



## External Relations Department

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ERD/M&PRD/PR/01/2016-56

June 21, 2016

### **SBP issues Framework for Branchless Banking Agent Acquisition and Management**

State Bank of Pakistan (SBP) has issued the Framework for Branchless Banking Agent Acquisition and Management for the banks and microfinance banks. This Framework is complementary to Branchless Banking (BB) Regulations already in place.

According to this Framework, the Board of Directors of banks would be responsible for providing the strategic direction and an oversight of branchless banking agent acquisition and management while senior management will institute necessary internal controls and ensure adherence to applicable laws and regulations. Banks have been advised to develop and enforce overall Central Agent Management Policy, covering minimum agent selection criteria, agent due diligence, business experience, financial position, integrity, personal qualities, reputation, credit profile etc.

BB Regulations allow banks to deploy agent-based banking by involving non-banking channels for distribution of basic banking services. The neighborhood agents - owners of small businesses, retail stores, franchises etc. – can carry out basic banking operations for the customers on behalf of the banks.

Currently, there are over three hundred thousand agents across Pakistan, creating a large grid of human ATMs or touch points for cash in, cash out, fund transfers and bill payments etc. Therefore, the effective management of delivery of services via this channel is crucial for both better services to the customers and mitigation of risks arising from banks' dependence on third parties for provisioning of banking services.

It may be mentioned here that the framework also requires the banks to assess and mitigate operational, liquidity, reputational, legal, money laundering/terrorist financing risks and ensure consumer awareness and protection including the customer education, complaint management and grievance redressal mechanism. Banks are also advised to ensure training of branchless banking agents to manage the business of branchless banking.

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