3 Strengthening Financial System Stability and Effectiveness

Financial system stability is a precondition for smooth functioning of financial intermediation process. It provides confidence to financial market stakeholders to play critical roles in financial intermediation process for achieving the goals of efficient resource allocation, economic growth and development. SBP has taken a number of initiatives to strengthen the stability and resilience of financial system in Pakistan in light of its Vision 2020. SBP has further streamlined and improved the existing regulatory and supervisory framework related to financial stability. Financial Stability Executive Committee in its meetings also focused on maintaining financial system stability in a coordinated manner. Some of the key achievements during the year included activation of the Council of Regulators, improvements in the Consolidated Supervision Framework, progress towards Risk Based Supervision, introduction of Domestic Systemically Important Banks (D-SIBs) Framework and designation of D-SIBs, initiation of Systemic Risk Survey, and active participation in Ease of Doing Business survey.

3.1 Institutionalization of Financial Stability Framework

3.1.1 Activation of Council of Regulators

SBP and SECP have established a Council of Regulators (COR) with the objective of deliberating upon issues related to financial stability and systemic risks particularly with cross-markets and stability implications. The Council would oversee arrangements for crisis preparedness to ensure a coordinated response to systemic risks. The first meeting of the COR was held on October 25, 2017 where issues related to performance of the financial sector, Joint Task Force on Financial Conglomerates, data collection, establishment of an effective coordination mechanism for financial consumer protection, and establishment of National Financial Stability Council (NFSC), amongst others, were discussed.

3.1.2 Strengthening of the Consolidated Supervision Framework

During the last three decades of financial liberalization in Pakistan, the ownership structures and operations of banks have become complex with cross-shareholding in various entities and engagement of banks in different non-banking financial businesses such as asset management, brokerage, mudarabah and insurance. This structure enables banks and financial conglomerates to create value for customers and synergies in operations. However, this development also exposes banks to risks, which do not necessarily reside on their books (i.e., contagion risks) from associated firms and issues in corporate governance practices that could jeopardize the interest of banks' depositors. These risks warrant consolidated supervision for banks. It is a comprehensive approach that takes into consideration all the risks, which may affect the bank, regardless of whether the same are carried on the bank's books or related entities; it involves close coordination with the regulator(s) of non-bank financial sectors. SBP monitors banking groups and financial conglomerates on regular basis and coordinates with the SECP under a Joint Task Force. SBP comprehensively reviewed the supervisory regime with a view to update and strengthen consolidated supervision framework in line with existing legal mandate and best practices. A number of recommendations as identified during the review relating to improvements in regulatory framework, strengthening of surveillance framework and enhancing the coordination mechanism with other supervisors are being implemented.

3.1.3 Stress Testing

Stress testing (ST) has become an integral part of the financial stability assessment toolkit for central banks around the world, specially post Global Financial Crisis. SBP is also using STs to assess resilience of the banking sector against various historical as well as hypothetical (extreme but plausible) macro-financial stress scenarios. Currently, the STs are conducted on quarterly basis in terms of two standards: single factor sensitivity analysis and multi-factor dynamic macro-stress tests. The ST exercise enables SBP to gauge the resilience of banks and the banking sector to any untoward shock scenario. In this vein, banks with capital shortfall are extensively monitored by supervisory departments. Besides, the ST is also an integral part of SBP's flagship annual publication, viz., Financial Stability Review (FSR). Further, the toolkit and the framework of ST is in evolutionary phase since the same are being regularly upgraded in line with latest developments in the area.

3.1.4 Financial Stability Review, Quarterly Performance Review and Quarterly Compendium

During FY18, SBP produced its flagship report i.e., FSR for 2017. Besides focusing more on identification of risks and their systemic implications, the review included discussion on several previously uncovered areas such as derivative and commodity markets, exchange companies, etc. A comprehensive resilience analysis that assessed the banking sector under extreme but plausible domestic and external shocks was also part of the review. The spectrum of risks included domestic droughts, deterioration of exchange rate parity, anticipation of tightening of global financial conditions and a declining global output.

SBP also produced three Quarterly Performance Reviews of the banking sector to apprise the stakeholders about latest developments, performance, soundness, and outlook pertaining to banking sector.[9] To provide statistical data on key variables of the financial sector, the coverage of Quarterly Compendium was enhanced by adding financial variables and indicators on Microfinance Banks, in addition to Commercial Banks, Islamic Banks and DFIs.[10]

3.2 Progress towards Risk Based Supervision Framework

In order to further strengthen SBP's supervisory regime, a cross departmental project for 'Developing Risk Based Supervisory Framework' for forward looking supervision of financial institutions is under progress. The project would help SBP in structured risk profiling of financial institutions, prioritizing supervisory resources and articulating responses to financial stress. This project was initiated in July 2015 and a joint project team from BID-I, BID-II and OSED has developed the architecture and methodologies of the proposed framework based on internal capacity, understanding and exposure visits of few supervisory authorities. The project was broadly classified into two phases i.e., i) Development of supervisory framework and ii) Pilot run and finalization of framework. In the design phase, assistance for capacity building was envisioned for completion of first phase of the project. In this regard, NIBAF has signed an agreement with Toronto Centre for Global Leadership in Financial Supervision (TC) for capacity building of supervisory resources. The proposed capacity building engagement with TC would be spread over two and a half years (July 2018 – Dec 2020) and will help in finalizing the framework.

3.2.1 Framework for Identification of Domestic Systematically Important Banks

Global Financial Crisis (GFC) led financial regulators to take additional measures regarding financial stability and systemic risks. Amongst these initiatives, Basel Committee on Banking Supervision

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9 From December 2017 onwards, it was decided to replace the four QPRs with one Half-Yearly Performance Review (HPR) of the banking sector as of June end of each year. The year-end developments of banking sector will be covered under FSR.

10 MFBs were included in QC from September 2017 quarter.

(BCBS) issued a framework for Global Systemically Important Banks (G-SIBs) in 2011. Subsequently, guidelines for Domestic Systemically Important Banks (D-SIBs) were issued in 2012. There is no significant presence of G-SIBs in Pakistan; however, a few D-SIBs exist whose failure may significantly impact the financial sector and the economy. In this context, SBP issued a framework for D-SIBs on April 13, 2018.

The framework follows two steps approach; in the first one, a sample of banks based on quantitative and qualitative criteria has been identified. In the second step, three banks i.e., HBL, NBP and UBL have been declared as D-SIBs based on Size, Interconnectedness, Substitutability and Complexity.

The sampled banks will be subject to enhanced supervisory requirements, while the designated D-SIBs will be subject to both enhanced supervisory and regulatory requirements. D-SIBs are classified into buckets based on their systemic score. The banks having high systemically important score will be subject to higher regulatory charge in the form Common Equity Tier 1 (CET1) as percentage of Risk Weighted Assets. Accordingly, HBL will maintain additional CET1 of 2 percent while NBP and UBL will maintain additional CET1 of 1.5 percent. The banks designated as D-SIBs are required to meet the enhanced regulatory and supervisory requirements by March 31, 2019.

3.2.2 Enhanced Monitoring of Large Borrowers

SBP has recently enhanced monitoring of banks' large exposures vis-à-vis regulatory requirements, and started to analyze the financial health and performance of large borrowers / borrower groups of the banking industry. The enhanced monitoring covers detailed assessment of major borrowing entities or groups, their exposures across entire banking industry to proactively address systemic risks that may arise due to defaults by large borrowers or weakening in their financial health.

3.2.3 SBP Systemic Risk Survey

Systemic Risk Survey (SRS) is a useful tool employed by central banks around the world, which helps in assessing and quantifying the risk perceptions of market stakeholders. In order to strengthen its financial stability regime in pursuance of SBP Vision 2020 and as per international best practices, SBP launched the "SBP Systemic Risk Survey" in January 2018. The survey captures the present and future risk perceptions of the respondents and their level of confidence in the stability of the country's financial system. The respondents of the survey included risk management executives from commercial banks, insurance companies, exchange companies, MFBs, DFIs, financial journalists, members of academia and other experts. The results of the SRS were reported in the FSR 2017. Going forward, the survey will be conducted on a biannual basis and the results will be published in FSR.

3.3 Strengthening Regulatory Framework

3.3.1 Guidelines on Compliance Risk Management

The banking industry in Pakistan has experienced significant changes in market dynamics and regulations over the last decade. These changes include structural changes fostered by SBP leading to a more competitive, service oriented, financially sound and technologically advanced banking industry and its constituent Financial Institutions (FIs). The structural changes have entirely reshaped the scope, complexity, outreach and nature of FI's business activities. Given the increasingly complex nature of banking operations owing to wide spread use of technology, product innovations and competitiveness in the industry, FIs have confronted significant risk management and corporate governance challenges, particularly with respect to 'compliance risks' that transcend business lines, legal entities and jurisdictions of operations. To address these gaps and to further align the local banking practices with international standards, SBP developed guidelines on 'Compliance Risk

Management' to provide banking industry a uniform and systematic approach for identification, assessment and management of compliance risk. The guidelines aim to promote enabling 'compliance culture' in banks and strengthen the effectiveness of compliance function by adopting structured and risk focused approach. Keeping in view size, nature and scope of business and complexities of operations, the banks/DFIs/MFBs were advised to bring their compliance functions, policies and procedures in line with requirement of guidelines by June 30, 2018.

3.3.2 Branchless Banking Regulations for Promotion of Home Remittances

SBP with the objective of facilitating swift and cost effective inflows of home remittances through Branchless Banking (BB) channels introduced a new category of Home Remittance Accounts (HRAs) under the ambit of BB Regulations. Towards this end, a BB framework for HRAs containing the objective, applicability, eligibility, due diligence requirements, incentive mechanism and consumer protection was circulated to banks/ MFBs. The BB providers are in the process of upgrading their systems, controls and procedures to incorporate the requirements laid down for the BB HRAs.

3.3.3 Asaan Remittance Account

SBP has been actively pursuing the goal of financial inclusion by expanding the outreach of banking services to all segments of society specially to the unbanked and under banked population of Pakistan. The strategy is helping in increased documentation of economy, creating saving habits amongst masses, and generating opportunities to access credit and insurance facilities through formal financial sector. In December 2017, with the view to promote use of bank accounts by home remittance recipients (beneficiaries), SBP advised banks to open 'Asaan Remittance Account' of prospective beneficiaries of home remittances on the pattern of Asaan Account introduced by SBP on June 22, 2015. This will facilitate opening of bank accounts by low risk customers to receive home remittances through proper accounts instead of resorting to traditional cash over the counter transactions.

3.3.4 Regulatory Retail Portfolio Limit under Basel Framework

SBP in its endeavor to support the growth of credit to retail sector and small & medium enterprises (SMEs) has enhanced the regulatory retail portfolio limit under Basel Capital Framework from Rs 75 million to Rs 125 million. This regulatory measure will enable the banks to consider relatively high value (up to Rs 125 million) credit exposure under the retail category, which attracts concessionary risk weight of 75 percent in contrast to otherwise applicable risk weight of 100 percent. This strategy will provide more room for banks to enhance lending to SME sector. Further, the overall Capital Adequacy Ratio of the banking industry stood at 15.95 percent at end June 2018 against the requirement of 11.28 percent.

3.3.5 Initiatives on Anti Money Laundering/ Combating Financing of Terrorism Regime

SBP has been actively pursuing measures to prevent banking channels from being used for money laundering and terrorist financing. Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Regulations have been aligned with Financial Action Task Force (FATF) recommendations and covers all essential aspects of preventive and control mechanism as per the risks involved. Further, the Pakistan's National Risk Assessment (NRA) was undertaken in collaboration with all government stakeholders to identify and understand ML and Terrorist Financing risks in the country and follow a risk based approach to mitigate the same. Based on the findings of NRA, revised regulatory instructions have been issued.

Asia Pacific Group on Money Laundering (APG) carried out two Mutual Evaluations (MEs) of Pakistan in 2005 and 2009, respectively. SBP in close coordination with Financial Monitoring Unit (the focal body for ME process) has taken several measures including Technical Compliance

Assessment with FATF recommendations and preparation of effective response on FATF's broader outcomes. Other initiatives included formation of working group in SBP consisting of relevant supervisory departments, specialized inspection by BIDs to assess effectiveness of implementation of FATF Recommendations in banking industry, comprehensive exercise for screening of all customer portfolios by banks and holding various capacity building and awareness programs by SBP for its supervisory departments and banking industry.

SBP continued its cooperation with the Government of Pakistan for effective implementation of the National Action Plan and took measures to freeze bank accounts of individuals listed on the fourth schedule of the Anti-Terrorism Act as well as UNSC Resolutions. Similarly, SBP enforced sanctions by freezing accounts of proscribed entities under applicable laws and national policy.

3.3.6 Liberalization of Branch Licensing Policy

In order to enhance financial outreach and provision of banking services to general public, SBP under its liberalized Branch Licensing Policy, granted 1043 new branch licenses during 2017-18 (858 branches of commercial banks and 185 branches of microfinance banks). Total number of branches in the country has reached 16,066. Further, SBP granted license to Bank of China to carry out banking business in Pakistan. The bank has commenced its business on September 18, 2017 from Karachi. The bank remitted USD 50 million from China as foreign direct investment to meet regulatory capital requirement.

3.3.7 Penalty Scale for Foreign Exchange Operations Banks

Foreign Exchange policies and its operations in Pakistan are regulated under Foreign Exchange Regulations Act, 1947 (FERA). In 2016, FERA was amended to include, amongst others, Section 23K wherein SBP has been empowered to directly impose monetary penalty on its regulated institutions on violations of relevant foreign exchange regulations. To give effect to this amendment, Off-site Supervision Enforcement Department embarked upon developing a risk based penalty scale under relevant provisions of FERA. The project involved detailed review of all applicable regulatory instructions, assignment of risk rating to each instruction and determining the amount of penalty based on assigned risk. The project has been completed before stipulated timeframe and is being implemented. This project would help to bring much needed discipline with respect to compliance of foreign exchange regulations and strengthen the supervisory regime.

3.4 Supervisory Initiatives

Banking Inspection Department I and II (BIDs) took various initiatives to ensure continued improvement in the onsite inspection processes for effective supervision of banking sector. During FY18, following development projects were undertaken, which would contribute towards achievement of objectives under SBP Vision 2020:

- **Information Systems' Inspection Framework (ISIF):** Banking Inspection Departments carry out inspection of banks' Information Systems (IS) and Technology infrastructure. The banking landscape has witnessed significant technological developments. Advancements in information and communication technology are allowing financial institutions greater accessibility, mobility, convenience, efficiency and productivity. The newly developed IS framework shall enable supervisors to better understand the introduction and extensive use of technology related platforms for delivery of banking services and facilitate effective supervisory oversight to ensure sound, stable and resilient financial system. Similarly, it will enable supervisors to identify, assess, report, and mitigate existing and emerging risks and supervisory concerns related to information technology platforms, systems and technology based products. ISIF has also been streamlined with BPRD Circular 'Framework of Enterprise Technology Governance and Risk Management' (BPRD Circular No. 05 dated May 30, 2017).

- **Inspection Management System Enhancement – Fitness & Propriety Observations:** Development of Inspection Management System (IMS) was initiated in year 2014-15 for in-house development with the help of Information Systems Department. During FY18, an additional module was proposed for centralized record keeping related to inspection findings regarding fitness and propriety of directors, key executives and senior management of Banks, DFIs and MFBs. The module aims to extend the broader objectives of knowledge sharing and efficiency in handling matters related to FPT. This module is currently at developmental stage and is expected to be live by December 2018.

- **Inspection Processes for Branchless Banking Activities of Banks / MFBs:** In view of the increasing reliance upon ADCs, BID-I undertook a project to develop 'Inspection Processes for Branchless Banking Activities'. The methodology is developed in line with the risk based supervisory philosophy and includes identification of inherent risk factors, evaluation of corresponding controls and assessment of residual risks in order to arrive at risk ratings. The framework will enable the inspection teams to identify consolidated as well as component wise risks and determine effectiveness of respective controls in branchless banking segment.

3.4.1 On-site Inspections

The on-site inspections of Banks, DFIs, MFBs and exchange companies were conducted as per approved inspection plan FY18. Based on inspection findings, major areas of supervisory concerns and violations of regulatory instructions pertaining to corporate governance, risk management, internal audit and compliance, AML/CFT, IT risk, service quality, etc. were taken up with the banks' BoDs and senior management for corrective actions. In addition, statutory reports on written-off loans and advances were prepared as per the requirement of section 25AA of BCO 1962. Further, inspection of selected overseas branches of locally incorporated Pakistani banks was also conducted to assess their soundness.

3.4.2 Thematic Inspections

Thematic inspection is a supervisory tool which focuses on evaluation of risks and controls in practices and products across the industry. The cross-institutional approach creates a benchmark for further policy improvements, corrective actions across industry and guidance to the industry. It also supports SBP's efforts of transitioning towards enhanced Risk Based Supervision approach. During FY18, following thematic inspections were carried out by BIDs:

- **Banks' Compliance with FATF Recommendations:** The objective was to assess the banking sector's level of compliance and preparedness about implementation of regulatory instructions of SBP and FATF recommendations in order to manage ML/FT risks.

- **Trade Based Money Laundering Risk:** The objective was to assess banks' governance framework and its effectiveness to identify and control trade specific money laundering risk.

- **Government Accounts (Opening, Operations and Reconciliation Process):** The purpose was to assess the banking sector's management of operational risk and level of compliance in terms of existing laws, rules, regulations and standard operating procedures of SBP/ Banks, while opening and dealing with government (public sector) accounts.

- **Foreign Direct Investments (FDIs):** The objective was to ensure compliance with relevant laws and regulations related to FDI inflows and outflows and assess ML risk arising from accounts of entities having FDIs.

3.4.3 Special Inspections

BIDs are responsible for conducting special inspections on issues/ complaints received from internal or external stakeholders. During FY18, various requests, internal memos and complaints were received from different departments and law enforcement agencies related to ML/ CFT and frauds. The major special inspections included:

- Cash credit transactions in foreign currency accounts of non-filers
- Fraud in procurement of wheat
- Inflow and outflow of funds from foreign currency accounts
- Special surprise inspections of 13 exchange companies to highlight various ML risks

For the purpose of APG review, BIDs in coordination with other departments, also finalized the questionnaires for assessment of exchange companies (including B category companies) regarding implementation of legal and regulatory requirements and practices to manage ML/ CFT issue.

3.4.4 Capacity Building of Staff

Officers are nominated for domestic and foreign training courses to improve their skills set and knowledge of recent financial developments to augment on the job productivity. Moreover, various in-house capacity-building sessions were conducted for BIDs officials. During FY18, trainings were arranged in different areas including Stress Testing, Risk Based Supervision, Foreign Trade, Financial Analysis, Banking Supervision, Risk Management, AML/ CFT, Islamic Banking, Teamwork, Communication Skills, Corporate Governance, Prevention of Frauds in Commercial Banks, Microfinance, Financial Inclusion, etc. The officials also participated as resource persons/ facilitators in various trainings organized by NIBAF and thus contributed in overall capacity enhancement of the organization particularly Banking Supervision Group.

3.4.5 Roadmap 2025 for the Banking Industry

The purpose of the project was to envisage a structure of banking industry of Pakistan by 2025 in the wake of changing market dynamics and technological advancements and to recommend course of actions. A steering committee of senior executives of SBP was constituted to guide the project team in envisaging the Roadmap 2025 for banking industry. The team conducted analysis of banking sector and reviewed international best practices. Similarly, existing SBP Vision 2020 was reviewed and a banking survey was conducted to obtain industry input. Panel discussions with former Governors of SBP, senior bankers and market professionals were arranged to prepare a report on "Roadmap 2025 for the Banking Industry" with a proposed action plan for a more stable and efficient banking industry.

The implementation of Roadmap 2025 is expected to achieve a) Depth and resilience in Banking Sector, b) Enhanced financial access, coverage and financial literacy, c) Reduction in cash based transactions (documentation of economy), d) Broader range of financial products and services, e) Protection of customers' data/ information, e) Shariah compliant financial products & services and g) Compliance of international standards.

3.5 Enhancements in SBP's Conduct Regulation and Supervision Regime

Fair Treatment of Customers (FTC) being a crucial prerequisite for inclusive and sustainable financial growth is amongst important regulatory objectives of SBP. Accordingly, enhancing SBP's conduct supervision framework and strengthening FTC regime are key tactical objectives under SBP Vision 2020. Some of the most eminent conduct milestones achieved by SBP in FY18 are as under:

- **Prohibited Conduct:** Consumer confidence is fundamental to stability of banking sector. Issues like banks' irresponsible conduct or misconduct of banks destabilizes the industry as the same compromises FTC regime. Given the potentially large costs and possible consequences for financial stability, SBP has issued guidelines on 'Prohibited Banking Conduct'.

- **Consumer Awareness and Empowerment:** Adequate financial literacy is one of the integral components of FTC regime as it promotes responsible conduct of the consumers and helps them take informed financial decisions. In 2017, SBP issued a booklet on "Know Your Rights and Responsibilities as a Bank's Consumer" and a brochure on "Protecting Your Payment Cards", with instructions to all banks and MFBs to make booklet and brochure available to general public in English and Urdu languages. The brochure and booklet are available in bank branches across Pakistan as well as on their websites.

- **Establishment of Dedicated Helpline for Consumers:** A dedicated help line has been established at SBP to provide guidance and assistance to banking consumers, specially for lodging complaints against banks, DFIs and MFBs. The help line operates as per working hours of SBP on all working days. The banks have been advised to display the helpline having Universal Access Number 0092-21-111-727-273 in their branches for convenience of consumers.

- **Call Center Management at Banks:** Call Center is considered as the most approachable channel for consumers when it comes to assistance and lodging of grievances. In view of digital transformation, the functional importance and allied conduct risks of call centers, SBP undertook a diagnostic review of "Call Center Management at banks". Based on the thematic review, detailed guidelines on Call Center management, eliciting related bare minimums, have been issued for banks and MFBs.

- **Seminar on Responsible Banking Conduct:** Responsible Banking Conduct cannot be achieved alone by regulations and enforcement actions. It is equally important to inculcate conduct acumen and right culture in the banks for responsible banking conduct through sensitization and high-level engagement. Accordingly, in order to engage the top management of the banks on FTC, SBP conducted a Seminar on 'Responsible Banking Conduct – a cultural transformation' on May 3, 2018. The event was conducted to emphasize the role of responsible culture within banks towards sustainable growth of the industry.

- **Enhanced Conduct Supervision:** In order to strengthen the FTC regime, SBP adopted effective conduct monitoring tools to collect market data, highlight malpractices, analyze root causes and recommend corrective actions. Accordingly, SBP conducted off-site thematic examination on "Marketing Disclosures for Individual Lending Products". The objective of the said exercise was to gauge the current disclosure practices on pricing of consumer lending products, identify gaps and propose recommendations. Similarly, an off-site thematic examination on "Consumer Empowerment Initiatives at banks" was conducted to analyze existing financial literacy initiatives being undertaken by banks. The review along with recommendations has been shared with the relevant internal stakeholders.

3.6 International Cooperation in Banking Supervision

3.6.1 Contribution of the Ease of Doing Business Index of World Bank Group

SBP contributed in 'Getting Credit' portion of Ease of Doing Business survey for 2019. SBP held meetings/ discussions with commercial banks, accounting firms, SECP, Central Depository Company, ICAP and a law firm to seek their opinion on the questionnaire and persuaded them to become contributors to the survey. The purpose of this exercise was to provide adequate responses to the World Bank Group. Consequently, SBP officials and other contributors submitted the 'Getting Credit' part of the Doing Business survey to World Bank Group.

3.6.2 FSB Regional Consultative Group for Asia

SBP is a member of Financial Stability Board (FSB) - Regional Consultative Group of Asia (RCG Asia) since its inception in 2011. The purpose of the RCGs is to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems, policy initiatives under consideration and plans to promote financial stability and their implementation. During FY18, two RCG Asia meetings were held and SBPs' senior management attended the same. The meetings addressed areas including cross-border recovery and resolution, regulatory treatment of sovereign exposures, FinTech and RegTech, misconduct risk, and macro-prudential policy, amongst others.

3.6.3 Correspondent Banking Coordination Group

The FSB established Correspondent Banking Coordination Group (CBCG) to assess and address the decline in correspondent banking in the light of the four-point action plan outlined in a FSB Report (on correspondent banking) to the G20. The FSB also created four Work Streams (WSs) of technical experts to coordinate the work pertaining to the action plan at a more detailed level: (i) Data collection and analysis (WS-1), (ii) Clarifying regulatory expectations (WS-2), (iii) Domestic capacity building in jurisdictions that are home to affected respondent banks (WS-3) and (iv) Strengthening tools for due diligence by correspondent banks (WS-4). The Deputy Governor (Banking & FMRM) represents SBP on the CBCG, while SBP is also represented on WS-2 and WS-4. In 2017, the CBCG formed the Remittance Task Force to coordinate work on identifying and addressing issues relating to remittance providers' access to banking services. SBP is an active member of the task force.