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**MEMO ON THE MEASURES TAKEN BY THE STATE  
BANK OF PAKISTAN IN LIGHT OF COVID – 19**

Updated up to 26.03.20

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**BANKING POLICY AND REGULATIONS  
DEPARTMENT**

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# BANKING POLICY AND REGULATIONS DEPARTMENT

## BPRD Circular Letter No. 08 of 2020

Dated 23.03.20

The State Bank of Pakistan (“**SBP**”) provided clarification to banks, DFIs and MFBs in order to ensure the provision of essential banking services for the duration of time that normal banking services are affected by the Novel Coronavirus (“**COVID – 19**”). The following suggestions were made:

1. **Banks to Remain Open with Minimum Staff** – Effective from 24.03.2020 and until further direction by the SBP, all bank branches/work places to remain open from Monday to Friday between 10:00 am and 4:30 pm with the bare minimum of staff on site.
2. **Temporary Closure or Relocation** – In case any case of COVID – 19 is found at any bank branch or work place, the same may be temporarily closed or relocated as directed by the SBP.
3. **Uninterrupted Facilities to Customers** – All banks must ensure the availability of ATM services as well as other digital and alternate delivery channels.
4. **Ensure Cyber Security** – Banks must ensure that all risks associated with the aforementioned channels are limited.
5. **Availability of Call Centres/ RTGs** – All banks must ensure that all Real Time Gross Settlement Systems (“**RTGs**”) and call centres remain functional.
6. **Trade Hubs to Remain Functional with Minimum Staff** – The trade hubs of all banks in all major cities are to remain functional with the bare minimum of staff on site.
7. **On-site Staff to Carry Identification** –
  - i. Critical staff must have their original CNIC & Service cards on their person at all times.
  - ii. In case neither is available, a letter certifying their employment with the bank may be issued by the bank.
  - iii. The same applies for critical staff of companies that provide cash collection and delivery services.
8. **Guidelines to be Implemented** – All guidelines issued by the World Health Organization (“**WHO**”), the Government of Pakistan and the Provincial Governments are to be implemented strictly.

# BANKING POLICY AND REGULATIONS DEPARTMENT

## BPRD Circular Letter No. 09 of 2020

Dated 26.03.20

As per NADRA, the validity of all National Identity Cards expiring after 01.09.19 has been extended. The same shall be valid until July 01, 2020

In addition, until 30.06.20, in order meet all applicable Anti-Money Laundering / Counter Financing of Terrorism (“AML/CFT”) standards whilst limiting the spread of COVID-19, banks/ DFIs must take the following measures:

1. **Measures to Avoid Identity Theft** – In order to avoid risks of identity theft, the banks shall:
  - a. Utilize NADRA Verisys instead of Biometric Verification (“BMV”);
  - b. Acquire a signed undertaking from the customer which acknowledges the following:
    - (i) That customer was physically present at the time of account opening. (The same must be counter signed by relevant branch officer).
    - (ii) That the customer will comply with BMV requirements within sixty (60) days from the date of expiry of this Circular Letter
  - c. Retain the acknowledgement on record;
  - d. Inform customers that the relationship may be terminated in case of non-compliance with the BMV requirement, as per Paragraph 19 of the AML/CFT Regulations;
  - e. Maintain a separate, system based, list of these relationships at Head Office level, under a special categorization to facilitate ongoing monitoring; and
  - f. Monitor account closure requests if the closure request is initiated within a short period of account opening or before regularization of account through BMV.
2. **Extension of Relaxations** – Relaxations under paragraph 1 above may be extended to relationships established under Note-4, Annexure-I of the AML/ CFT Regulations.
3. **AML/CFT** – All other instructions on AML/CFT shall remain the same.
4. **Alternative Account Opening Forms** – All banks must introduce electronic or alternative account opening forms at the earliest, in order to reduce the possible transmission of COVID-19 through paper-based account opening.
5. **Electronic Collection of Information** – All banks are encouraged to electronically acquire and retain information required under AML/ CFT Regulations for Banks/ DFIs.

# BANKING POLICY AND REGULATIONS DEPARTMENT

## BPRD Circular Letter No. 10 of 2020

Dated 26.03.20

In order to minimize the risk of COVID-19 spreading through BMVs and physical interactions at agent locations, the Authorized Financial Institutions (“AFIs”) are advised to take the following measures with immediate effect:-

1. **Extension on BMV Requirements** – Biometric Verification requirement on legacy Branchless Banking Level “1” accounts is extended till September 30, 2020.
2. **Branchless Banking Deposit and Withdrawal** –
  - a. Up until 30.09.20, branchless banking customers with level “0” accounts can withdraw or deposit cash amounts of up to Rupees Twenty-Five Thousand (Rs. 25,000/-) per month without BMV.
  - b. Two-factor authentication is mandatory for cash-out transactions.
3. **Daily Transaction Limits** – Until 20.09.20, daily transaction limits on level “0” Branchless Banking accounts are no longer applicable on payments to trusted merchants (such as schools, hospitals, utility companies etc.)
4. **BMV Through Mobile Applications** – AFIs may introduce BMV through their mobile application for onboarding new customers under Branchless Banking Level “1” accounts after complying with NADRA Security Standards.
5. **Two Factor Authentication** – Two factor authentication shall be mandatory on all fund transfers and merchant payments through Branchless Banking accounts.
6. **No Charges on Funds Transfers** – As per PSD Circular No. 02 of 2020 dated March 18, 2020, AFIs shall not charge their customers on Inter and Intra Bank fund transfers from their Branchless Banking Wallet
7. **Safety Measures** – AFIs must adopt the following measures in order to ensure safety and hygiene during the provision of Branchless Banking services:
  - a. That their agents wear masks during the provision of Branchless Banking services;
  - b. That liquid soap and sanitizers are made available at all Biometric Touch Points; and
  - c. That all beneficiaries are educated to wash their hands with soap and water or apply sanitizer during the provision of Branchless Banking Services.
8. **Digital Channels** – AFIs may onboard Branchless Banking agents through digital channels including portals or Apps subject to the following terms and conditions:

## **BANKING POLICY AND REGULATIONS DEPARTMENT**

- a. The agents shall be on-boarded based on full-fledged KYC and all back-end verifications including Verisys;
  - b. Until 30.09.20, AFIs shall maintain databases of these accounts;
  - c. Until 30.09.20, AFIs shall conduct BMV and Business Location visits of the agents through their authorized representatives;
  - d. In case of non-compliance, the operations in these agents' accounts shall be terminated;
  - e. After 30.09.20, agents must mandatorily comply with the BMV and Business Location visits prior to opening these accounts; and
  - f. The transaction limit of these Branchless Banking agents shall be Rupees Five Hundred Thousand (Rs. 500,000/-) per month prior to BMV and Business Location visits.
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# **BANKING POLICY AND REGULATIONS DEPARTMENT**

## **BPRD Circular Letter No. 11 of 2020**

Dated 26.03.20

In accordance with the BPRD's Circular Letter No.01 of 2020 dated 06.01.20, and in order to minimize the spread of COVID-19 whilst promoting digital payments, the following measures have been taken:

1. Until 30.09.20, the transaction limit for non-biometrically verified merchant accounts has been increased from Rupees Fifty Thousand (Rs. 50,000/-) per month to Rupees Five-Hundred Thousand (Rs. 500,000/-) per month till September 30, 2020.
2. Until 30.09.20, the maximum account balance of such merchant accounts has been increased to Rupees Five Hundred Thousand (Rs. 500,000/-) per month.
3. Banks/ MFBs shall maintain a list of these merchants and shall conduct Biometric Verification till 30.09.20.
4. After 30.09.20, in case of non-compliance by the merchants with the BMV requirement , the transaction limit and maximum account balance will be reduced to Rupees Fifty Thousand (Rs. 50,000/-) per month.
4. All other instructions on the subject regulations shall remain the same.

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## **BPRD Circular Letter No. 12 of 2020**

Dated 26.03.20

In light of the financial implications of COVID-19, banks/ DFIs are expected to continue providing financing/credit facilities to their customers who are experiencing temporary financial constraints. Therefore, the following Basel Capital Adequacy measures are being implemented with immediate effect:

1. The Capital Conservation Buffer (“CCB”) as prescribed vide BPRD Circular No. 6 of 15.06.13, has been reduced temporarily from its existing level of two-point-five percent (2.5%) to one-point-five (1.5%) until further instructions.
2. The existing regulatory retail portfolio limit of Rupees One Hundred and Twenty-Five (125) million as prescribed vide BPRD Circular No. 8 of 22.05.17 has been enhanced to Rupees One Hundred and Eighty (180) million.
3. All other instructions on the subject shall remain unchanged.

# BANKING POLICY AND REGULATIONS DEPARTMENT

## BPRD Circular Letter No. 13 of 2020

Dated 26.03.20

Reference is made to BPRD Circular No. 06 of 2014 and BPRD Circular No. 13 of 2016, whereby revised Prudential Regulations for Corporate / Commercial Banking (“PRs”) and subsequent amendments in Regulation R-8 of the PRs were issued.

In order to dampen the adverse effects of COVID-19 and to enable the banks/DFIs continue fulfilling their role in funding the real economy, the following has been decided:

**A. Paragraph 3 (b) of Regulation R-4: Margin Requirements [Exposure against Shares of Listed Companies] –**

1. The margin requirements for exposure against shares of listed companies have been relaxed from thirty (30) percent to twenty (20) percent.
2. The margin calls for exposure against shares of listed companies have been relaxed from thirty (30) percent to ten (10) percent.
3. The Banks/DFIs shall, therefore, trigger the margin call if the margin falls below ten (10) percent.
4. The Banks/DFIs shall to restore the margin to twenty (20) percent within a reasonable period (not exceeding thirty (30) days).
5. The treatment specified in Paragraph A herein shall be available for a temporary period of six (6) months from 26.03.20.

**B. Para 5(d) of Regulation R-6: Financing against Shares / TFCs / Sukuk –**

1. The Banks/DFIs are permitted to take exposure on any person against the shares issued by its group companies, provided the tenor of the financing facilities do not exceed one (1) year.
2. The treatment specified in Paragraph A above and B herein shall be available for a temporary period of six (6) months from 26.03.20.

**C. Para 1 (a) of Regulation R-8 [Annexure-V] – Loans & Advances –**

1. The criteria for classification of “Trade Bills” have been relaxed by six (6) months.

## **BANKING POLICY AND REGULATIONS DEPARTMENT**

2. The Banks/DFIs shall classify the “Trade Bills” as “Loss” when the payment obligation is not repaid / adjusted within three hundred and sixty five (365) days of the due date.

### **D. Para 3(a) of Regulation R-8 - Rescheduling / Restructuring of Financing Facilities –**

#### **1. Deferred Repayment of Principal Amount –**

- a. If a written request by the obligor is received before 30.06.20, Banks/DFIs shall defer repayment of principal loan amount by one (1) year.
- b. The deferral is subject to the obligor continuing to service the mark-up amount as per agreed terms & conditions.
- c. The banks/DFIs shall convey their decision to the obligor within fifteen (15) working days after the receipt of the written request.
- d. In case banks/DFIs decide to decline the request of the obligor, they will record reasons for this decision in their response to the obligor.
- e. A copy of the Bank/DFI’s response to the obligor shall be submitted to the Director, Offsite Supervision and Enforcement Department (“**OSSED**”), State Bank of Pakistan.
- f. The banks/DFIs shall submit the detail about deferments granted by them to their borrowers to the Director, OSSED, at the end of each week.
- g. The abovementioned deferment will not affect the credit history of the obligor and accordingly will not be reported in the eCIB as restructuring.

#### **2. Rescheduling/Restructuring Financing Facilities –**

- a. Financing facilities of obligors who are unable to service the mark-up amount, or need deferment exceeding one (1) year, may be rescheduled / restructured upon their request.
- b. If the rescheduling / restructuring is done within one hundred and eighty (180) days of the loans being past due, such financing facilities will continue to be treated as regular and reported in the eCIB accordingly.

#### **3. Classification of Financing Facilities –**

## **BANKING POLICY AND REGULATIONS DEPARTMENT**

- a. The Banks/DFIs shall not classify the financing facilities of obligors which have requested for deferment or rescheduling / restructuring, unless the payment obligations are past due by one hundred and eighty (180) days.
- b. If the deferment or the rescheduling / restructuring is not executed successfully within the specified period of one hundred and eighty (180) days past due, such financing facilities will be classified as “Doubtful” as per the prevailing instructions under Paragraphs 1(a) and (b) of Regulation R-8 of the PRs.

### **4. Application and Expiration of Instructions –**

- a. The regulatory instruction with respect to the treatment of accrued mark-up income of regular financing facilities which have been rescheduled / restructured more than once, as prescribed vide BPRD Circular No. 13 of 2016, shall not be applicable on such financing facilities rescheduled / restructured under in Paragraph D (1) and D (2) above.
- b. The aforesaid instructions, except those in paragraph D (1) above, shall stand expired on 31.03.21;
- c. Beyond 31.02.21, prevailing instructions on the subject shall be applicable.

### **E. Para 4 (c) of Regulation R-8: Impairment in Value of Securities –**

1. Banks/DFIs may recognize impairment loss resulting from the valuation of listed equity securities held as “Available for Sale”, in phased manner equally on quarterly basis during calendar year ending on 31.12.20.
2. Early recognition of full impairment loss by Banks / DFIs is encouraged.
3. The treatment specified in Paragraphs C and D above shall not be applicable on non-performing loans as of 31.12.19.

### **F. All Other Instructions – All other instructions on the matter shall remain unchanged.**

# BANKING POLICY AND REGULATIONS DEPARTMENT

## BPRD Circular Letter No. 14 of 2020

Dated 26.03.20

Reference is made to BPRD Circular No. 10 of 2016, whereby revised Prudential Regulations for Consumer Financing were issued.

In order to dampen the adverse effects of COVID-19 and to enable the banks/DFIs continue fulfilling their role in funding the real economy, the following has been decided:

**A. Para 1 of Regulation R-3 - Total financing facilities to be commensurate with the Income –**

- a. The Debt Burden Ratio has been increased temporarily from fifty percent (50%) to sixty percent (60%), in order to enable individuals to avail additional financing facilities for fulfilling their urgent financial needs.
- b. While determining the repayment capacity and credit-worthiness of the borrowers, the Banks / DFIs shall ensure that the total monthly amortization payments of the consumer financing facilities shall not exceed sixty percent (60%) of the net disposable income of the borrower.
- c. The banks/DFIs may allow temporary Excess over Limit (“EOL”) of up to fifteen percent (15%) of the original sanctioned limit.
- d. The EOL, made available to customers upon their request, shall be repayable equally in next twelve (12) monthly bill payments.

**B. Regulation 5 – Rescheduling / Restructuring of Performing / Non-Performing Consumer Financing Facilities –**

**1. Deferred Payment of Principal Amount –**

- a. Upon the request of the borrower, which is received by 30.06.20, the Banks/DFIs shall offer deferral of the principal compartment of installments for one year, unless the customer requests for a shorter period, at no fee or increase in mark-up rate or mark-up on mark-up.
- b. The deferral is subject to that the obligor continuing to service the mark-up amount as per agreed terms & conditions.
- c. The banks/DFIs will convey their decision to the obligor within fifteen (15) working days after the receipt of the written request.

## **BANKING POLICY AND REGULATIONS DEPARTMENT**

- d. In case the banks/DFIs decide to decline the request of the obligor, they must record reasons for this decision in their response to the obligor.
- e. The banks/DFIs shall submit the details about deferments granted by them to their borrowers to the Director, Off-Site Supervision & Enforcement Department (OSSED), State Bank of Pakistan, at the end of each week.

### **2. Rescheduling/Restructuring Financing Facilities –**

- a. The financing facilities of obligors who are unable to service the mark-up amount, or those who need deferment exceeding one (1) year, may be rescheduled / restructured upon their request.
- b. If the rescheduling / restructuring is done within one hundred and eighty (180) days of the loans being past due, such financing facilities will continue to be treated as regular.
- c. The deferment of principal component in installments or rescheduling / restructuring shall not affect the credit history of the borrower and therefore should not be reported in the ECIB / private credit Bureau as restructuring.

### **3. Classification of Financing Facilities –**

- a. The Banks/DFIs shall not classify the financing facilities of obligors who have requested for deferment or rescheduling / restructuring, unless the payment obligations are past due by one hundred and eighty (180) days.
- b. If the deferment or the rescheduling / restructuring is not executed successfully within the specified period of one hundred and eighty (180) days past due, such financing facilities will be classified as per the prevailing instructions of PRs for Consumer Financing.

### **4. Application and Expiration of Instructions –**

- a. Paragraphs 3 (i) to 3(ii) of Regulation R-5 of PRs for Consumer Financing shall not be applicable on the rescheduling / restructuring of the loans executed before 31.03.21.
- b. The aforesaid instructions, except those mentioned in paragraph B (1), shall stand expired on 31.03.21.
- c. Afterward 31.03.21, the prevailing instructions on the subject shall be applicable.

## BANKING POLICY AND REGULATIONS DEPARTMENT

- d. The prevailing instructions shall not be applicable on the non-performing loans as on 31.12.19.
- D. **All Other Instructions** – All other instructions on the matter shall remain unchanged.
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### **BPRD Circular Letter No. 15 of 2020**

Dated 26.03.20

With reference to Paragraph 2 of the BPRD Circular No. 04 (dated 23.10.19), and keeping in view the prevalent COVID-19 situation, it has been decided to extend the timeline of the following tasks related to IFRS 9 implementation:

<b>Sr#</b>	<b>Particulars</b>	<b>Revised Timeline</b>
1.	Preparation of IFRS 9 compatible pro forma Financial Statements for year-ended 2019	31.08.20
2.	Parallel Run of IFRS 9	Period beginning 01.07.20

All other instructions on the subject shall remain unchanged.

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**EXCHANGE POLICY DEPARTMENT**

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# EXCHANGE POLICY DEPARTMENT

## EPD Circular Letter No. 07

Dated 20.03.20

In light of the change in circumstances due to COVID-19, the following provisions of the Foreign Exchange Manual have been amended as follows:

### 1. **Paragraph 6(ii), Chapter 12 - Method and Period of Payment**

- Authorized Dealers (“ADs”) may allow extension in the realization period if they are satisfied with the explanation given for delay in realization.
- Such extension does not extend the period beyond six months from the date of shipment.
- Exceptionally, ADs may allow extension in realization of export proceeds to exporters up to 90 days beyond the expiry of six months from the date of shipment, provided the expiry of six months falls between January 1, 2020 to June 30, 2020 (both dates inclusive).
- The extension shall be provided by the ADs subject to submission of satisfactory explanation by the exporter along with supporting evidence showing delay in realization of export proceeds due to COVID-19.
- ADs not required to submit revised reporting of overdue cases for the month of January and February 2020.

### 2. **Paragraphs 30 (i)(b), 30(i)(c) & 30(ii), Chapter 13 - Advance Remittances**

- In case of advance payment against imports, ADs are required to obtain an undertaking from the importers (V-31).
- Where related shipping documents are not submitted to AD within four months from the date of advance payment, the AD will recover a penalty at the rate of one percent (1%) per month or part thereof on the amount of advance payment from the date of remittance till date of submission of shipping documents.
- Where the due date falls between January 01, 2020 to June 30, 2020 (both days inclusive), ADs may extend the time period for import of goods and submission of shipping documents up to 90 days from the due date of import of goods, under general or special permission.
- This extension is only available where the importer can show that the delay in import of goods was due to COVID-19.

## EXCHANGE POLICY DEPARTMENT

3. **FE Circular No. 8 dated August 15, 2017**

From March, 2020, onwards, the requirement of physical submission of the following documents to SBP - Banking Services Corporation (SBP- BSC) is no longer necessary:

- Original Export Advance Payment Voucher (APV) along with copy of Schedule A-2/O-2.
- Triplicate Copy(s) of E-Form(s) / EFEs certified against export APVs along with copy(s) of related APV(s) showing progressive unutilized balance and invoice.
- Manual E-Forms along with supporting documents.

Moreover, ADs shall maintain complete record/documents of monthly foreign exchange returns as per existing procedure and shall present the same to SBP/SBP-BSC for onsite inspection and offsite monitoring, as and when required.

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### EPD Circular Letter No. 08

Dated 20.03.20

The SBP has developed the Regulatory Approval System (“RAS”) which provides an online platform to ADs to interact with the regulator for submission of cases. The following changes with respect to the same have been made:

1. **No Manual Submission** – From 24.03.2020, the mode of manual submission of cases by ADs, in case of the Foreign Exchange Operations Department (“FEOD”) and the SBP Banking Services Corporation (“SBP-BSC”), has been abolished.
2. **Exchange Policy Department (“EPD”) Automated** –
  - i. From 24.03.20m Ads shall submit all cases pertaining to functions of EPD through RAS in addition to the manual submission of cases through surface mail until further instructions.
  - ii. ADs must mark the case number generated by the RAS on the cover letter while submitting the case through surface mail to the EPD.
3. **Portal** – The ADs can submit cases in relation with the EPD and FEOD online through the following link: < <https://portal.sbp.org.pk/km> >.
4. **Service Desk** – ADs may lodge complaints in relation to business and technical aspect of RAS for EPD and FEOD through the following link: < <https://support.sbp.org.pk/> >.
5. **EPD and FEOD Case Submission** – ADs must abide by the following directions with respect to case submissions relating to EPD and FEOD:

## EXCHANGE POLICY DEPARTMENT

- i. ADs must forward all cases on prescribed forms along with their covering letter and specific recommendations.
  - ii. The cover letter must be signed by two authorized officers of an AD, one of them must be the respective Departmental/Business/Group Head.
  - iii. The cases shall be supported by required documents, which are attested by the authorized officials of the AD.
  - iv. The AD shall affix his/her rubber stamp and signature on the documents.
  - v. ADs must carry out necessary due diligence.
  - vi. AD must satisfy themselves about the bonafides of the applicants, beneficiary and other related parties as required under relevant Anti Money Laundering, Combating Financing of Terrorism and Foreign Exchange laws, rules and regulations.
  - vii. ADs must submit the cases after detailed scrutiny of the underlying transaction(s), allied document(s), and ensure their correctness and genuineness.
  - viii. ADs must provide a brief on the underlying request concluding with specific recommendation on their cover letter while forwarding the cases.
  - ix. ADs must immediately communicate the decision received through RAS to its customers and shall solely be responsible for any financial or legal consequences arising out of delayed communication of decision to the customer.
  - x. ADs shall submit all time sensitive cases such as Government Subsidy Schemes etc. instantly to avoid system congestion and they shall solely be responsible for any financial or legal consequences arising out of delayed submission of cases.
  - xi. ADs must present the same to SBP's/ SBP-BSC's on-site inspection and offsite monitoring teams, as and when required.
6. **Consequences of Non-compliance –**
- i. Cases submitted with incomplete documents or without following the procedure described in User Manual will not be accepted and will be returned to the respective AD.
  - ii. ADs shall solely be responsible for any financial or legal consequences due to delay in this regard.

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**EXTERNAL RELATIONS DEPARTMENT**

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# EXTERNAL RELATIONS DEPARTMENT

## ERD/M&PRD/PR/01/2020-27

Dated 20.03.20

Due to the COVID-19 pandemic Pakistan's exporters are facing declining demand in overseas markets and problems in executing existing orders. To support exporters in these circumstances and facilitate exports, the SBP has announced the following measures (with an understanding that other measure may be introduced as the situation evolves):

1. **Relaxation in Matching Amount** – Performance requirement reduced to one-and-a-half times (x1.5) that will be effective for the current year as well as for FY21.
2. **Extension in Time Period to Meet Performance Requirements** – An extension of six (6) months is granted to exporters required to show performance under the EFS schemes. The same must now be done by the end of December, 2020, not June.
3. **Extension in Time Period to Ship Goods** – Exporters availing the subsidized credit schemes are now required to ship their goods within twelve (12) months of availing credit under EFS, instead of six (6) months.
4. **Relaxation in Conditions for Long Term Financing Facility (“LTFF”)** –
  - i. All exporters borrowing under the LTFF during the period of January 01, 2020 to September 30, 2020 required to have exports worth forty percent (40%) or USD four (4) million of the total sales to become eligible.
  - ii. To avail LTFF for new or BMR projects, the requirement of annual projected exports performance now stands at five (5) years.
5. **Other Relaxations** –
  - i. Banks to enhance the time period for realization of export proceeds to two-hundred-and-seventy (270) days on a case-by-case basis where the delay is related to COVID-19.
  - ii. The time period for import of goods into Pakistan against advance payment extended to two-hundred-and-ten (210) days.

# EXTERNAL RELATIONS DEPARTMENT

## ERD/M&PRD/PR/01/2020-29

Dated 23.03.20

After consultations with the banks, the following decisions have been made by SBP in order to ensure the uninterrupted supply of banking services to clients in the wake of lockdowns and closure of cities by Federal and Provincial Governments due to COVID-19 pandemic:

1. **Public Awareness** – The banks will inform the public using all available means of communications including advertisements in print and social media for promotion of digital banking and cash less payments and funds transfers.
2. **Continuous Availability** – All ATMs and helplines must be operative 24/7 in order to facilitate timely resolution of any complaints.
3. **Disinfection and Quarantine of Cash** –
  - i. All cash being collected from hospitals and clinics is to be cleaned, disinfected, sealed and quarantined, and circulation of such cash in the market is to be blocked.
  - ii. The banks shall report daily collection of cash from hospitals to SBP, which shall credit bank's accounts for the amounts so quarantined by them.
  - iii. Banks may reissue cash that has been quarantined for at least fifteen (15) days.
  - iv. Sufficient fresh or disinfected cash shall also be provided to banks by the SBP enabling them to issue fresh cash.
4. **Branch Operations and Closure** –
  - i. Effective from 24.03.20, minimal staff shall be present at bank premises to undertake critical functions.
  - ii. All non-critical staff must work from home.
  - iii. Banks may start their branch operations from 10 a.m.
  - iv. All critical functions and systems required to provide banking services, including RTGS, shall remain available even during lockdown.
  - v. The banks may close branches where staff is infected in the event other requisite human resources are not available.

## EXTERNAL RELATIONS DEPARTMENT

### ERD/M&PRD/PR/01/2020-31

Dated 25.03.20

In order to control the spread of COVID – 19 in Pakistan, the State Bank of Pakistan (“**SPB**”) has taken the following measures aimed towards easing the import of essential medical equipment:

1. **Import Advance Payments and Imports on Open Accounts** – The of the following may make Import Advance Payments and Import on Open Account for the import of medicines, medical equipment and all other items required for the treatment of COVID-19 in Pakistan:
  - i. All federal government departments;
  - ii. All provincial government departments;
  - iii. All hospitals in the public and private sectors;
  - iv. All charitable organizations;
  - v. All manufacturers; and
  - vi. All commercial importers.
2. **No Limits** – There shall be no limit on such Import Advance Payments and Imports on Open Accounts.
3. **Electronic Import Forms (“EIFs”)** – Banks can approve EIFs for the import of equipment donated by international donor agencies and foreign governments.
4. **Foreign Exchange Regulations Reviewed** – The existing foreign exchange regulations for imports of goods against Advance Payments and Open Accounts have been revised.

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**FINANCE DEPARTMENT**

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# FINANCE DEPARTMENT

## FD Circular No.01 of 2020

Dated 23.03.20

The banks shall take the following measures to ensure safe and secure processing of paper based instruments of exchange and issuance of fit, clean and disinfected banknotes to their clients:

1. **Encouraging Digital Means of Payment** – All banks should use SMS updates, their websites and advertisements in traditional as well as social media in order to encourage their customers to use digital means for payment and settlement of their transactions.
2. **Disseminating Information** – The banks may inform their customers through digital means that the basic hygiene practices like washing of hands, and using of hand sanitizers/ disinfectants, should be adopted soon after coming into coins and other paper-based instruments of exchange.
3. **Protective Gear for Staff** – The staff engaged in processing banknotes, coins and other banking instruments at bank branches must be provided with necessary protective gear such as masks, gloves, hand sanitizers/ disinfectants.
4. **Banking with Hospitals and Clinics** –
  - i. The banks maintaining the accounts of hospitals and clinics shall make necessary arrangement to collect cash which shall be disinfected, sealed and secured separately and shall be quarantined until further order.
  - ii. Banks must electronically report the amount of quarantined cash via < [quarantine.cash@sbp.org.pk](mailto:quarantine.cash@sbp.org.pk) > through their head offices to the Chief Manager, SBP-Banking Services Corporation, Karachi.
  - iii. On receipt of the statement, the SBP shall give credit to banks on the same day. Therefore, the banks shall keep the quarantined cash on behalf of SBP till further orders.
  - iv. The consolidated amount of the credit so received must be reconcilable and verifiable by entries in the accounts of the individual hospitals and clinics.
5. **Disinfection of Cash** – The cash collections from all other sources should also be handled with due-care and should preferably be disinfected in addition to authenticating, sorting, and packing as required under the Currency Management Strategy (“CMS”).
6. **Quarantine of Cash and Issuance of Fresh Bank Notes** –
  - i. From 06.04.2020 till further orders, banks shall issue either fresh cash or the re-issuable cash quarantined for fourteen (14) days or more.

## **FINANCE DEPARTMENT**

- ii. Banks may obtain such cash from the SBP-BSC before the 06.04.20.
  - iii. Banks can use the fresh banknotes issued under the Eid quota.
  - iv. The banks may surrender their surplus re-issuable balances to the nearest SBP-BSC field office or the National Bank of Pakistan Chest provided it is authenticated, sorted and packed as per SBP instructions.
7. **Cash-in-Transit –**
- i. Cash-in-transit (“**CIT**”) companies shall be required to ensure the availability of their services.
  - ii. The Banks shall require their cash service providers to follow good hygiene and safety practices while transporting and handling the cash.
  - iii. The guards of CIT companies must use gloves and masks during the course of their duties.
  - iv. Banks must encourage CIT companies make provisions such as hand sanitizers/disinfectants in order to ensure the safe and secured transportation of cash.
8. **Cash in ATMs –** The banks must ensure that all ATMs are stocked with fresh banknotes or with the ATM-fit re-issuable notes taken from SBP-BSC from 06.04.20.
9. **Foreign Currency for ADs –**
- i. The SBP shall continue to supply ADs with foreign currency notes against credit in the SBP nostro accounts.
  - ii. The SBP counter services to accept foreign currency notes from the ADs shall remain suspended.
  - iii. ADs shall continue to facilitate their customers/ account holders with respect to foreign currency services as usual.

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**INFRASTRUCTURE, HOUSING & SME FINANCING  
DEPARTMENT**

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# INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

## IH&SMEFD Circular No. 01

Dated 17.03.20

Letters of Credit (“**LCs**”) and Inland Letters of Credit (“**ILCs**”) established between 17.03.20 and 31.03.21 are eligible for the SPB’s Temporary Economic Refinance Facility (“**TERF**”), a long-term finance facility which focuses on providing concessionary refinance for the purchase of new imported and locally manufactured plant & machinery for setting up new projects, through commercial banks/DFIs (hereinafter referred to as “**Participating Financial Institutions**” or “**PFI**s”).

### 1. **Facility –**

- Extends to all sectors except the power sector.
- Period of ten (10) years (which includes a grace period of two (2) years).
- Maximum limit of Rupees Five (5) Billion per project.
- Principal amounts repayable in equal quarterly or half-yearly installments (after the grace period, if any).

### 2. **Repayment –**

- Once the borrower has repaid the installment amount, the PFIs are responsible for repaying the same to the relevant office of the SBP Banking Services Corporation (“**SCB-BSC**”) within three (03) working days.
- Repayment is independent of recovery from or default by the borrower.
- Failure may lead to fines for late adjustment at the rate of Paisa Seventy (70) per day per Rupees One Thousand (Rs. 1,000/-) or part thereof, or prospectively at such rate as may be announced by the SBP.
- In case the borrower fails to comply with the due date, the PFIs may charge the borrower a normal rate of mark-up for overdue amounts, which is payable quarterly.

### 3. **Terms and Conditions –** For other terms and conditions under the facility, please refer to paragraph 7 of the circular. Further details with respect to violations and structuring of the facility of are listed herein below:

- The SBP may charge a fine at the rate of Paisa Seventy (70) per day per Rupees One Thousand (Rs. 1000/-) or part thereof and recover the amount of refinance granted to the PFI.
- Where amounts greater than Rs. Five (05) Billion are required, the PFIs may structure their own terms and conditions.

### 4. **Rates –** For further information regarding rates, please refer to paragraph 2 of the circular. Salient features are listed below:

## **INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT**

- The SBP will provide refinance to PFIs on a service charges (mark-up) basis at three percent (3%) per annum (under section 17 (2) (d) read with section 22 of the SBP Act, 1956).
- PFIs are permitted to charge the borrowers a maximum spread of four percent (4%) per annum.
- The end-user rate, therefore, may stand at a maximum of seven percent (7%) per annum.

### **5. Requirements for PFIs –**

- Each PFI is required to have internal control and established procedures for appraisals of projects to be financed under the facility.
- PFIs must also undertake due diligence measures in accordance with the relevant Prudential Regulations for each type of borrower.
- In case of imported machinery, PFIs must ensure compliance with Chapter XIII of the Foreign Exchange Manual.
- PFIs shall ensure that the working capital facilities in respect of the new project are adequately secured or agreed to. (Preference shall be given to a financing PFI or one of the member of the consortium, prior to the approval of financing under the facility, to avoid a lack of working capital facilities.)

### **6. Requirements for Sponsors –**

- Each sponsor must contribute equity shares in an escrow account maintained with the PFI
- Proceeds of such escrow accounts shall be used by sponsors for setting-up of the project or payment to the supplier etc. in accordance with the sponsor's equity share in the project.
- In case the sponsors provide investment towards the project in the form of land, construction etc., which covers the entire share of the sponsors' individual equity share, the same shall be treated as the 'equity' of the sponsor.
- In such case, there is no requirement to maintain an escrow account, provided that the overall debt/equity ratio is met.
- The lending PFI shall place a certificate with this regard in the relevant credit file for inspection by the SBP's Banking Inspection Department ("**BID**").

# INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

## IH&SMEFD Circular No. 02

Dated 17.03.20

LCs/ILCs established between 17.03.20 and 31.03.21 are eligible for the SBP's Islamic Temporary Economic Refinancing Facility (“**ITERF**”), a long-term finance facility which focuses on providing concessionary refinance for the purchase of new imported and locally manufactured plant & machinery for setting up new projects, through Islamic banks/DFIs having Islamic branches (hereinafter referred to as “**Participating Islamic Banking Institutions**” or “**PIBIs**”).

### 1. Facility –

- Maximum limit of Rupees Five (5) Billion per project.
- Allowed against a single or multiple underlying transaction(s)
- Structured on the basis of Islamic modes of financing, approved by the Shari’ah Board of the concerned PIBI.
- Extends to all sectors except the power sector.
- Period of ten (10) years (which includes a grace period of two (2) years).
- Customers required to complete financial obligations in equal half-yearly or quarterly installments, depending upon the tenure of the facility and the mode of Islamic finance used by the PIBI.
- Customers are not required to pay the profit/return/rental amounts at a frequency of less than three (3) months except at the time of early payments/liquidation of financing.
- Mudarabah Investment made with the PIBIs shall mature on the due date agreed with SBP.
- The SBP will create a Reserve Fund (RF) at SBP-BSC from its share in profits of the scheme.
- If at any time the general pool of a PIBI suffers a loss, all the depositors of the general pool, including the SBP, shall bear the loss to the extent of their respective ratios of investments in the general pool.

### 2. Payments – For information with regard to applicable payments, kindly refer to paragraph 4 of the circular. The salient features have been listed below.

- Expected rate of return on financing may not exceed rates announced by SBP on similar refinance facilities
- Expected rate of return on financing shall remain locked-in for the entire duration of the financing, provided that the customers continue to pay all scheduled amounts at the respective due dates.
- In case a customer pays the financing amount or its installment, in part or in full, on or before the due date(s), the SBP's share in the General Pool will be redeemed equal to the payments received from customer.

## INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

- No penalty shall be charged either from PIBI or its customer in case of payment of financing amount or installment, in part or in full, before the due date.
  - In case the customer(s) fails to make payment of the amount of installment as per the original payment schedule, provisions of the late payments as stipulated in the underlying financing agreement with the customer shall apply for the overdue period besides taking other actions to recover the same as per its approved policies for recovery in similar cases.
  - In cases where the financing amount has not been disbursed in full during the validity of an applicable rate, the undisbursed amount shall attract the new expected rate of return applicable from the date of disbursement by the PIBI.
3. **General Pool** – For more detail with regard to the profit/loss allocation, please refer to paragraph 3 of the circular.
- The SBP-BSC shall facilitate the refinance to the PIBIs, with individual limits set for individual PIBIs.
  - After making disbursement(s) on account of the Facility to the customer, the PIBI shall approach SBP-BSC for obtaining Mudarabah Investment to the extent of the amount disbursed/financed to the customer under the import LC/Inland LC, which shall be approved within two (2) working days.
  - Such funds shall be part of the PIBI's General Pool and, therefore, be subject to the risks and rewards of the pool's assets like other depositors of the pool.
  - SBP's investment in the General Pool will be assigned profit sharing ratio and weightage; the weightage shall be used to calculate profits on the SBP investment.
4. **Requirements of PIBIs** – The PIBIs are expected to conduct due diligence in order to ensure the correct utilization of the facility. For an overview of requirements expected from the PIBIs with regard to the disbursement of funds to customers, please refer to paragraphs 8 and 9 of the circular.
5. **Risk Assessment** – With regard to the requirements in relation with risk assessment, please refer to paragraph 10.
6. **Terms and Conditions** – For other terms and conditions, kindly refer to paragraph 11 of the circular.
7. **Penalties** – For further details with respect to penalties, kindly refer to paragraph 12 of the circular. The salient features have been reproduced herein below:
- In case of violation of the terms & conditions laid down in the Scheme, the SBP shall reserve the right to impose & recover the fine/penalty at the rate of Paisa Sixty (60) per

## **INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT**

- day per Rupees One Thousand (Rs. 1000/-) or part thereof including the cost of verification.
- In case, a customer will make early repayment(s) of the amount of finance/installment(s) and PFI fails to repay the same to concerned office of SBP-BSC within three working days, late adjustment fine will be charged from the concerned PFI at the rate of Paisa Seventy (70) per day per Rupees One Thousand (Rs 1000/-) or part thereof or prospectively at such rate as may be announced by the State Bank from time to time.

# INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

## IH&SMEFD Circular No. 03

Dated 17.03.20

From 17.03.20 to 30.09.20, under the Refinancing Facility for Combatting COVID – 19 (“**RFCC**”), PFIs may provide long-term local currency finance for imported and locally manufactured medical equipment to hospitals and medical centres registered with provincial or federal agencies or commissions, which are tasked with controlling and eradicating COVID – 19.

### 1. Facility –

- May be extended to the extent of the C & F value of the imported equipment and the ex-factory/showroom price of the locally manufactured equipment (listed under schedule – 1).
- Can be availed for a period of five (5) years, with a grace period of six (6) months.
- Shall not exceed Rupees Two Hundred (200) Million per hospital or medical centre.
- PFIs may provide financing facilities beyond the prescribed limit as per their credit policies (provided the same complies with the applicable Prudential Regulations).
- The facility may cover up to sixty percent (60%) of the overall cost of the entire civil works for the development of isolation wards only.

### 2. Rates –

- SBP will provide refinance to each PFI on a service charges basis (in accordance with section 22 read with section 17 (2) of the State Bank of Pakistan Act, 1956) at zero percent (0%) per annum.
- PFIs will be permitted to charge a maximum spread of three percent (3%) per annum.
- The end-user rate may be three percent (3%) per annum.

### 3. Repayment –

- The repayment of financing shall be made by the borrowers in equal half-yearly or quarterly installments, depending upon the tenure for which the facility is availed.
- Borrowers are not required to pay mark-up or service charges at a frequency of less than three (3) months, except at the time of pre-payments/liquidation of loan.
- Once the borrower has repaid the installment amount, the PFIs are responsible for repaying the same to the relevant office of the SBP-BSC within three (3) working days.
- Failure to comply may lead to fines for late adjustment at the rate of Paisa Seventy (70) per day per Rs. One Thousand (1,000) or part thereof.
- In case the borrower fails to comply with the due date, the PFIs may charge the borrower a normal rate of mark-up for overdue amounts.
- Where a PFI permits rescheduling of a loan, the principal amount of refinance will only be rescheduled so as to be repaid within a maximum period of five (5) years from the date of original disbursement. (For further details with regard to rescheduling, kindly consider paragraph 3(e) of the circular).

### 4. Terms and Conditions – For other terms and conditions under the facility, please refer to paragraph 7 of the circular.

## INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

5. **Fines** – For information with regard to fines for default, please refer to paragraph 8 of the circular.
  - In case of any violation of the terms and conditions, the SBP may charge a fine at the rate of Paise Sixty (60) per day per Rupees One Thousand (Rs. 1000/-) or part thereof and recover the amount of refinance granted to the PFI (including the cost of verification).
  
6. **Requirements of PFIs** –
  - Each PFI is required to assess the financial viability of the projects to be financed under the facility.
  - PFIs must also undertake due diligence measures in accordance with the relevant Prudential Regulations for each type of borrower.
  - In case of imported machinery, PFIs must ensure compliance with Chapter XIII of the Foreign Exchange Manual.

# INFRASTRUCTURE, HOUSING & SME FINANCING DEPARTMENT

## IH&SMEFD Circular No. 04

Dated 17.03.20

From 17.03.20 to 30.09.20, under the Islamic Refinance Facility for Combating COVID – 19, PFIs may provide local currency finance for imported and locally manufactured medical equipment to hospitals and medical centres which are registered with provincial healthcare authorities and are tasked with controlling and eradicating COVID – 19

### 1. Facility –

- Period of five (5) years, with a grace period of six (6) months.
- Limits shall be allocated to each individual PIBI.
- Shall not exceed Rupees Two Hundred (200) Million per hospital or medical centre.
- PFIs may provide financing facilities beyond the prescribed limit as per their credit policies (provided the same complies with the applicable Prudential Regulations).
- To the extent of the C & F value of the imported equipment and the ex-factory/showroom price of the locally manufactured equipment (listed under schedule – 1).
- May cover up to sixty percent (60%) of the overall cost of the entire civil works for the development of isolation wards only.
- Retirement of financial obligations shall be made by the customer in equal half-yearly or quarterly installments.
- Customers are not required to pay profit/return/rental service charges at a frequency of less than three (03) months, except at the time of early payments/liquidation of financing
- Once a facility amount has been disbursed to the customer, the PIBI can approach the SBP-BSC in order to obtain Mudarabah investment to the amount disbursed to the customer.
- The Mudarabah investment made with the PIBIs shall mature on the due date agreed with SBP, and SBP is authorized to deduct outstanding balance of its investment in the general pool as per “Instructions for Profit & Loss Distribution and Pool Management for Islamic Banking Institutions” issued vide IBD Circular No. 3 dated 19.11.12.

### 2. Repayment of Financing –

- Where a customer repays the financing amount or its installment, in part or in full, on or before the due date(s), the SBP’s share in the general pool will be redeemed equal to the payments received from customer.
- The PIBIs shall adjust the financing amount received from the customer by purchasing the SBP’s proportionate share in the general pool from the SBP-BSC no later than three (03) working days.
- In case of failure to comply, the SBP shall be given the profit, as per the actual profit of the general pool, for the number of days this proportionate share is not purchased by the PIBI.
- No penalty shall be charged either from PIBI or its customer in case of payment of financing amount or installment, in part or in full, before due date.

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3. **Verification of Facility Use** – The SBP may appoint an independent consultant to verify the use of the refinance facility. If any irregularities are found, the SBP may impose fines/penalties.
4. **Fines /Penalties** – With regard to the applicable fines/penalties, kindly refer to Paragraph 2 (ii) of the circular.
5. **Terms and Conditions** – Other terms and conditions under the facility may be found under paragraph 2 (iii) of the circular.

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**SBP-BSC HUMAN RESOURCES MANAGEMENT  
DEPARTMENT**

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# **SBP-BSC HUMAN RESOURCES MANAGEMENT DEPARTMENT**

## **No. HRMD/ (ODD-12)/05/2020**

Dated 22.03.20

The following additional safety measures are being implemented with immediate effect:

- i. From 24.03.2020, only critical employees are required to attend the office premises.
- ii. All female employees will work from home.
- iii. The Group Heads/Directors/RHs/CMs are responsible for providing instructions to employees working at the office (critical employees only) and those allowed to work from home.
- iv. HRMD will share the list of critical employees of HOK/KO/NNO with Chief Security Officer for issuance of necessary passes from civil administration to help them to commute to and from offices. Similar arrangement will be ensured at Field Offices through IBSU.
- v. All critical employees attending the office must carry their original CNIC and Bank ID Card.
- vi. Group Head/Director/RH/CM must decide whether to call any employee aged fifty (50) years or above.
- vii. All critical employees will use their own vehicles to commute to and from the Bank. However, in case of need, limited transport arrangements may be made by GSD at HOK/GSU at Field Offices, for those employees who have neither availed vehicle loan facility nor have a vehicle under CLDP arrangement.
- viii. MSD/MSU will arrange for protective masks for employees attending the office.
- ix. The Canteen will only serve takeaway meals to the employees attending the office.
- x. Chief Managers must contact all pensioners for payment of pension through bank accounts or schedule payments in a staggered manner, in order to avoid unnecessary queuing. Further, pensioners will be encouraged to send their family members along with an authority letter to receive pension.
- xi. MSD/MSU shall make arrangements for the issuance of medicines to the retired employees through their designated representatives.
- xii. In case of identification of any COVID-19 case in bank premises, the area will be closed for disinfecting as per the arrangements made by GSD and Engineering Department in coordination with concerned Floor Manager.