



DEPOSIT PROTECTION CORPORATION
Subsidiary of State Bank of Pakistan
SBP Building, Boulton Market
M.A Jinnah Road
KARACHI

DPC Circular No. 01 of 2019

March 15, 2019

The Presidents/ Chief Executives
All Banks

Dear Sir/ Madam,

Information System for Protected Depositors of Member Banks

This is with reference to the Deposit Protection Corporation Act, 2016 (the Act) and DPC Circular No. 04 dated June 22, 2018 on Deposit Protection Mechanism for Banking Companies.

2. The Deposit Protection Corporation (DPC) shall pay the guarantee amount to the protected depositors of a member bank in accordance with stipulations under Section 21 of the Act, on a per-depositor per-bank basis. Therefore, in order to ensure that the payment of guarantee amount (reimbursement) to genuine protected depositors becomes a seamless process, the timely availability, integrity and reliability of depositors' information maintained with banks is of utmost importance.

3. In view of the above, all member banks are advised to appropriately install or update their systems including software(s)/ database(s) for maintaining a comprehensive depositor-wise database. Such database must have the ability to identify, on any given date, all the accounts of any single depositor and calculate the total liability of a bank towards that depositor (including any interest/ profit accrued on his/ her deposits). This Management Information System (MIS) will be used by DPC in the event of reimbursement at any given cut-off date.

4. Single depositor view shall be achieved, preferably by using a Unique Identification Number that, in case of individuals' accounts, should also be linked to their Computerized National Identity Cards (CNIC)/ Smart National Identity Cards (SNIC)/ National Identity Card for Overseas Pakistanis (NICOP).

5. In addition to identifying all the protected deposit accounts on the required MIS, each member bank is expected to be able to provide information with at least following basic features:

- a) generate data of protected depositors after separately identifying all 'Exceptions' given in Section 8 of the Act read with DPC's Circular Letter No. 01 of 2018;
- b) for foreign currency deposits, the outstanding liability(ies) of the member bank towards each protected depositor, should be convertible to local currency



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deposits on any given date by feeding a given currency conversion rate into the system;

c) for a joint account, any outstanding amount should be split between the account holders according to the terms of account opening or equally (in absence of any such terms). In case the deposit is being maintained in favour of one or more third party(ies), the beneficiaries of such deposit shall be identifiable with share of each beneficiary;

d) for such depositors having one or more accounts in both Conventional and Islamic Banking operations of any member bank, the MIS should be able to calculate;

i. the total liability of the bank towards such depositor(s),

ii. separate accumulated liabilities of Conventional and Islamic banking operations of the bank towards that depositor, and

iii. In case of any combination of deposits as mentioned above, the system should proportionately distribute the guarantee amount so payable (based on the amount of total deposits in respective operations) between outstanding liabilities of Conventional and Islamic operations of the member bank.

e) as stipulated under Section 20(4) of the Act, any depositor(s) that have their deposits placed under any encumbrance or as collateral should be separately identified along with such deposits/ accounts;

f) any deposits that are marked as frozen, blocked or dormant or are under any sort of legal action by the order(s) of the court or are under investigation by any investigation agency through a formal communication to the bank shall also be separately identified and reported by the system.

6. Based on any or all of the above factors, the system should identify the total payable amount on the basis of total liability towards each protected depositor by applying the formula of total liability of the bank towards each depositor and the guarantee amount (pronounced by the Corporation from time to time), whichever is less.

7. The system should be able to generate a separate report assuming the adjustment of guarantee amount payable in the manner prescribed in 'Para 6' above and should adjust and settle one or more accounts of each protected depositor by making full settlement of the smallest deposit balance first and moving to the largest deposit(s) of the same depositor.



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8. Finally, the system should be able to update the information on daily basis and all changes and updates made in the depositors' information shall be logged. The system's readiness and efficacy should be tested at regular intervals by the relevant department(s) under the operational risk framework of each bank and also under Business Continuity Planning (BCP) exercise. The compliance of the above instructions should be scrutinized by the internal audit of banks. SBP inspection shall assess the system's readiness and compliance of the overall deposit protection framework.

9. Moreover, in case of any eventuality, the bank should be able to generate and provide the afore-mentioned information within a maximum time period of 48 hours of the issuance of notification under Section 21 of the Act.

10. In light of the foregoing, all member banks are advised to update their systems accordingly, latest by June 30, 2019 and report the compliance to DPC. Further, all member banks are advised to provide a roadmap/ action plan indicating how they will progress towards above mentioned timeline; and such roadmap must be submitted to DPC latest by April 08, 2019.

11. The banks are also required to report the position of depositors (on single depositor-wise basis) to DPC as per enclosed formats, as of June 30, 2019 by July 31, 2019; and onwards on quarterly basis within one month following each quarter-end.

Enclosed: Depositor-wise Summary Position of Eligible Deposits – Appendix-A & B

Yours truly,


(Lubna Farooq Malik)
Managing Director

Conventional Banking

Appendix-A (i)

Name of Bank
Depositor-wise Summary Position of Eligible Deposits (Pakistan Operations only)
As of DD-MM-YYYY

		No. of Accounts	No. of Depositors	Amount (Million Rupees)
S. #				
A.	TOTAL DEPOSITS			
	EXCLUSIONS (as per section 8 of DPC Act, 2016 and DPC Circular Letter No. 01 of 2018)			
	<i>Deposits from:</i>			
1	Government or Government Institutions			
2	Member institutions whose deposits are in their names			
3	Companies as defined under Companies Ordinance, 1984			
4	Corporations			
5	Modarbas			
6	Mutual Funds			
7	Branch(es)/ Permanent establishment(s) of foreign entities			
8	Diplomatic Missions and international organizations/ entities like United Nations, World Bank, IFC, ADB etc.			
9	Autonomous Bodies			
(i)	Sub-Total (1+2+3+4+5+6+7+8+9)			
	FURTHER EXCLUSIONS (as per section 8 of DPC Act, 2016)			
	<i>Deposits from:</i>			
10	Persons who have been granted preferential interest or return in deviation from the terms and conditions announced by a member institution which the member institution is obliged to apply to all its depositors of similar category*			
11	Members of Board of Directors and senior management of a member institution including Chief Executive Officer and Key Executives**			
12	Partners of auditing firms responsible to certify the member institutions' financial statements***			
13	Persons having acquired rights to a deposit after the issuance of the State Bank's notification under Section 21(1) of the Act			
14	Spouses, dependent lineal ascendants and descendants and dependent brothers and sisters of the persons specified in items 11, 12 & 13 above			
15	Deposits arising out of or related to transactions or actions constituting 'money laundering' within the meaning of the Anti Money Laundering Act, 2010, if the offender has been convicted of such offence			
(ii)	Sub-Total (10+11+12+13+14+15)			
B.	TOTAL EXCLUDED DEPOSITS (i+ii)			
C.	TOTAL ELIGIBLE DEPOSITS (A-B) @			

Notes:

- 1 If a depositor has more than one deposit accounts/ instruments including branchless banking accounts, all those of the same depositor shall be aggregated and shall be reported as a single depositor.
- 2 For joint accounts, any outstanding amount should be split between all the account holders according to the terms of account opening or equally (in absence of any such terms). Each joint account holder will be treated as a separate depositor. In case where the deposit is being maintained in favour of one or more third party(ies), the beneficiaries of such deposit shall be identifiable with share of each beneficiary, in accordance with the treatments given in provisions of Section 20 of DPC Act, 2016. Each third party/ beneficiary will be treated as a separate depositor.
- 3 Please include outstanding balances of Call Deposit Receipts, Security Deposit Receipts and Cash Margins in all of the above deposits, if any. Foreign Currency Accounts are to be reported after conversion into PKR amounts (interbank rate as on DD-MM-YYYY).
- 4 The Bank is required to comply with para-2 of Instructions on Deposit Protection Mechanism while making this statement. DPC may review the information submitted and require the Bank to revise the same.
- * This will include the deposits on which arbitrary rates were offered out of standard terms and conditions of the product. Please do not include deposits in item 10 if already reported under items 1-9 above. DPC may ask for further details of the deposits on preferential rates. It may be noted that the deposits mentioned from item 1-15 are not protected deposits as per section 8 of Deposit Protection Corporation Act, 2016. The Bank is required to inform its customers accordingly.
- ** This will include all the executives mentioned in SBP's BPRD Circular No. 05 dated March 12, 2015.
- *** Engagement partners of auditing firms responsible to certify the bank's annual financial statements for the year ended on DD-MM-YYYY.
- @ The Break-up of Depositor-wise Total Eligible Deposits is to be provided as per Appendix-B (i).

Name of Bank
Depositor-wise Summary Position of Eligible Deposits (Pakistan Operations only)
As of DD-MM-YYYY

S. #		No. of Accounts	No. of Depositors	Amount (Million Rupees)
A.	TOTAL DEPOSITS			
	EXCLUSIONS (as per section 8 of DPC Act, 2016 and DPC Circular Letter No. 01 of 2018)			
	<i>Deposits from:</i>			
1	Government or Government Institutions			
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8	Diplomatic Missions and international organizations/ entities like United Nations, World Bank, IFC, ADB etc.			
9	Autonomous Bodies			
(i)	Sub-Total (1+2+3+4+5+6+7+8+9)			
	FURTHER EXCLUSIONS (as per section 8 of DPC Act, 2016)			
	<i>Deposits from:</i>			
10	Persons who have been granted preferential interest or return in deviation from the terms and conditions announced by a member institution which the member institution is obliged to apply to all its depositors of similar category*			
11	Members of Board of Directors and senior management of a member institution including Chief Executive Officer and Key Executives**			
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13	Persons having acquired rights to a deposit after the issuance of the State Bank's notification under Section 21(1) of the Act			
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(ii)	Sub-Total (10+11+12+13+14+15)			
B.	TOTAL EXCLUDED DEPOSITS (i+ii)			
C.	TOTAL ELIGIBLE DEPOSITS (A-B) @			

Notes:

- 1 If a depositor has more than one deposit accounts/ instruments including branchless banking accounts, all those of the same depositor shall be aggregated and shall be reported as a single depositor.
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- @ The Break-up of Depositor-wise Total Eligible Deposits is to be provided as per Appendix-B (ii).

