

**Government of Pakistan**  
**Ministry of Information Technology**  
**(IT & Telecom Division)**

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No. 8-8/2006-Dir (W)

Islamabad, 20<sup>th</sup> May, 2008

Subject: **Policy Directive to Support Technical Implementation of Mobile Banking including Mobile Money Transfers and Remittances**

Penetration of banking and financial services outreach in Pakistan has improved gradually. However, it can still be termed as low for demographic difficulties and per capita income levels. The banks are still in the mindset that it is not cost effective to establish branch infrastructure in far flung and low income areas. Government has set itself the agenda for improvement of access to financial services through alternative mechanisms. Recent widespread proliferation of wireless communications has opened new avenues of possibility for bringing the unbanked communities into banking net through mobile banking (m-banking). The m-banking access through wireless enabled phones and infrastructure can enable benefits of a diverse range of financial services like cash-in, cash-out, micro-payments, utility bill payments etc which can easily be accessed at any time without the need of visiting bank branches. Several models of m-banking have been successfully implemented around the world. It has been an active area of study by the MoIT-SBP joint Committee which was setup for working out suitable models for Pakistan.

2. In today's environment where telecom has reached nooks and corners of the country a simplified approach to provide access to financial services has become possible. This can be achieved by having a simplified financial and telecom sector regulations model to harness full potential of such services for rural populace. In pursuance of the work of the Joint Committee State bank of Pakistan has issued "Branchless Banking Regulations" based on "Bank-led model" for financial institutions for operation of m-banking using wireless/cellular technology options. A relevant telecom sector policy framework to compliment the SBP regulations is being defined through subject policy directive being detailed below.

3. Now keeping above background in view and;

**Noting**

- i). *the important role and strengths of wireless telecom networks in completion of different kinds of permissible financial transactions; and*
- ii). *that at a future point of time "Non bank/telecom operator led" model framework may also be acceptable to SBP and it may allow operators and other license holders with valid licenses to take on the banking part of the m-banking activity on their own under SBP financial regulations.*

**Considering**

- i). *The criticality attached to smooth completion of financial transaction for the success of m-banking services.*
- ii). *that the Financial Institutions (FIs) involved in m-banking services will carry responsibility of fraud protection and other associated risk. FIs will be highly dependent on reliable relay of user transactions over the networks of wireless/cellular mobile operators.*

