of these Regulations, the AFI(s) and the TPSP(s) shall be punishable as per powers conferred upon SBP under the applicable laws.

5. Minimum Capital Requirement: — (1) TPSPs shall be subject to an Initial Capital Requirement and an On-Going requirement of Minimum Paid-Up Capital (free of losses) of PKR 200 million (Rupees Two Hundred Million Only) or any other amount as may be prescribed by SBP from time to time;

(2) TPSPs shall maintain at all times at least ten percent (10%) of the required capital or any other amount prescribed by SBP from time to time, as security deposit at SBP-BSC Office. Five percent (5%) of the security deposit will be kept in a non-remunerative current account with the SBP-BSC Office and five percent (5%) in the form of Government securities to be kept under lien at SBP-BSC Office.

6. Fit and Proper Test (FPT):- FPT will be applicable to Sponsor(s) and Shareholder(s) - holding 10% or more shares, directly and/or indirectly, Directors, CEO and Key Executives of the prospective TPSP. Directors and CEO would require prior clearance from PTA and SBP before assuming their responsibilities, while compliance with FPT for Key Executives would be the responsibility of TPSP who will furnish FPT related information as mentioned at Annexure A. Before submitting the case for FPT clearance or for information to SBP, the TPSP(s) shall perform assessment of fitness and propriety at its own end and ensure that the person fulfills the criteria mentioned in the Annexure-A;

7. Arrangements between AFI(s) and TPSP(s) :- (1) The AFI(s) shall ensure, before entering into an agreement with TPSP(s), that it is a duly licensed and authorized in accordance with the procedure laid down under regulation 6 of these Regulations.

(2) The AFI(s) may provide mobile banking services to their customers through arrangements with TPSP(s) and / or telecom operator(s). These arrangements shall be executed under a written service level agreement. The SLA shall at least cover the following areas:

- i. Definition of the rights, expectations, roles and responsibilities of each party;
- ii. Set the scope of work to be performed by TPSP(s) and / or telecom operator(s) and AFI (s);
- iii. Optimal performance level to be agreed between the parties;
- iv. Fee/revenue sharing structure for the work to be performed by TPSP(s), telecom operator(s) and AFIs mutually agreed among them;
- v. Statement that the TPSP(s)/ telecom operator will not perform management functions, take management decisions, or act or appear to act in a capacity equivalent to that of a member of management or an employee of the AFI(s);
- vi. Statement that the TPSP(s) and /or the telecom operator(s) must ensure safe-keeping of all relevant records, data and documents /files as per condition of

- license issued by PTA and authorization by SBP or alternately, such records are shifted to the AFI(s) at regular pre-specified intervals;
- vii. Statement that SBP shall have power to examine an AFI's technical arrangement with TPSP(s) and / or telecom operator(s).
 - viii. Statement that all information/records that the TPSP(s) and / or telecom operator(s) collects in relation to mobile banking services, over their networks is the property of the concerned AFI(s), and the concerned AFI(s) will be provided the copies of information / records as and when required;
 - ix. Statement that all concerned parties shall ensure secrecy of all mobile banking transactions in accordance with all applicable laws, rules and regulations;
 - x. Establish a protocol for changing the terms of the service contract and stipulations for default and termination of the contract;
 - xi. Set the parameters that are measurable and specific e.g. availability and quality of service, maximum time window to deliver the message, maximum service outages, and service outage credit/compensation to AFI(s);
 - xii. Standards to ensure throughput of transactions and receipt of confirmation message are as per benchmarks mutually agreed for the facilitation of customer
 - xiii. Statement about the standard and updated documentation of IT setup & architecture, integration, operations and technical controls for appropriate risks mitigation measures to ensure Data Security & Integrity with Standard Operations and Procedures for IT Services;
 - xiv. Statement about the ability to meet disaster recovery and business continuity requirements;
 - xv. Statement that the contingency plans are in place to cope with unforeseen circumstances;
 - xvi. Statement about validation of appropriate certifications and trust marks on required services/infrastructure;
 - xvii. Identify areas where additional/changed processes and controls are appropriate;
 - xviii. Statement that no sublicensing shall be allowed;
 - xix. Statement about termination of Service Level Agreement for any systemic breach;
 - xx. Statement of Processing Integrity – that system processing is complete, accurate, timely, and authorized;
 - xxi. Statement of Online Privacy – that personal information obtained as a result of mobile banking is collected, used, disclosed, and retained as committed or agreed;.
 - xxii. Statement that information designated as confidential is protected as per license conditions;
 - xxiii. Statement that the customer complaint redressal procedures are in place which clearly define the roles & responsibilities of AFI(s) and TPSP (s)/ telecom operator(s) in handling the customers' complaints, and recourse available to the customers; and
 - xxiv. Statement about penal action in case of breach of any clause(s) of the agreement and arbitration in case of any dispute between or among the parties.
 - xxv. Statement covering obligations of both parties subject to Force Majeure.

PART-III

PROCEDURE FOR AWARD OF THIRD PARTY SERVICE PROVIDER LICENSE & AUTHORIZATION

8. Procedure for award of TPSP(s) Licenses & Authorization- (1) All applications shall be made to PTA to grant license as TPSP. The PTA shall review the application in accordance with the determined technical criteria and forward the case along with its recommendations to SBP for evaluation.

(2) SBP shall evaluate such applications under applicable laws, Rules/Regulations and shall communicate its decision to PTA.

(3) SBP may, if deemed necessary, conduct a brief inspection of applicant TPSP(s) jointly with PTA to assess its suitability to function as TPSP before issuance of license.

(4) Subject to **clause 7 (2 & 3)** above, upon receipt of positive confirmation from SBP, PTA may issue a Class License to TPSP as prescribed in the Class Licensing and Registration Regulations, 2007.

(5) After the issuance of License by PTA, TPSP shall apply to SBP for authorization. SBP shall authorize the applicant TPSP. Subject to systemic importance, SBP may also designate any TPSP as a Designated TPSP, under PS&EFT Act 2007.

(6) SBP reserves the right to reject any application subject to applicable laws and regulations.

PART-IV

NETWORK CONDITIONING

9. Network Conditioning- (1) The AFI(s) may be facilitated for provision of mobile banking services by TPSP(s) and / or telecom operator(s) through Short Messaging Service (SMS), Wireless Application Protocol (WAP), Interactive Voice Response (IVR), Unstructured Supplementary Service Data (USSD), SIM Application Toolkit (STK), or any other means as allowed under the Act, Rules, Regulations, License terms and conditions or as permitted by SBP in consultation with PTA.

(2) Keeping in view the nature of technology and communication channel used for mobile banking; all AFI(s), TPSP (s) and telecom operator (s) shall conduct risk assessment and put in place appropriate tools for fraud and abnormal transaction patterns monitoring.

(3) The TPSP (s) and Telecom operator(s) are encouraged to extend telecommunication services and systems to facilitate each other in provision of technical services for mobile banking services and TPSPs may sign interconnect agreements/SLAs with all the telecom operators and AFIs for offering mobile banking services.

(4) A TPSP shall have arrangements with peer TPSPs (also licensed) for switching and routing Inter-Bank mobile banking transactions. In this regard, TPSP(s) shall make available its network to all parties in the arrangement, based on criteria that is transparent and generally applicable to all institutions without discriminatory practices.

(5) End-to-end application layer encryption of consumer sensitive data should be implemented to ensure that such data are not displayed as clear text on the screen of the mobile devices in accordance with applicable laws.

(6) In order to avoid loss or delay in transaction beyond permissible time limits as agreed between TPSP(s) and / or telecom operator(s) and AFI(s), all TPSP(s) and / or telecom operator(s) shall make available best possible arrangements i.e., dedicated pipes/channels including fall back arrangement etc. TPSP(s) and / or telecom operator(s) and AFI(s) shall also ensure delivery assurance and failure notification to the originator of transaction in case of any technical interruption.

(7) To differentiate services and branding, the TPSP(s) shall make available short codes to AFI(s).

(8) The AFI(s) and TPSP(s) shall implement adequate measures to retrieve aborted / disrupted transactions and to eliminate chances of duplication of transactions resulting from delays or session failures due to network access problems in systems.

PART-V

CONSUMER PROTECTION, AWARENESS AND DISPUTE SETTLEMENT MECHANISM

10. Consumer Protection & Dispute Settlements- (1) All AFIs, telecom operators and TPSPs shall put in place an effective and comprehensive consumer protection mechanism against risks of fraud, loss of privacy, delays in service provisioning etc. to the consumers. All the parties in this arrangement shall have appropriate policies and effective procedures on consumer protection, awareness, consumer complaint handling and grievance redressal.

(2) All Telecom operator(s) in collaboration with AFIs shall launch public awareness campaigns both in electronic and print media with the objective to educate public at large with regard to mobile banking services.

(3) In case of any dispute between/among the AFI(s), telecom operators and TPSP(s), the parties will mutually co-operate in good faith to resolve disputes. If the parties do not reach an agreement on the dispute within five (5) Business Days, either party may give three (3) Business Days written notice to the other party of its intention to escalate the matter to the Co-ordination Committee.

(4) If the dispute is not resolved prior to the expiry of the notice period, then either party may notify the other party that it wishes to refer the dispute to Co-ordination Committee, which shall consist of an equal number of representatives from each party.

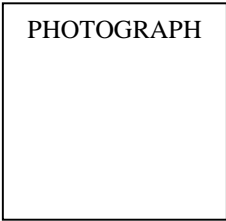
(5) The Co-ordination Committee shall meet within ten (10) Business Days of the receipt of the dispute notice to review and resolve the dispute.

(6) If the Co-ordination Committee is unable to resolve the dispute within twenty (20) Business Days from the receipt of dispute notice, then either party may refer the dispute to the concerned regulator.

(7) In the event of a reference to SBP or PTA, the parties in dispute shall compile a detailed dispute report, which shall include the origin, nature and extent of issues and any proposals for resolution and make their respective reports available to the concerned regulator and to each other within twenty-eight days of the referral.

(8) SBP and PTA may constitute a Joint Committee to resolve the dispute between the parties.

(9) The decision taken by the Joint Committee shall be final and the same shall be abided by the parties in dispute.



Annexure-A

PROFORMA - FIT & PROPER TEST

Full Name

Father's Name
Mother's Name
Spouse's Name

Date of Birth	Place of Birth (City and Country)
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Nationality (ies):	NTN:
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C.N.I.C. No	
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Passport Number

Present Residential Address in Full

Permanent Residential Address in Full

Residential Telephone Number(s)	Email Address(es)
Mobile Number(s)	

If you have changed your name, state previous name and reason for change
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Academic Education		
Qualification	Name & Address of Degree Awarding Institution	Date of Completion

Professional Education		
Qualification	Name & Address of Institution/ Professional Body	Date of Completion
Training(s); if any		
Existing Employment		
Present Designation		Present Department
Official Address		
Telephone Number (s)		Email

Please provide complete and true particulars of all business(es), including proprietary concern/partnership firms, companies, in which you have been associated as a proprietor, partner or a director thereof during the last ten years and the accounts maintained by them:		
Name of the Proprietary Concern/Partnership Firm/ Company	Name of Bank and/or NBFIs Together with Name of Branches	Account Number(s)

Position held during the last ten years (along with name and address of company / institution / body where appointment held, nature of the company/institution/body and dates of appointment)	
Position of the shares held in the Third Party Service Provider	Number of shares held as of _____
As a Sponsor Shareholder <input type="checkbox"/> Own name <input type="checkbox"/> In the name of company <input type="checkbox"/> In name of family member Other than Sponsor Shareholder <input type="checkbox"/> Own name <input type="checkbox"/> In name of company <input type="checkbox"/> In name of family member	

(Signature of concerned official)

Affidavit
(On Non-Judicial Stamp Paper)

I (the deponent), _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/Passport No. _____ do hereby state on oath/solemn affirmation as under:-

- a. that the deponent hereby confirms that the statement made and the information supplied in the attached questionnaire and the Annexure A-I and the answers thereof are correct and that there are no other facts that are relevant for "Fit and Proper Test"
- b. that the deponent undertakes that the State Bank of Pakistan may seek additional information from any third party as it deems necessary in view of assessing "Fit and Proper Test"
- c. that the deponent undertakes to bring to the attention of the State Bank of Pakistan any matter which may potentially affect my status as being someone fit and proper as and when it crops up; and
- d. that whatever is stated above is correct to the best of my knowledge and belief and nothing has been concealed there from.

DEPONENT

The Deponent is identified by me

Signature _____
ADVOCATE (Name and Seal)

Stated on oath/solemnly affirmed before me on this ____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____
OATH COMMISSIONER FOR TAKING AFFIDAVIT
(Name and Seal)

Annexure-A-1

QUESTIONNAIRE FOR ACCESSING “FIT & PROPER TEST”

Please answer the following questions by entering a tick () in the appropriate box. If answer of any of these questions in YES and need explanation, use a separate sheet with proper reference to the question.

Sr.	Description	Yes	No
1.	Have you ever been convicted/involved in any fraud/forgery, financial crime etc, in Pakistan or elsewhere, are subject to any pending proceedings leading to any conviction?		
2.	Have you ever been associated with any illegal activity concerning banking business, deposit taking, financial dealing and other business?		
3.	Have you ever been subject to any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments, financial/business, misconduct, fraud, formation or management of a corporate body etc by SBP, other regulators, professional bodies or government bodies/agencies?		
4.	Have you ever contravened any of the requirements and standards of regulatory system or the equivalent standards or requirements of other regulatory authorities?		
5.	Have you ever been involved with a company or firm or other organization that has been refused registration/license to carry out trade, business etc?		
6.	Have you ever been involved with a company/firm whose registration/license has been revoked or cancelled or which has gone into liquidation or other similar proceedings?		
7.	Have you ever been debarred for being Chief Executive, Chairman, Director or Sponsor/major Investor of a company, especially financial institutions?		
8.	Have you ever been dismissed/ asked to resign/resigned in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
9.	Have you ever resigned from a professional or regulatory body in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
10.	Have you ever been disqualified/ removed by regulators/Government bodies/ agencies?		
11.	Have you ever been in default of payment of dues owed to any financial institution in individual capacity or as proprietary concern or any partnership firm or in any private unlisted/listed company?		
12.	Have you ever been in default of taxes in individual capacity or as proprietary concern or any partnership firm or in any private listed/unlisted company?		
13.	Have you ever been associated as director and/or chief executive with the corporate bodies whose corporate and tax record, including custom duties, central excise and sales tax has been unsatisfactory?		
14.	Have you entered into any agreement with any other person (natural or		

	legal) which will influence the way in which you exercise your voting rights or the way in which you otherwise behave in your relationship with the authorized entity?		
15.	Are you a director on the Board of Directors of any other Financial Institution(s) or Payment Systems Operator and Payment Service Provider or Third Party Service Provider?		
16.	Are you a Chairman, Chief Executive, Chief Financial Officer, Chief Internal Auditor, Research Analyst or Trader (by whatever name/designation called) of an Exchange Company (firm or sole proprietorship), member of a Stock Exchange, Corporate Brokerage House?		
17.	Are you owning/controlling any Exchange Company or Corporate Entity?		
18.	Have you been or are you working as consultant or adviser of Payment Systems Operator and Payment Service Provider, Third Party Service Provider or any related business in which you intend to become a director?		
19.	Are you employee of the Payment Systems Operator and Payment Service Provider or Third Party Service Provider?		
20.	Are you employee of a company/entity/organization where sponsor shareholders of Payment Systems Operator and Payment Service Provider or Third Party Service Provider have substantial interest?		
21.	Are you a member/office bearer of any political party or member of Senate/National/Provincial Assembly/Local Body?		
22.	Any other information that is relevant for the purpose of SBP and needs to be mentioned?		

Signature _____

Name _____

Position _____

Date _____

Annexure-A-2

PROFORMA – FITNESS & PROPRIETARY OF KEY EXECUTIVES/DIRECTORS/CEOs

Position and Grade held by the Executive

Date of assumption of current position (dd/mm/yyyy)

Full Name

Father's Name

Date of Birth	Place of Birth (City and Country)
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Nationality (ies)	NTN Number
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C.N.I.C. No	Email Address(es)
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Telephone Number(s)	Mobile Number(s)
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Academic Qualification		
Qualification	Name & Address of Degree Awarding Institution	Date of Completion

Professional Qualification		
Qualification	Name & Address of Degree Awarding Institution	Date of Completion

Training(s); if any

Previous Employment(s) (date-wise)	
Designation	Department
Official Address	
Telephone Number (s)	

Has ever been convicted of any offence?	Yes	No
If yes, nature of offence and penalty imposed		

Has ever been censured or penalized by any financial regulator (local or foreign)?	Yes	No
If yes, reasons for adverse findings and amount of penalty imposed (if any)		

Has ever been dismissed from employment?	Yes	No
If yes, name of the employer and reason for dismissal		

(Signature of the concerned official)

(Signature and Stamp of Employer)

Annexure-A-3

ASSESSMENT OF FITNESS AND PROPRIETY

1. The fitness & propriety of Sponsor(s), Director(s), CEO and Key Executives will be assessed on the following broad elements:

A. Integrity, Honesty and Reputation

Sponsor(s) of TPSP and any person applying to be appointed as Director, CEO and Key Executives should fulfill the following criteria:

- a) Has not been convicted, involved in any fraud and/or forgery, financial crime etc, in Pakistan or elsewhere, or is not being subject to any pending proceedings that may lead to such a conviction;
- b) Has not been subject to any adverse findings or any settlement in civil and, or criminal proceedings particularly with regard to investments, financial matters, business, misconduct, fraud, formation or management of a corporate body etc by SBP, government bodies or agencies;
- c) Has not contravened any of the requirements and standards of SBP or the equivalent standards, requirements of other regulatory authorities (outside Pakistan as well), professional bodies or government bodies or agencies;
- d) Has not been involved with (management or conduct of the affairs of) a company, firm or any other organization that has been refused registration and, or license to carry out trade, business etc.;
- e) Has not been involved with (management or conduct of the affairs of) a company, firm whose registration and, or license has been revoked or cancelled or gone into liquidation or other similar proceedings due to mismanagement of affairs, financial misconduct or malpractices;
- f) Has not been debarred for being Chief Executive, Chairman, Director, Controlling Shareholder, Sponsor or Key Executive of a company, firm or in similar capacity.

B. Track Record

- a) The Director/CEO/Key Executives must have an impeccable track record in the companies served either in the capacity of an employee or Director/Chief Executive or as Chairman;
- b) The Director/CEO/Key Executives have not been dismissed from employment or have not been removed or forced to resign by any regulator or government body or court order, in the capacity of employee, director, chairman or key executive of the company/firm or any other position of trust.

C. Solvency & Financial Integrity

- a) Has not been associated with any illegal activity concerning banking business, deposit taking, financial dealing and other business;

- b) Has not been in default of payment of dues owed to any financial institution and/or default in payment of any taxes in individual capacity or as proprietary concern or any partnership firm or in any private unlisted, listed company;
- c) Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.;
- d) The Sponsor (s) has sufficient means to discharge his/her financial obligations, if any.

D. Qualification & Experience

This section shall apply separately for Directors, CEO and other Key Executives of TPSP as under:

i. Board of Directors

- a) Must have management or business experience preferably pertaining to payment and settlements systems of at least three (3) years at senior level in an active capacity;
- b) Minimum qualification for a person to be appointed as Director on the Board of Directors is graduation.

ii. Chief Executive Officer

- a) Must be having at least five (5) years of experience at senior level. Preference must be given to a person having the said experience in payment and settlement systems;
- b) Must possess expertise and skill set to undertake responsibilities of the position effectively and prudently;
- c) Should have minimum qualification of graduation or equivalent preferably relevant experience in information technology, banking, finance, economics, business administration, commerce or relevant fields.

E. Conflict of Interest

- a) The CEO will not be the Chairman of the Board of Directors of the same TPSP.
- b) The Directors on the Board should avoid conflict of interest in their activities with, and commitments to, other organizations;
- c) Directors and CEO should not be a Director/CEO of any other TPSP;

F. Others

- a) Not more than 50% directors of the same family are permitted to be on the Board of a TPSP;

- b) No member of Senate, National/ Provincial Assembly, Local bodies shall be appointed/ recommended for appointment as Member of Board of Directors and/or Chief_Executive Officer/Key Executive of any TPSP;
2. The Applicant must provide details of governance structure to SBP which should include the following:
- i. Board of Directors**
 - a) In case of non-resident Pakistani national, CNIC/NICOP & copy of passport;
 - b) In case of foreign sponsor, copy of passport duly attested by Embassy of Pakistan in that country or their respective embassy located in Pakistan;
 - c) Share holdings in the Company;
 - d) Brief Profile of all Directors.
 - ii. Committees & their terms of references**
 - a) Risk Management
 - b) Audit
 - c) Information Technology
 - d) Any other relevant Committee
 - iii. The TPSP is required to appoint a Compliance Officer reporting directly to the CEO.**
3. Where office of any Director/CEO falls vacant, such position can only be filled with the prior approval of SBP. However, any new appointment / placement of Key Executives shall be intimated to SBP within seven days of appointment / placement;
4. Acting CEO appointed pursuant to resignation/removal of the CEO is invariably required to meet the FPT Criteria prescribed for the CEO and the TPSP shall duly submit FPT documents of such person to SBP before assumption of charge. However, in case of temporary vacation (not exceeding one month) of the office of CEO, the TPSP shall ensure to entrust charge of the office of CEO to such an officer who meets the FPT Criteria prescribed for Key Executive and whose FPT documents have already been submitted to SBP.
