

## PRI-PIA alliance to help boost remittance inflows through banking channels: Shaukat Tarin

Mr. Shaukat Tarin, the Federal Minister for Finance, has expressed the hope that strategic alliance between Pakistan Remittance Initiative (PRI) and Pakistan International Airlines (PIA) would contribute towards the enhancement of remittance flows through official channels and help the Government to achieve the goal of formalizing the remittance market in the country.

Addressing a MoU signing ceremony between PRI and PIA held at State Bank of Pakistan, Karachi today, Mr. Tarin urged the overseas Pakistanis to make sure that they are transferring their hard-earned income through official channels into Pakistan. He said that he was confident that PRI would usher in a new era in the realm of worker's remittances and reach the ultimate destination of highest efficiency and maximum satisfaction levels. "The performance of PRI has been commendable since its inception and I am confident that they would continue to work with same commitment and dedication to achieve the desired objectives," he added.

Mr. Tarin said that the trend of remittances received in last five months of this fiscal year shows an increase of around 30 percent over the similar period in the last fiscal year. However, he pointed out that the success of PRI does not lie in month-to-month numbers, rather its objective is to lay the foundation of a permanent structure whereby there would be: end-to-end efficient systems, maximum satisfaction of remitter & beneficiary, highest degree of commitment of the financial sector, and the inclusion of such ingredients into the policy framework for PRI whereby the consistent political will should become a norm rather than an exception.

He said that there are a number of cyclical and environmental factors which affect the flow of remittances in either way. Therefore, the performance of PRI cannot be judged from the month-to-month numbers, at least in the short term, he said and added that their performance, however, will be evaluated, amongst others, by the remittance flows in to the country in a given fiscal year.

Mr. Tarin highlighted the role of financial sector in the national cause of formalizing remittance market in Pakistan and said that it is quite satisfactory to note that the banks have started to improve their infrastructure and related systems with a view to offering better remittance services. He warned the banking system about the symptoms of complacency. He advised the financial sector that they should thoroughly review their existing customer base and immediately terminate the banking relationship with those who are suspicious to be associated with illegal foreign exchange business. He also applauded the role of law enforcement agencies, especially the FIA in taking stern actions against illegal foreign exchange operators which has played a vital role in the rising trend of remittances in Pakistan. "Accordingly, we have mutually decided to give monetary reward to FIA officials associated with the law enforcement actions against illegal foreign exchange operators," he added.

Speaking on the occasion, Mr. Farooq Sattar, the Federal Minister for Overseas Pakistanis, said that it gives him immense pleasure to state that PRI is moving ahead with the plans and achieving the

milestones one by one. The MOU between PRI and PIA is a part of the overall plans set for PRI a few months back, he added.

Mr. Sattar pointed out that mainly there are two major factors behind the use of informal channels, which include the lack of awareness of overseas Pakistanis about the formal channels and, secondly the propaganda by the operators of informal channels that official channels are inefficient. "Now through PRI, we are not only creating awareness about the formal channels but are also improving the systems whereby swift delivery of remittances could be possible," he added. He said that now overseas Pakistanis are increasingly moving towards official channels and are enjoying the incentives being offered to them i.e. no charges on remittances, better exchange rate, swift delivery etc.

In his welcome address, Syed Salim Raza Governor State Bank of Pakistan said that despite steady rise in the aggregate remittances there still exists considerable untapped potential and room to improve upon the service levels for overseas Pakistanis and for their families back home. He informed the participants that remittances sent home by overseas Pakistanis continued to show a rising trend as an amount of \$3,832.64 million was received in the first five months (July-November) of the current fiscal year 2009-10, showing an increase of \$866.13 million or 29.20 percent over the same period of the last fiscal year. "This trend is very encouraging and if the same continues we will be ending up the current fiscal year with more than US\$ 9 billion," he added.

Mr. Raza said that PRI-PIA MoU is aimed at a strategic long-term alliance for the purpose of catering to the needs of Pakistani citizens living overseas including the need of such Overseas Pakistanis to travel to and from Pakistan and to facilitate the flow of remittance of such Overseas Pakistanis. He said that two organizations will work in a phased manner and in the first phase PRI will announce a scheme for Overseas Pakistanis under which initially 100 free return air tickets will be given by PRI through the lucky draw each month. All airports will be provided with marketing materials and PIA will set up special booths in respect of the Campaign, he said and added that all flights of PIA will screen a special in-flight movie to promote remittances through official channels. A separate scheme will be announced for PIA agents that are in the remittance business, he added.

SBP Governor said that in phase, two both PRI and PIA will introduce a co-branded frequent flyer card and a miles program. The card holder will be entitled to a number of privileges ranging from free tickets, excess baggage etc., he added. Mr. Raza said with the commencement of the phase three, PRI would have identified the locations of the Overseas Pakistanis that remit funds to Pakistan and can request PIA to focus flights specifically to the destinations where such Overseas Pakistanis are residing. PIA would have specific branded seats for such Overseas Pakistanis on its flights to such destinations with special benefits, he said and added that special lounges and counters will be created to cater to such Overseas Pakistanis.

"I hope that through initiatives being taken by PRI, we will be able to serve over overseas population better and be able to bring precious foreign exchange into the country," he added.

Captain Aijaz Haroon, Managing Director PIA, said that this alliance which has been titled 'Sons of Pakistan' will catch the attention of overseas Pakistanis for remittances through official channels and acknowledge their contribution for excelling the foreign remittance target.

Syed Ali Raza, President National Bank of Pakistan, Mr. Aftab Manzoor, President Allied Bank of Pakistan, Mr. Atif Bukhari, President United Bank Limited and Mr. Muneer Kamal, President KASB Bank, informed the participants about initiatives taken by their respective banks to boost remittances.

The Federal Ministers for Finance and Overseas Pakistanis and SBP Governor offered their heartfelt condolences for the victims of yesterday's unfortunate incident in Karachi. Mr. Muhammad Kamran Shehzad, Deputy Governor SBP, conducted *Fateha* prayers. Later, Mr. Najm-us-Saqib Shabbir, Head of PRI, and Captain Aijaz Haroon, Managing Director PIA, signed the MoU documents.

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