



The First MicroFinanceBank Ltd, Pakistan

Policies and Regulation to Expand e-Banking for the Poor

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Electronic Banking (e-Banking)!



A form of banking in which financial services and transaction such as deposit, withdrawal, transfer of funds and other banking services are made through electronic means, rather than an exchange of negotiable instruments such as cash, cheque and other instruments

Types of e-Banking

- ⊖ Automatic Teller Machines (ATM)
- ⊖ Internet Banking
- ⊖ PC Banking
- ⊖ Tele Banking
- ⊖ Mobile Banking
- ⊖ Phone Banking

Terms Used:

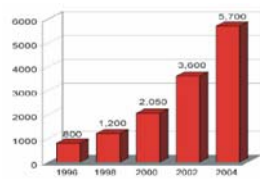
e-Cash, e-Cheque, e-Money, e-cards

Financial Industry Trends



■ Electronic transaction is changing the shape of Banking industry and the financial services

Electronic Card growth in million per year



e-Banking Transactions

Europe	70-80%
Asia Pacific	30-40%
America	60-70%
Rest of the world	20-30%

Source: www.smartcardcentral.com

Cost Structure Comparison



Cost per Banking Transaction

- \$1.07 branch service
- \$0.54 telephone (average)
- \$0.27 ATM-full service
- \$0.02 PC banking
- \$0.01 Internet banking

Source: www.smartcardcentral.com

Making e-Banking Accessible



Three Basic Layers

- **1. Physical Infrastructure Layer**
 - Communication
 - Power
- **2. Platform and System Layer**
 - Technological standards
 - Business Models
 - Policies, Procedures & Regulations
- **3. Application Layer**
 - Systems and Software
 - Contents, Data, Information

Key Areas of Regulation



1. Telecommunication Liberalization

- » Improves climate for e-com and e-transaction
- » Drives down prices
- » Brings innovation
- » Infrastructural development
- » Service quality
- » Attracts Foreign investment

Regulation:

- Regulation and licensing policies & practices
- Identification and removal of barriers to competition and innovation
- Global trends
- Full use of wireless spectrum
- Creation of Internet exchange points (IXP)

Key Areas of Regulation



2. Consumer Protection

- » Settlement of disputes
- » Avoid delays and cost
- » Protection against frauds

Regulation:

- Prohibiting misleading advertisements
- Regulating financial services, credits etc
- Liability for defective products
- Right of withdrawal
- Protection against fraud
- Timeliness of performance

Key Areas of Regulation



3. Electronic Transaction

- » Quick and convenient
- » Cost effective
- » 24 hour availability of service

Regulation:

- Receipt and payment of money (Payment mechanisms)
- Digital Signature
- e-Documentation
- Authorization & supervision of e-currency and e-money
- Security
- Liability
- Taxation

Key Areas of Regulation



4. Liability of Service Provider

- » Mechanism to limit the civil and criminal liability of ISP

Regulation:

- Copyrights
- Infringement
- Unfair competition
- Defamation and trademark infringement

Key Areas of Regulation



5. Domain Names

- » Mechanism to manage domain

Regulation:

- Guidelines for management of the country level domain

Regulations Models for e-Banking and Transactions



- WTO Principles on regulatory framework for basic telecommunications regulation
- European Union directives on telecommunication, information & e-com
- The US interconnect Statute
- United Nations Commission on International Trade Law (UNCITRAL) (Best starting point)
- UNCITAL Model law on electronic signatures

The End



Thank You