

9th June, 2006

STATE BANK GOVERNOR CHAIRS JOINT MEETING OF PBA-SBP

A joint meeting of the State Bank of Pakistan and the Pakistan Banks' Association, which was held under the chairmanship of SBP Governor, Dr. Shamshad Akhtar in Karachi today, took some important decisions for the benefit of the general public/account holders.

It was decided in the meeting that the banks will simplify the terms and conditions on account opening forms. The banks will not only publish these conditions in larger font but also in Urdu language for removing the grievances of the public.

To create awareness among the general public about the new system of reporting to the Credit Information Bureau, the State Bank and the PBA will publish advertisements in the press.

The meeting was informed that 3,424 branches were providing real time online banking facility to the account holders as against 7,242 branches of 41 banks operating in the country which means that 47.27% branches are online branches. It was emphasized in the meeting that the volume and value of online banking transactions should be enhanced.

The PBA expressed its concern over the imposition of central excise duty on services and increase in withholding tax on cash withdrawals in the Federal Budget 2006-07. While agreeing to 5% tax, the PBA suggested that instead of central excise duty a surcharge on income may be levied through income tax on the identified services in the Finance Bill 2006-07.

The PBA has assured the State Bank that the banks would try their level best to sparingly use the SBP discount window. The PBA also assured the State Bank that there would be no delay in reporting of forex and money market transactions by banks to SBP

The Governor has asked the PBA to ensure that the banks should prominently disclose their lending and deposit rates. She also asked the PBA to impress upon the banks to recover their advances to discourage hoarding of sugar.

The meeting was attended, among others, by the Deputy Governor, Mr. Tawfiq A. Husain, Directors of Banking Policy, Banking Supervision, Banking Inspection, Payment Systems, Agricultural Credit, Small & Medium Enterprises Departments and Head of Treasury of the State Bank of Pakistan and a fifteen-member Executive Committee of the PBA led by its Chairman, Mr. Naved A. Khan.
