



External Relations Department

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State Bank incentivizes Exchange Companies to surrender 100% of home remittances in the interbank market

In order to enhance the flow of home remittances through formal channels and improve foreign exchange liquidity in the interbank market, State Bank of Pakistan together with the Government of Pakistan has introduced various policy measures, from time to time. In continuation of the same spirit, SBP has introduced a new incentive scheme for Exchange Companies (ECs) with the approval of the Federal Government. Under the scheme, Exchange Companies would be required to surrender 100% of the home remittances mobilized in the interbank market and in return, they will receive PKR 1 against each USD surrendered.

Exchange companies bring home remittances with the help of Money Transfer Operators, in their accounts maintained with banks in the country. Earlier, ECs were required to surrender a minimum 15% of the home remittances in the interbank market. To implement the scheme, State Bank of Pakistan has now amended its regulation governing disbursement of inward remittances by Exchange Companies. Now the exchange companies shall surrender 100% of foreign currency received by them on account of inward home remittances, in equivalent US Dollars, in the interbank market on same the day.

Since ECs mobilize a significant amount of home remittances, this scheme will help to improve the foreign exchange liquidity in the interbank market and the incentive provided is expected to encourage all exchange companies to bring more and more home remittances by reaching out to a wider set of remitters and their beneficiaries in Pakistan.

SBP Circular letter in this regard can be accessed from at the following link:

<https://www.sbp.org.pk/epd/2022/FECL3.htm>
