



# Payment Systems Review

16<sup>th</sup> SPC Meeting

3<sup>rd</sup> March 2015

Lahore, Pakistan



# Payment Systems

- **Vision Statement**

Efficient, Safe and Secure Payment and Settlement Systems Infrastructure in Pakistan.

- **Mission Statement**

Aligning payment & settlement systems Infrastructure and oversight with international best practices, efficient policies and guidelines with sustainable growth of payment systems infrastructure.



# Overview of Payment Systems

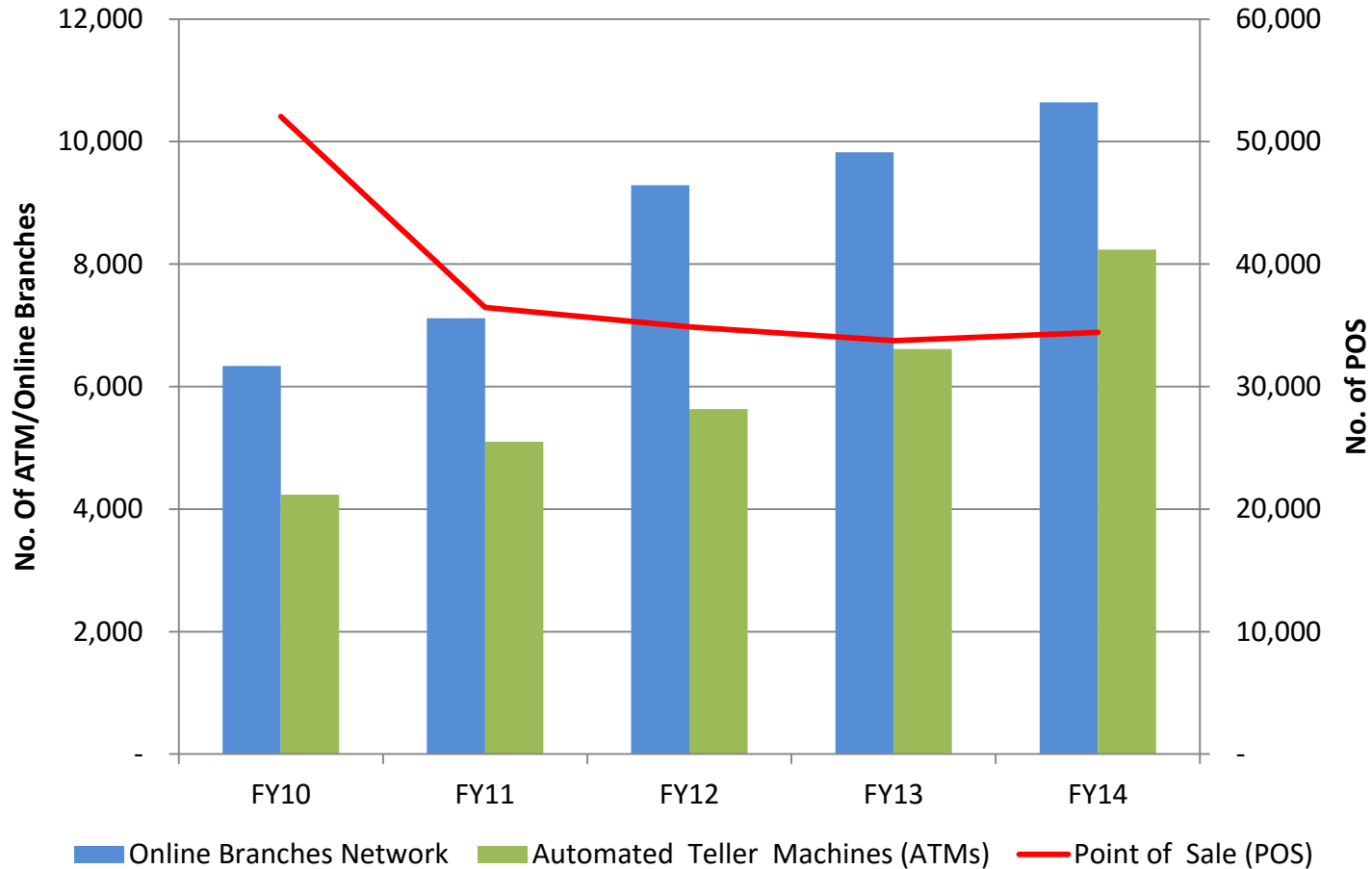


Following are major institutions and systems that are playing a key role in country's Payment and Settlement Systems

- Pakistan Real-time Interbank Settlement Mechanism (PRISM),
- National Institutional Facilitation Technologies (Pvt.) Ltd. (NIFT),
- 1LINK and MNet (ATM Switches)
- Central Depository Company (CDC)
- National Clearing Company of Pakistan (NCCPL)

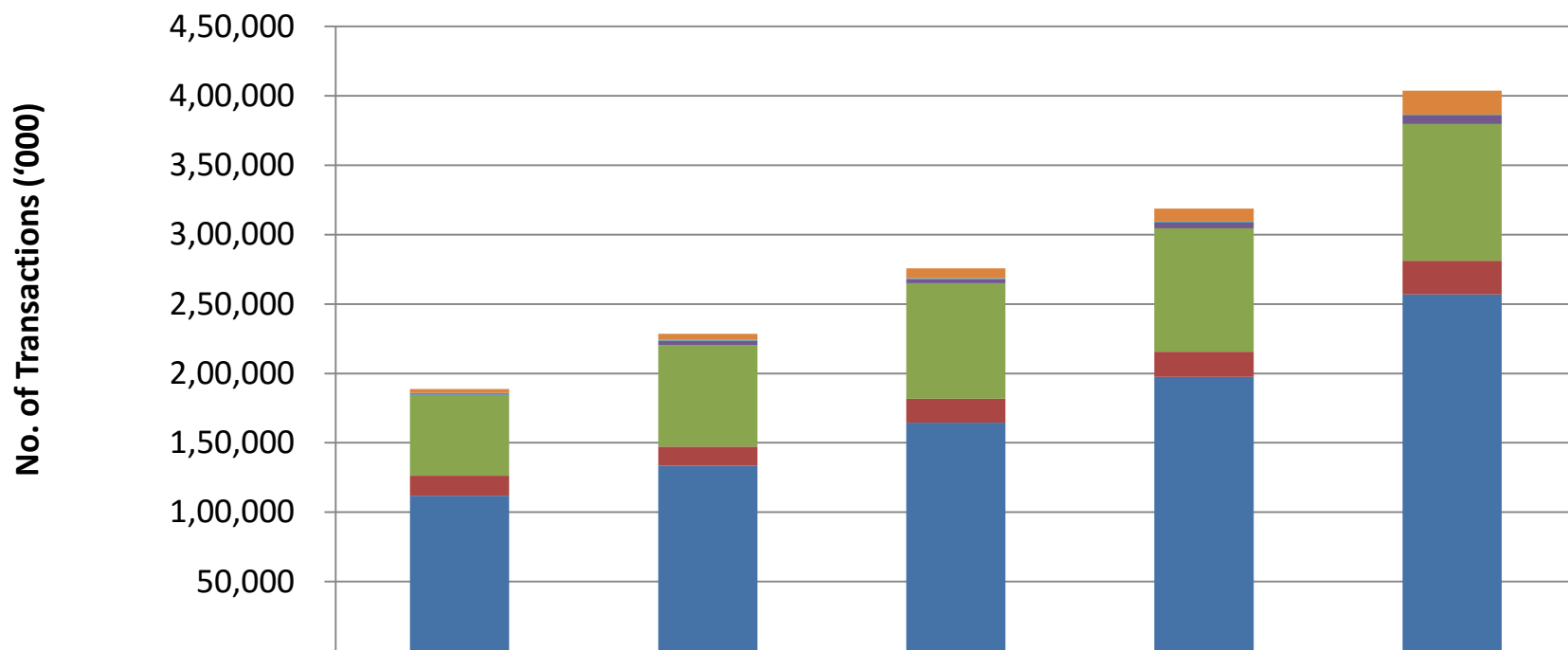


# E-Banking Infrastructure





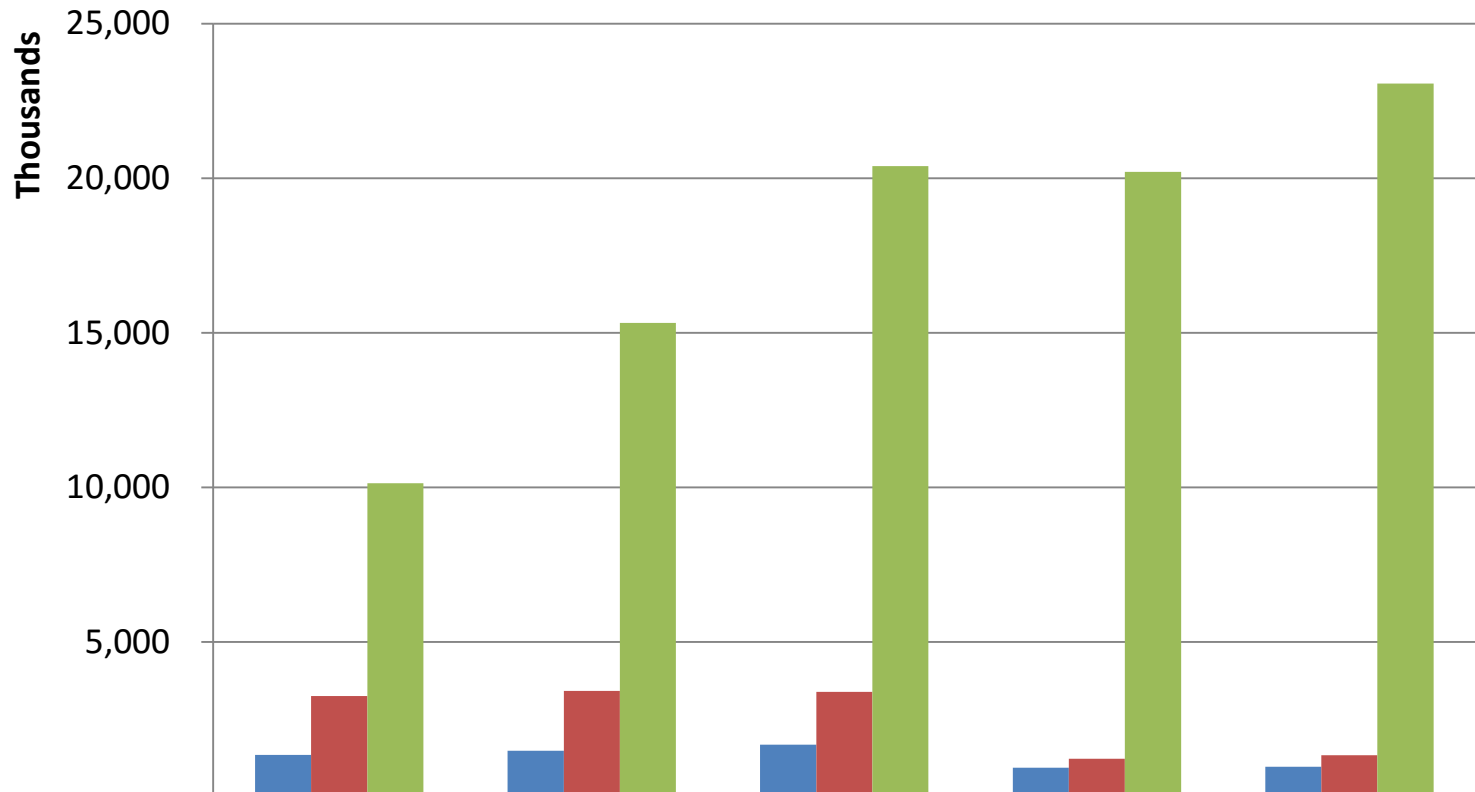
# E-Banking Transactions



	FY10	FY11	FY12	FY13	FY14
Internet	2,951	4,421	6,929	9,555	17,231
Call Centre & IVR	917	738	664	639	666
Mobile	589	3,223	3,121	4,150	6,164
Real Time Online Banking	57,979	72,836	83,070	88,812	98,491
Points of Sale	14,495	13,788	17,365	18,223	24,224
ATM	1,11,861	1,33,540	1,64,508	1,97,396	2,56,977



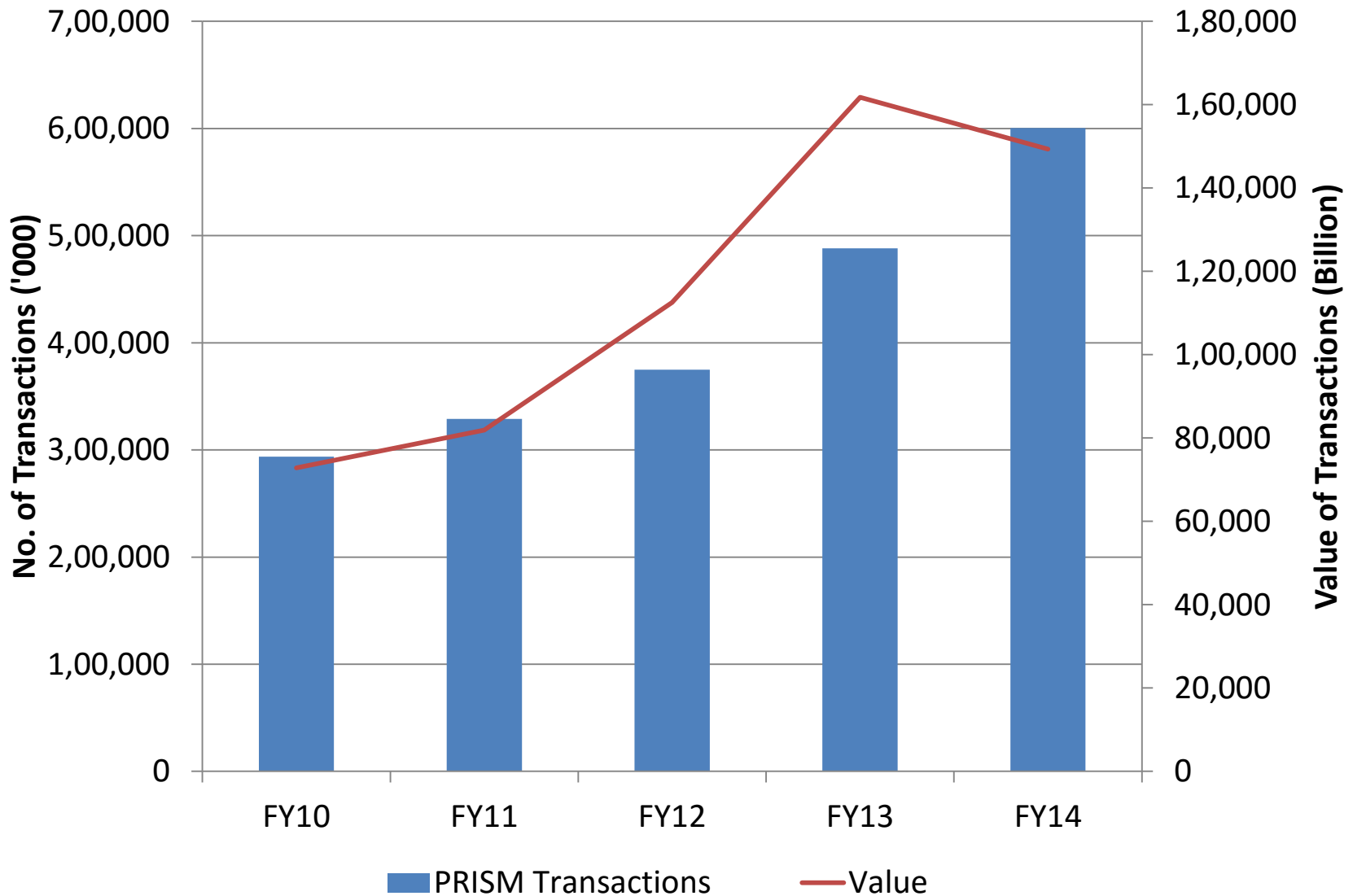
# Plastic Cards Composition



	FY10	FY11	FY12	FY13	FY14
ATM Only Cards	13,46,660	14,84,005	16,73,132	9,32,971	9,57,807
Credit Cards	32,47,768	34,15,275	33,86,516	12,23,271	13,33,827
Debit Cards	1,01,30,707	1,53,14,368	2,03,88,915	2,02,02,558	2,30,61,171



# PRISM Transactions





# Recent Developments



- **Regulations for the Payment Service Providers and Payment Systems Operators:**
  - Regulation for the Payment Systems Operators and Service Providers were issued by the State Bank of Pakistan in October, 2014
  - Remove entry barriers for companies interested to establish Payment Gateways, Electronic Clearing Houses, ATM Switches and Payment Schemes.
  - These regulations therefore besides increasing the competition in the existing market place, would also help in building a robust, efficient, secure and ubiquitous payment systems infrastructure.





# Recent Developments



- **Regulations for the security of the Internet Banking**
  - Security of internet banking has become a major concern for the regulatory authorities
  - SBP is working in consultation with the Pakistan Banking Association for the development of regulations for the security of Internet Banking.
  - Require financial institutions in Pakistan to implement a formal Internet Banking Security framework containing administrative, technical and physical safeguards.
  - Major components of these guidelines in line with best international practices are Security Risk Assessments. Security Controls Implementation and Security Controls Monitoring.



# Recent Developments



- **Prepaid Card Regulations:**
  - SBP is working on the Prepaid Card regulations in consultation with the Pakistan Banking Association.
  - These regulations will help in the development of prepaid card market in Pakistan by enabling banks to distribute cards through the Authorized Seller thus tapping the huge network of large retailers and distribution companies.



# Existing Projects

- **Inclusion of IBAN in overseas Remittance Messages**
  - Reduce transcription Error
  - Increases Standardization
  - Banks have been given a deadline of 30<sup>th</sup> June 2015 to implement it
- **Standardization of Layout and Security Features of PO & DD**
  - After Standardization of Layout and Security Feature of Cheque, SBP is working on guidelines for Pay Order and Demand draft



# Existing Projects

- **Cards Security Regulations**

- SBP is in process of developing guidelines on card security regulation
- These guidelines would help in reducing frauds and it would increase customer confidence on the use of plastic cards more frequently
- SBP encourages banks to adopt global security standards such as PCIDSS, EMV and PADSS



# Existing Projects



- **Oversight framework**

- Oversight of payment and settlement system is governed by the SBP Act, 1956, and PSEFT Act, 2007.
- In order to ensure the promotion, regulation, monitoring and supervision of payment systems to reinforce in their performance, an oversight framework will be developed



# Existing Projects



- **Straight Through Processing (STP)**
  - SBP encourages banks to implement STP integration of core banking with RTGS and PRISM.