



## External Relations Department

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October 12, 2015

### **STATE BANK ALLOWS MEMBERSHIP OF CHEQUE CLEARING HOUSE (NIFT) TO MICROFINANCE BANKS**

State Bank of Pakistan under Payment Systems & Electronic Funds Transfer Act, 2007, has allowed Direct Membership of Cheque Clearinghouse (NIFT) to Microfinance Banks (MFBs). The membership will enable MFBs to directly provide cheque clearing services to their customers and avoid inordinate delays in receiving funds in their accounts.

MFBs to become member of clearinghouse will however be required to meet the following conditions:-

- i. MFBs shall enter into comprehensive Service Level Agreements (SLAs) with the Clearing House for this purpose;
- ii. The Clearing House will prepare Separate Clearing Batches of instruments drawn on and presented by MFBs and provide the same to PRISM for settlement on Multilateral Net Settlement basis.
- iii. All MFBs will have to maintain adequate funds / liquidity in their Current Accounts with SBP BSC (Bank), Karachi, based on their existing and future clearing requirements. MFBs shall constantly monitor and replenish funds in their Current Accounts to mitigate the Liquidity/Settlement Risk.
- iv. MFBs will have to establish Funding Arrangements (FA) / Credit Lines (CL) with Direct Participants of PRISM, enabling Direct Participants to replenish MFBs Settlement Account as and when required within stipulated time.
- v. This arrangement will be effective from November 15, 2015.

The membership allowed to MFBs will be a step in the direction of achieving the overall objective of financial inclusion in an integrated and sustained manner. It is expected that the arrangement will significantly reduce the dependence of MFBs on commercial banks. Overall, it will improve the smoothness in payment system and thus contribute towards financial stability.

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