

## SBP tightens currency movements

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**KARACHI: The State Bank of Pakistan (SBP) has tightened currency movement of US dollar and the rupee within the country after grey listing of Pakistan by the Financial Action Task Force (FATF).**

The SBP on Friday issued detailed instructions to all exchange companies (ECs) to bring the currency movements under strict monitoring of the central bank. Local exchange companies are concerned about the impact of this requirement since it will negatively affect their business.

Pakistan was put in the grey list in June forcing the country to tighten its rule and regulations to follow the lines for anti-money laundering (AML) and financing against terrorism.

In order to further strengthen the regulatory AML requirements for documentation and record keeping, it has been decided that while carrying out transactions requiring movement of Pakistani rupee and foreign currency within company's authorised network, each outlet of ECs and ECs-B will be allocated working capital keeping in view the business needs by the head office of the respective exchange company, said the SBP. "The ECs and ECs-B will conduct the exchange business only from such premises as approved by the State Bank. ECs and ECs-B will not provide delivery services to customers," said the SBP.

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The purpose for the movement of cash PKR and FCY will be properly documented and recorded, after necessary authorisation in system on real time basis by the head office.

"Only bank accounts will be used for movement of PKR between the cities," said the SBP. The exchange companies were particularly critical about this restriction of PKR movement between the cities. They said that banks do not open account of exchange companies since the cash stay is for short time in banks which does not benefit banks.

"The movement of cash PKR (within a city) and FCY (across Pakistan) will be undertaken only by the authorised employee(s) in company's owned vehicles, through air transit or by Cash-in-Transit Company," said the SBP.

The movement of Pak rupee and forex cash by the franchises of ECs will be processed under the permission from the head office of respective EC and such movement will be documented in their system, the central bank stressed. The movement of cash PKR and FCY by the franchises will only be carried out by the authorised individuals, who have been registered with and authorised by the respective franchiser.

Documentary evidences of travel of authorised employees or registered individuals (for franchises), including tickets issued in their names or receipts issued by Cash-in-Transit Company will be maintained by ECs and ECs-B.

"The Exchange Company will develop and implement Standard Operating Procedures (SOPs), duly approved by their Board of Directors, in light of the above instructions. The SOPs will, at the minimum, cover all the guidelines provided by the SBP.

ECs and ECs-B will maintain the record of all transactions relating to movement of Pakistani rupee and foreign currency which will be examined during the course of on-site examinations," said the SBP.

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