



External Relations Department

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SBP sees transformation of cash processing business to automation in next five years

Acting Governor State Bank of Pakistan Saeed Ahmad has said that the SBP sees total transformation of cash processing business from manual to automation in next five years and thus would like to see commercial banks aligning their plans with State Bank in this direction. "Without the joint action the desired results to improve the quality of currency notes in circulation will not be achieved," he said.

He was addressing participants of *Conference on Currency Management: Strategies for the Future*, organized by State Bank of Pakistan at a local hotel in Lahore today. The conference was also attended by the leading international experts from Switzerland, Malaysia, and Sri Lanka besides renowned local experts.

The conference covered important topics like Banknote Printing in Pakistan, Currency Management Challenges, Global Trends and Developments in Security Ink and Ink-Based Security Features, Evolution of Banknote Security Features in Pakistan, Global Trends and Developments in Security, Paper/ Paper-based Security Features of Banknotes and Pakistan's Experience, Challenges Related to Automation of Cash Operations and Automation of Banknote Processing.

Mr. Saeed Ahmad said that banknotes are face of a central bank and ensuring circulation of clean notes, removal of soiled and counterfeit notes, and redistribution of fit notes in the system is amongst key responsibilities of the SBP. He further added that all necessary steps are being taken to this effect. Ahmed hoped that the deliberations and recommendations coming out from this conference would enable State Bank to align its currency management policies and strategies with international best practices.

"Being cognizant of this responsibility, SBP has been investing significant human and financial resources to take this important function to higher level," he said. He admitted that while SBP and Pakistan's banking industry is largely at par with international best practices and standards both in regulation and supervision and service delivery, however, we are quite behind in modernizing and automating its currency management processes.

Saeed Ahmad elaborated that the SBP has been making extensive efforts to implement its clean notes policy for the last 10 years but with limited success largely due to lack of automation in cash processing. "We have thus planned fast track automation of currency management function both at the central bank and commercial banks level," he added. He also underscored the role of commercial banks in automation of their cash processing systems.

The Acting Governor elaborated that automation of cash processing at SBP is necessary but it could not be effective in achieving its objective of ensuring adequate and uninterrupted supply of high quality and clean banknotes across the country unless commercial banks also automate their cash processing systems.

It may be mentioned here that the State Bank is developing a documentary for educating the masses about the security features of banknotes. Further, a smart phone application on Pakistani banknotes designs and security features is also being developed for enhancing public awareness.

Earlier, Mr. Kazi Abdul Maktadir, Deputy Governor Operations, who is spearheading the exercise while elaborating the challenges faced in currency management indicated that despite emergence of various alternatives to cash based transaction in Pakistan, hard cash remains to maintain its predominant position. "We have witnessed a significant surge in currency in circulation during the last five years, from 2009 to 2014, currency in circulation more than doubled from Rs. 1,224 billion to Rs. 2,500 billion." he said. Every year, on average, 1.9 billion pieces of currency notes of various denominations are printed.

Adding further, he said that the other aspect of efficient currency management is combating currency counterfeiting. "In collaboration with our security printing organizations a number of good quality features have



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been incorporated in our banknotes and we are actively looking forward to include more security features especially overt features that would make it more difficult for the counterfeiters to forge and copy,” he remarked.

Deliberating the solutions, Mr. Muktadir said that to better manage the rising levels of currency in circulation, improving quality of banknotes in circulation and bringing sophistication in the currency management processes, SBP is now moving ahead with the procurement of state-of-the-art cash handling machines for sorting, bundling, and shredding. With one-stop solution machines that will be capable of sorting, detecting counterfeit, shredding, preparing packets and bundles SBP aims to bring efficiency in the area of banknote processing through latest technology.

On this occasion, the Chairman and Managing Director Pakistan Security Printing Corporation, Muhammed Misbah Tunio gave a detailed presentation on the security features of the currency notes in Pakistan. He said that these security features are comparable to the features available in most of the currencies of the developed countries. He indicated that more internationally available features will be added in the forthcoming currency notes as and when they will be introduced.
