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Kamran Shehzad stresses the need for constant vigilance for the safety of the financial system

Mr. Muhammad Kamran Shehzad, Deputy Governor, State Bank of Pakistan has said that in view of the critical importance of IT for banking and financial sector, there is a need to exercise constant vigilance for the safety of the financial system.

Delivering his keynote address at the 7th International Information Security Conference (InfoSec 2011) at a local hotel in Karachi today, he said that structured, well defined and documented security policies, standards and guidelines are the cornerstones for good information system security. He said that each institution is required to define, document, communicate, implement and audit information security to ensure confidentiality, integrity, authenticity and timely availability of information.

He said that the deployment of information technology in financial institutions has helped in attaining better systemic efficiency while at the same time introduced new areas of risk and threats apart from the risk inherent in the traditional banking and financial activities.

‘The survival and growth of financial institutions and business largely depend on the security infrastructure deployed by them for ensuring the accessibility, quality, adequacy and integrity of their information and information systems’, he added.

Mr. Kamran said: ‘The need for tighter and vigilant information security controls assumes greater importance in view of the prevalent security environment of the country. We cannot afford to be complacent in exercising rigorous risk management protocols in today’s fast paced technology-based business environment and banking without strong security architecture, effective disaster recovery and business continuity plans as these can have severe consequences for a business’.

The SBP Deputy Governor said that the security procedures for protection of information resources will require the identification and assessment of risks and the development of proper controls to offset and reduce potential threats.

Mr. Kamran Shehzad said that a small network interruption or data error can cause huge losses for a business apart from the loss of reputation and trust of the customers. ‘Therefore, financial institutions engaging in any form of e-banking should have effective and reliable methods to protect their information and their customers from data loss and identity thefts,’ he said.

SBP Deputy Governor emphasized that financial institutions should address, among others, the security issues related to unauthorized access to information & information systems, loss/modifications/ manipulations of data, loss of confidential information, problems inherent in an open

network and disaster recovery / business continuity plans while deploying technology-based delivery channels.

He said that banks are shifting from their traditional product-centric model to customer-centric model. The Central Bank continues to issue guidelines and instructions to banking sector in line with the best international practices to facilitate the optimum use of technology in their day-to-day working, he said, adding that presently, banks have been using electronic and telecommunication channels to deliver a wide range of products and services to their customers. The technology enables them to create new products, exploit market opportunities and develop information and system oriented practices, he added.

Mr. Kamran Shehzad said that banking network in the country is providing services to a vast population through effective use of the Alternate Delivery Channels. At present, the banking network of the country of more than 10,000 branches has over 7,000 Real-Time Online Bank Branches; 4,800 ATMs and over 40,000 Point of Sale Machines, he said.

In addition to these technology-driven access points, the use of alternate modes of payments has also gained wide popularity, he said and added that there are over 1.3 million credit cards and 11 million debit cards in circulation. 'On overall basis, around 59 million e-banking transactions with an amount in excess of 5.8 trillion rupees (US \$ 67 billion) have been conducted till this quarter', he added.

SBP Deputy Governor said that branchless banking is expanding gradually with the participation of stronger players. Presently, the agent network under the umbrella of branchless banking has exceeded 18000 agents who have facilitated around 38 million transactions amounting to Rs. 190 billion.

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