



## External Relations Department

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### **SBP enhances Digitization Initiatives in Banks/MFBs**

In order to promote digitization in the banking sector and encourage use of digital channels, SBP has instructed (<https://www.sbp.org.pk/psd/2021/C1.htm>) all banks to provide minimum set of services on their Internet Banking (IB) and Mobile Banking (MB) channels. These services will include bill payments, funds transfer/IBFT, beneficiary management, limit management, credit and debit card management, stop cheque payment etc. To encourage the use of internet and mobile banking services by their customers, banks will not levy any activation, subscription or annual charges on their customers for using such services.

The digitization of the entire payment process is hindered if the customers can make payments to only those billers that are registered with their own bank. Hence, in order to facilitate the customers, the banks have been advised to make necessary arrangements to ensure that their customers can make online payments to maximum number of billers. To promote the use of payment cards, the banks will issue debit card to all new bank account holders and customers who have not previously opted for a debit card, unless the customer opts not to receive any payment card. However, this requirement will not be applicable on customers that are not literate, Photo Account Holders and visually impaired persons.

The banks have been authenticating their customers at the bank counters using signatures and paper based instruments. The existing EMV card infrastructure provides secure authentication; hence, there is potential to facilitate customers by using this infrastructure to replace the manual authentication process. In this regard, the banks/MFBs are now permitted to authenticate their customers at branch counters using chip-and-pin cards and 2 Factor Authentication (2FA) and provide them banking services.

Considering the significance of digitization, the banks have also been advised to create a role of Chief Digital Officer (CDO) who would be responsible for steering the digitization efforts. Further, accelerated digitization will also be part of KPIs of every CEO, which will be monitored by their board for its achievement on at least half-yearly basis.

This initiative follows other recent initiatives of the SBP to promote digitization in Pakistan including:

- 1) Provision of Repayment Facility to Bank Borrowers on Alternate Delivery Channels (ADCs) (<https://www.sbp.org.pk/psd/2021/CL1.htm>)
- 2) Streamlining Payment Card Security Regulations in order to bring convenience to the consumers with risk coverage that commensurate with the ever evolving payment card markets and in line with international standards (<https://www.sbp.org.pk/psd/2021/CL2.htm>)
- 3) Launch of RAAST, Pakistan's first Instant Payment System – an initiative by SBP (<https://www.sbp.org.pk/press/2021/Pr-11-Jan-21.pdf>)
- 4) Waiver of charges of all fund transfer and RTGS transactions for the consumers amid the COVID-19 pandemic (<https://www.sbp.org.pk/psd/2020/C2.htm>)
- 5) Improving Payment Card Infrastructure in Pakistan by rationalizing the bank charges. These instructions not only made the business of deployment of POS machines a profitable proposition for the financial industry, but also value added solution for consumers (<https://www.sbp.org.pk/psd/2020/C1.htm>)



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The above mentioned steps are just a tip of the iceberg which is in line with SBP's declared objectives to digitize payment and financial services. SBP will continue to promote digitization in the country and expects the industry to support these efforts, resulting in increased convenience for the customers to fulfil their financial needs through safe, rapid and secure digital infrastructure in Pakistan.

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