



## **Banking and Payments in Pakistan**

**Overview:** The State Bank of Pakistan (SBP), as the central bank of Pakistan, is primarily responsible for maintaining the stability of the Pakistani Rupee and regulating the monetary and credit system of Pakistan. SBP also regulates banking and some types of non-banking financial institutions in Pakistan. In addition, SBP implements controls on foreign exchange payments from Pakistan.

### **Mechanisms for making payments outside Pakistan**

- Any person in Pakistan who makes a payment to a person outside Pakistan requires prior general or special permission from SBP. For international businesses intending to remit funds from Pakistan, it is essential to understand the regulatory framework set forth in the Foreign Exchange Manual (Forex Manual) issued by the SBP. The Forex Manual prescribes specific limits on outward remittances, which vary based on the purpose of the remittance. Furthermore, it outlines the requisite documentation needed to substantiate such remittances.
- The Forex Manual enumerates various categories of commercial remittances, including but not limited to, shipping and freight, IT and digital services, banking and financial services, and royalty payments. In certain cases, businesses may require prior approval from the SBP, while in other instances, authorized dealers are permitted to process outward remittances without specific permission, subject to predefined conditions.

### **Bank Accounts for Non-Residents**

#### **1. Non-Resident Rupee accounts**

Non-resident individuals, firms, and companies, including foreign nationals residing outside Pakistan, can open bank accounts in Pakistan. These accounts are designated as “Non-Resident” by the SBP. In contrast, foreign nationals residing in Pakistan and firms or companies with accounts managed domestically are required to open Resident accounts.

- Opening a non-resident Rupee account does not require prior SBP approval if the funds originate from abroad through recognized banking channels or remittances. There are two main types of Non-Resident Rupee Accounts:



- **Non-Resident Rupee Account-Repatriable:**

This account allows the holder to remit funds abroad, subject to the balance available in the account. There are restrictions on the type of account can be credited with.

- **Non-resident Rupee Account - Non-Repatriable:**

Holders of non-repatriable accounts can conduct standard banking transactions within Pakistan, including ATM and debit card usage. However, transactions outside Pakistan are not permitted. The funds in these accounts are strictly for domestic use, and no outward remittance is allowed.

## 2. **Foreign currency account**

- Foreign currency accounts can be held in any currency and are available to both foreign nationals and residents, including Pakistani firms incorporated locally and branches of foreign companies (excluding banks or financial institutions owned by banks). There are
- Holders of foreign currency accounts are free to use their balances for payments in Rupees or for remittances to any country without restriction.