



External Relations Department

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SBP issues prepaid card regulations

In order to promote electronic payments in Pakistan by introducing alternate digital means of payments and achieve greater financial inclusion by taking advantage of the technological developments in the card industry, SBP has issued Prepaid Card Regulations.

Prepaid Card is a payment instrument built around a pay early, spend later model rather than the pay now and pay later models used in debit and credit cards respectively. Prepaid Cards are considered ideal for giving unbanked segments of the population a flavor of formal financial products without the need of opening a formal banking account. Prepaid cards are being promoted as an alternative to a transaction banking account as its features resemble to those offered in transaction banking accounts. As a result, Prepaid Cards are considered to play an important role for enabling financial inclusion targeting not only at lower-income unbanked individuals but also conventional consumers of traditional banking services.

Prepaid Card customers may withdraw cash and transfer funds from ATMs, pay exam fee, shop online and travel abroad without requiring or compromising the debit/credit card, thus limiting the risk associated with the payment cards usage.

These regulations have been developed in line with the international recommendations such as those issued by Financial Action Task Force (FATF) to minimize the AML/CFT risks associated with the prepaid cards by covering relevant aspects such as issuance of Prepaid Cards, permissible load limits, restriction on use, dispute resolution and consumer protection besides covering other operational areas. Further in order to promote card usage in the domestic market, financial institutions are allowed to offer prepaid cards through Authorised Agents.

These regulations will enable banks in Pakistan to develop the prepaid cards market in the country in order to provide more payment options to the unbanked population, while at the same time take steps to ensure safety, security and customer protection as per international standards.
