

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

## ***Our Aim***

*To resolve all disputes amicably through  
an informal and friendly process of  
reconciliation rather than  
a formal adversarial procedure.  
We do not take sides.*

## ***Mission Statement***

*As an independent statutory body established to resolve disputes between consumers and banks, it has been our commitment to deliver free of cost, speedy solutions for all disputes referred to us, in a manner that is impartial, fair and equitable to all parties.*

## **Core Values**

We function as a closely-knit team and take collective responsibility for individual decision-making. We have full ownership of our Core Values and firmly believe that by abiding these values, both in our professional and personal lives, we can make a difference.

### **Responsive**

We receive a large number of disputes daily. We use a practical and rational approach to find fair and amicable outcomes in a manner that is informal and speedy.

### **Compassionate**

Disputes, howsoever petty, cause unnecessary pain and stress. We analyze each dispute with an open mind and if necessary listen to parties concerned, patiently and sympathetically, so as to find a practical and equitable solution.

### **Flexible**

We believe that most disputes can be resolved in a friendly and amicable manner. We do not allow rigidity to dictate the dispute resolution process. Instead, we endeavor to create an environment where all concerned are encouraged to be reasonable and conciliatory.

### **Trustworthy**

We treat all those we meet with respect, courtesy and compassion because only by doing so we gain their confidence and trust.

### **Transparent**

We are neither consumer champions nor advocates. Neutrality and openness underpin our deliberations. Our service is free of charge. We respect confidentiality in all disputes and institute a process of conciliation that is acceptable to both parties. Decisions taken by us are consistent, clear and balanced so that any rational mind can appreciate the reasoning behind our findings.

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## 1. The Institution and Legal Framework

- i. The institution of Banking Mohtasib Pakistan (BMP) was established in the year 2005 under Part IV-A of Banking Companies Ordinance, 1962 (“BCO”). Subsequently, an Act of Parliament called The Federal Ombudsman Institutional Reforms Act, 2013 (Act XIV of 2013) was promulgated in March 2013, the provisions of which have effect notwithstanding anything contained in any other law for the time being in force. It repeals by implication whatever is inconsistent with it in the other enactments and confers upon Ombudsman additional power of review.
- ii. The institution of Banking Mohtasib helps in settlement of disputes and facilitates an amicable resolution/settlement between complainants and commercial banks, including the disputes between the banks – fairly, reasonably, amicably informally and in accordance with the Law.
- iii. The governing laws under which the institution of Banking Mohtasib is functioning require that the Institution of Ombudsman must be independent, impartial and autonomous, both administratively and financially, in the execution of its functions relating to adjudication of complaints. Banking Mohtasib’s services are free/ bear minimal cost to the complainants/ parties in disputes.

## 2. Jurisdiction

The role of institution of Banking Mohtasib in the financial industry is to resolve disputes through a process, which is largely conciliatory, and where such mediation is unsuccessful, to adjudicate and pass a speaking order to decide the dispute.

- i. In relation to all commercial banks operating in Pakistan, the Banking Mohtasib has been empowered to entertain complaints of the following nature:
  - a) Failure to act in accordance with banking laws and regulations, including policy directives or guidelines issued by the State Bank of Pakistan from time to time.
  - b) Delays or fraud in relation to the payment or collection of cheques, drafts, other banking instruments or transfer of funds
  - c) Fraudulent or unauthorized withdrawals or debit entries in accounts
  - d) Complaints from exporters or importers relating to banking services and obligations, including letters of credit
  - e) Complaints from holders of foreign currency accounts whether maintained by residents or non-residents

- f) Complaints relating to remittances to or from abroad
  - g) Complaints pertaining to markup or interest rates on the ground of a violation of an agreement or directives of State Bank of Pakistan.
  - h) Complaints relating to payment of utility bills
- ii. In relation to banks in the public sector, the institution of Banking Mohtasib is authorized to entertain complaints against such banks on the following additional grounds as well:
- a) Corruption or mala fide practices by the officers of banks
  - b) Gross dereliction of duty in dealing with customers
  - c) Inordinate delays in taking decisions
- iii. However, the institution of Banking Mohtasib cannot accept complaints relating to banks' policy matters. For example, the following matters lie outside the jurisdiction of the Banking Mohtasib:
- a) Matters relating to grant of loans, advances or finances to customers.
  - b) Complaints against banks' loan and mark-up policies, risk policies, or product and service pricing as included in their schedule of charges and/or any other policy matter.
  - c) Grievances of banks' employee or ex-employee pertaining to terms and conditions of their service also fall outside the jurisdiction of the Banking Mohtasib.

### **3. Empowerment of the Institution of Banking Mohtasib**

Act XIV of 2013 enhanced the effectiveness of all Federal Ombudsmen with focus on providing speedy and inexpensive relief and to promote good governance. The following standardized institutional reforms provide additional powers to the Office of the Banking Mohtasib:

#### **i. Financial and Administrative Autonomy:**

In terms of Section 17 of the Act, the Banking Mohtasib is the Chief Executive and Principal Accounting Officer of the Office enjoying complete administrative and financial autonomy, and the expenditure of the Mohtasib's Office is charged to the "Federal Consolidated Fund" within the allocated budget.

#### **ii. Standardization of Ombudsmen Institutions:**

Act XIV of 2013 has an overriding effect on the laws presently in force and operates to standardize the working of all Federal Ombudsmen institutions in Pakistan.

### iii. **Compatibility with International Ombudsmen Institutions:**

The standardization and harmonization of institution of Banking Mohtasib Office, its independence, mandate and power, as well as the requirements regarding the appointment and removal of the Mohtasib and its funding meet the general criteria set out for membership of international ombudsman associations like the International Ombudsman Institute. This facilitates cooperation, information exchange, sharing of experience, and adoption of international best practices among different Ombudsman institutions.

### iv. **Review and Representation:**

The Mohtasib has the power to Review under Section 13 of Act XIV of 2013, as given below:

- a) The Ombudsman shall have the power to review any findings, recommendations, order, or decision on a review petition made by an aggrieved party within thirty days of the findings, recommendations, order, or decision.
- b) The Ombudsman shall decide the review petition within forty five days.
- c) In review, the Ombudsman may alter, modify, amend, or recall the recommendation, order or decision.

Section 14 of Act XIV of 2013 provides for a Representation to be made to the President of Islamic Republic of Pakistan in the following terms:

- a) Any person or party aggrieved by a decision, order, findings, or recommendations of an Ombudsman may file representation to the President within thirty days of the decision, order, findings, or recommendations.
- b) The operation of the impugned order, decision, findings, or recommendation shall remain suspended for a period of sixty days, if the representation is made as per sub-Section (1).
- c) The representation shall be addressed directly to the President and not through any Ministry, Division or Department.
- d) The representation shall be processed in the Office of the President by a person who had been or is qualified to be a judge of the Supreme Court or has been a Wafaqi Mohtasib or Federal Tax Ombudsman.

### v. **Confidentiality:**

The principle of banking secrecy is strictly followed by the institution of Banking Mohtasib. Therefore, the statements made and the documents produced by the parties in the course of adjudication, remain strictly confidential.

## Receipt & Disposal of Complaints in 2020

The law under which the institution has been established provides that the Banking Mohtasib Pakistan shall facilitate the amicable resolution of complaints. However, in certain situations a tripartite across the table dialogue or a formal hearing is required to provide opportunity to both the parties to present their view point face to face after which appropriate findings are forwarded to the concerned parties for implementation.

During the period under review, 22,750 new complaints were received while 2,778 complaints were carried forward. Thus, making total complaints in hand were 25,528, out of which 16,123 complaints were resolved amicably through reconciliation while after formal hearings, findings/ orders were passed in 166 cases. 5,071 complaints were found incomplete and require further information or rejected being frivolous or for want of jurisdiction as the same either pertained to insurance matter or related to microfinance banks or fund managers or related to administrative matter of banks.

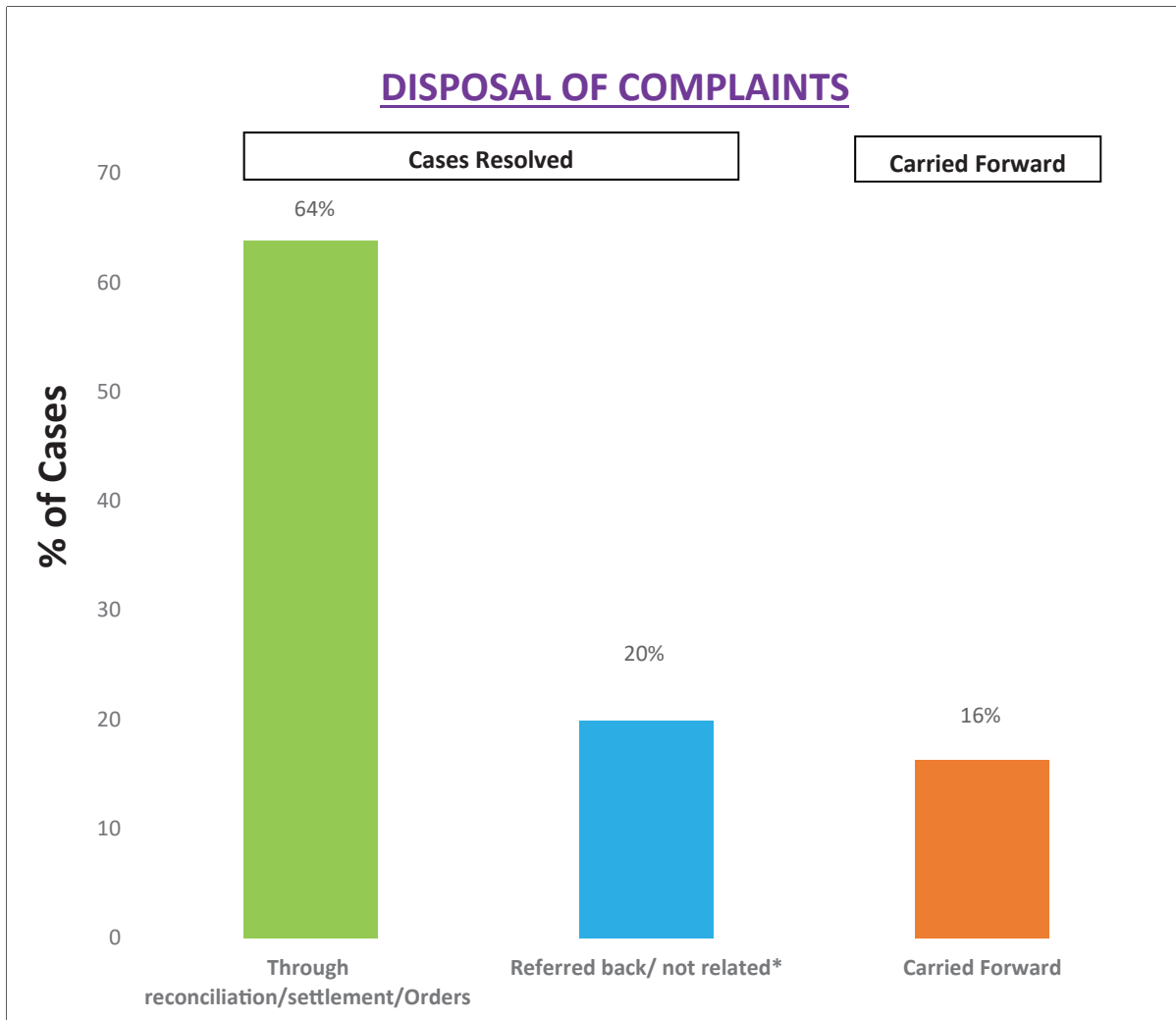
Prime Minister's Portal (Government-owned system based on Mobile Application) was introduced in the year 2019 and complaints related to Banking Sector were referred to BMP Secretariat. During the year under review, we have received 12,046 complaints through Prime Minister's Portal.

The receipt and disposal of complaints during the year are as under:

|   |        |                    |
|---|--------|--------------------|
| Complaints carried forward from 2019  |        | 2,778              |
| New Complaints received 2020  |        | 22,750             |
| <b>Total</b>  |        | <b>25,528</b>      |
| <b>Cases Decided/ Disposed</b>  |        |                    |
| Orders issued by Banking Mohtasib   | 166    |                    |
| Resolved amicably with the approval of Banking Mohtasib                                     | 16,123 |                    |
| Incomplete/not related/ seeking further information/ documents & services matters complaint | 5,071  | <b>21,360</b>      |
| Complaints outstanding as on December 31, 2020  |        | 4,168              |
| <b>Relief provided to the Complainants</b>  |        | <b>Rs. 598 (M)</b> |

Increase of 56% was observed in the receipt of complaints during the year as compared to last year. Efforts were made to dispose of the complaints expeditiously. However, depending on the complexity, some complaints take longer time to resolve.

Even in spite of Covid-19 where our office was not working at full strength, we have succeeded in maintaining the regular pace of disposing the complaints by making internal adjustments in working while observing Covid-19 prescribed SOPs.

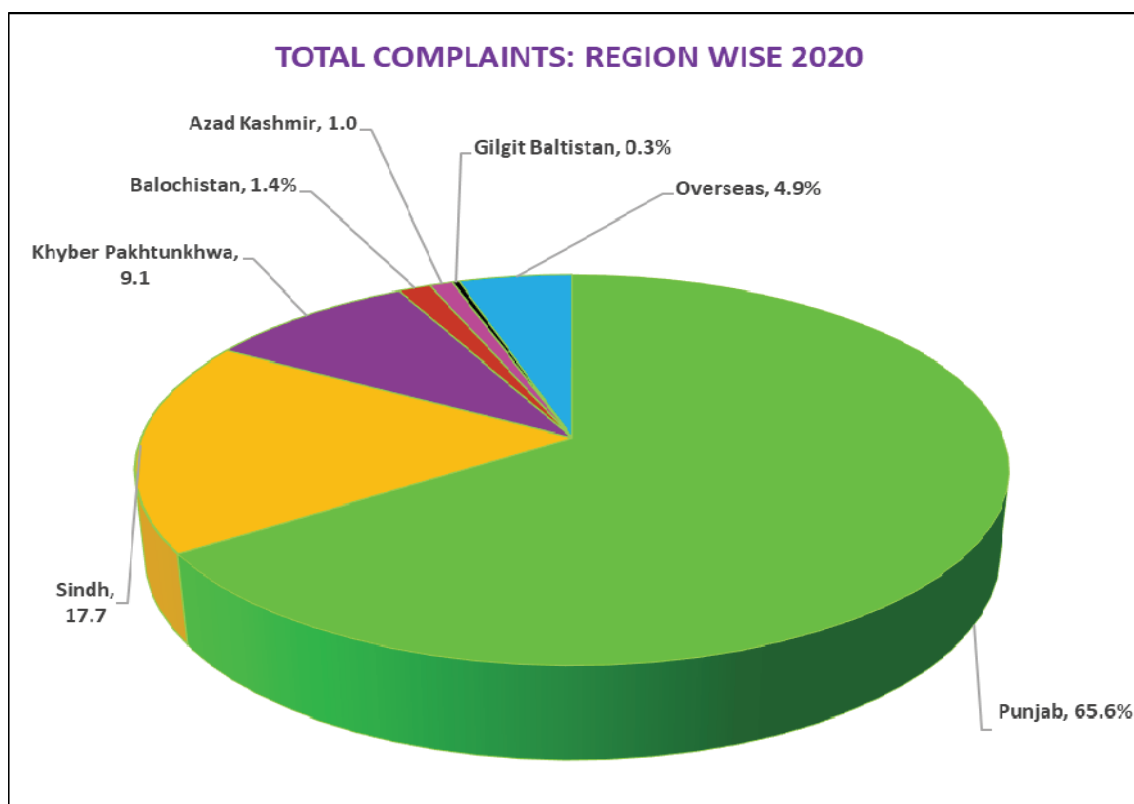


\* seeking further information/ documents & service matters complaints

## Region-wise breakup of Complaints received in the year 2020

The institution of Banking Mohtasib Pakistan receives complaints against banks located all over the country. The table given below shows a region-wise breakup of complaints while the pie chart compares the percentage of complaints received (region-wise) during the year.

| Region             | Complaints received during the year | Complaints Carry forward from last years | Total         |
|--------------------|-------------------------------------|--|---------------|
| Punjab             | 14,924                              | -  | 14,924        |
| Sindh              | 4,027                               | -  | 4,027         |
| Khyber Pakhtunkhwa | 2,070                               | -  | 2,070         |
| Balochistan        | 319                                 | -  | 319           |
| Azad Kashmir       | 228                                 | -  | 228           |
| Gilgit Baltistan   | 68                                  | -  | 68            |
| Overseas           | 1,114                               | -  | 1,114         |
| <b>Total</b>       | <b>22,750</b>                       | <b>2,778</b>                             | <b>25,528</b> |

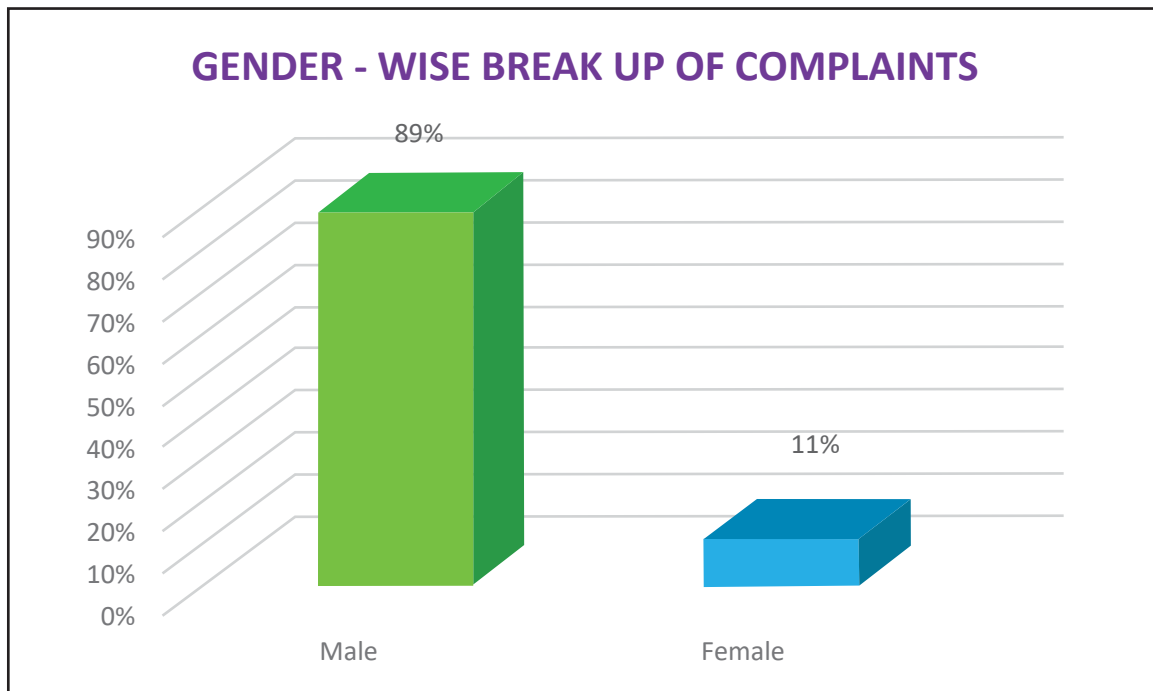


## Bank-wise breakup of Complaints received during the year 2020

The following table shows number of complaints received against each bank during the year under review.

| S. No. | Bank   | Complaints Received |               |               |
|--------|--|---------------------|---------------|---------------|
|        |  | BMP Secretariat     | PM Portal     | Total         |
| 1      | Albaraka Bank (Pakistan) Limited               | 35                  | 24            | 59            |
| 2      | Allied Bank Limited                            | 530                 | 1,009         | 1,539         |
| 3      | Askari Bank Limited                            | 209                 | 204           | 413           |
| 4      | Bank Al Habib Limited                          | 254                 | 134           | 388           |
| 5      | Bank Alfalah Limited                           | 638                 | 629           | 1,267         |
| 6      | Bank Islami Pakistan Limited                   | 102                 | 88            | 190           |
| 7      | Dubai Islamic Bank Pakistan Limited            | 95                  | 67            | 162           |
| 8      | Faysal Bank Limited                            | 515                 | 287           | 802           |
| 9      | First Women Bank Limited                       | 8                   | 0             | 8             |
| 10     | Habib Bank Limited                             | 2,654               | 2,663         | 5,317         |
| 11     | Habib Metropolitan Bank Limited                | 71                  | 34            | 105           |
| 12     | JS Bank Limited                                | 431                 | 234           | 665           |
| 13     | MCB Bank Limited                               | 863                 | 1,007         | 1,870         |
| 14     | Meezan Bank Limited                            | 376                 | 383           | 759           |
| 15     | National Bank of Pakistan                      | 630                 | 191           | 821           |
| 16     | Samba Bank Limited                             | 10                  | 11            | 21            |
| 17     | Silk Bank Limited                              | 399                 | 248           | 647           |
| 18     | Sindh Bank                                     | 20                  | 28            | 48            |
| 19     | SME Bank Limited                               | 2                   | 1             | 3             |
| 20     | Soneri Bank Limited                            | 99                  | 65            | 164           |
| 21     | Standard Chartered Bank (Pakistan) Limited     | 366                 | 182           | 548           |
| 22     | Summit Bank Limited                            | 38                  | 27            | 65            |
| 23     | The Bank of Khyber                             | 22                  | 63            | 85            |
| 24     | The Bank of Punjab                             | 260                 | 499           | 759           |
| 25     | The Bank of Tokyo - Mitsubishi UFG Ltd         | 1                   | 0             | 1             |
| 26     | The Punjab Provincial Cooperative Bank Limited | 17                  | 20            | 37            |
| 27     | United Bank Limited                            | 1,562               | 1,536         | 3,098         |
| 28     | Zarai Taraqtiati Bank Limited                  | 106                 | 14            | 120           |
| 29     | Institutions other than banks                  | 391                 | 2,398         | 2,789         |
|        | <b>Total</b>                                   | <b>10,704</b>       | <b>12,046</b> | <b>22,750</b> |

## Gender-wise break up of complaints



## Review Petitions and Representations

The Mohtasib has the power to Review his decisions under Section 13 of Act XIV of 2013. Moreover, Section 14 of the Act provides that a Representation can be made to the President within thirty days of the decision, order, findings, or recommendations of the Mohtasib. The position of Review & Representation is as under:

Two Review Petitions were filed before BMP out of which one was allowed. Out of 105 representations made to the President, Islamic Republic of Pakistan, 62 were disposed of (45 Orders were upheld, 15 representations were rejected being time barred, 1 case remanded to BMP and 1 Order set aside)

# *ACTIVITIES*

### **1. Seminar on 'Banking Mohtasib - An Alternate Dispute Resolution Forum' held in coordination with Express Media Group**

The Banking Mohtasib Pakistan office, in collaboration with the Express Media Group, conducted a seminar in Islamabad on October 1, 2020. The seminar focused on the role of Banking Mohtasib Pakistan for resolving the issues / problems faced by the banking customers in performing their day to day banking activities. His excellency, the Honourable President of Pakistan, Dr. Arif Alvi was the Chief Guest on the occasion.

### **2. Banking Mohtasib Pakistan calls on President of Islamic Republic of Pakistan.**

The Banking Mohtasib Pakistan, Mr. Muhammad Kamran Shehzad called on the President, Islamic Republic of Pakistan, Dr. Arif Alvi at the President Secretariat, Aiwan-e-Sadr, Islamabad on 14th July, 2020. While giving a briefing about the functioning of Banking Ombudsman Office, he apprised the President that the Institution remained functional during the global pandemic and all safety measures were adopted and standard operating procedures (SOPs) followed in order to ensure the safety of the employees and the complainants. The institution had received 11251 complaints till 30th June, 2020 and the complainants were provided relief to the extent of Rs 318.6 (M). These also include the complaints received at the Prime Minister's Portal relating to banking issues. The increase in number of complaints represents the confidence of the general public in the working of this institution and the relief being obtained speedily and without any cost.

The Banking Mohtasib also apprised the Hon'ble President that the institution is taking steps to reduce the notice period of complaints from 45 to 15 days.

Besides improving the website and establishing online system of filing complaints, plans are also underway for extending SMS messaging facility to complainants to inform them of the current status of their complaints.

The President appreciated the steps being taken by Banking Mohtasib towards protecting the interests of deserving complainants /consumers by providing relief to them from financial losses as well as to provide proper guidance to banking sector. The President assured his full support to Banking Mohtasib Pakistan for further improvement in the working of the institution. He emphasized the need for further technological advancement and ensuring speedy disposal of complaints by making investment in human resources and imparting training in the digitalized banking.

### **3. Banking Mohtasib Pakistan visits Lahore Chamber of Commerce & Industry**

The Banking Mohtasib Pakistan, Mr. Muhammad Kamran Shehzad visited the Lahore Chamber of Commerce & Industry (LCC&I) at their invitation on 19th August, 2020. Mr. Kamran Shehzad gave an overview / briefing to the members of LCC&I about the functioning of Banking Ombudsman office, the procedure for lodging complaints, its jurisdictions, and also past and present achievements of the institution. He also explained that how the Banking Mohtasib Pakistan will be helpful and beneficial to businessmen with regard to dispute resolution of all banking transaction-related matters.

The members of the Lahore Chamber of Commerce & industry appreciated the briefing given by the Banking Mohtasib Pakistan. They also thanked him for visiting the LCC&I by sparing some time out of his busy schedule.

#### **4. Banking Mohtasib Pakistan holds series of meetings with SBP officials**

A series of meetings were held between the Banking Mohtasib Pakistan and the officials of State Bank of Pakistan during the year 2020. In these meetings, discussions were held on different issues regarding inter-bank fund transfer, systematic deficiencies, payment system, legal issues relating to consumers, and other matters of mutual interest. Discussions were also held for bringing further improvement in the services being provided by banks to their customers.

# ***HUMAN RESOURCE ACTIVITIES***

## Trainings & Workshops

### 1. **Banking Mohtasib officials attended course on 'Internal and External Frauds – Tools for Fraud Investigation and Reporting'**

A course on 'Internal and External Frauds- Tools for Fraud Investigating and Reporting' was organized by the Institute of Bankers Pakistan at its premises in Karachi on 17th February, 2020.

Mr. Imran Ahmed and Mr. Sohail Ahmed Babar, Assistant Directors (Investigation) attended the course which was mainly focused on different types of internal and external frauds and tools applied for investigation and reporting.

### 2. **Two-day workshop on 'PPRA/SPPRA/BPPRA Rules and Procurement of Consultancy Services' held in Karachi**

A two-day workshop on 'Public Procurement Regulatory Authority/ Sindh Public Procurement Regulatory Authority/ Balochistan Public Procurement Regulatory Authority Rules and Procurement of Consultancy Services' was held on 19th and 20th February, 2020 at a local hotel in Karachi to address issues relating to rules and legal aspects in procurement of consultancy services.

Mr. Muhammed Sohail, Consultant attended the workshop, which was organized by the Institute of Tender Management.

### 3. **Two-day workshop on 'Problems and Solutions in Public Procurement and Step by Step Practical Procurement' held in Karachi**

A two-day workshop on 'Problems and Solutions in Public Procurement and Step by Step Practical Procurement' was held on 21st and 22nd February, 2020 to address issues relating to problems and solutions regarding public procurement and overall steps involved in practical procurement.

Mr. Kazi Raheel Javed, Deputy Director, HR/Admin. and Mr. Muhammad Imran, Deputy Assistant Director, Finance attended the workshop, which was organized by the Institute of Tender Management at a local hotel in Karachi.

### 4. **One-day workshop on 'New Amendments in PPRA Rules 2004' held in Karachi**

A one-day workshop on 'New Amendments in PPRA Rules 2004' was held on 16th September, 2020 at a local hotel in Karachi. The workshop focused on the significant amendments made by the Federal Government in Public Procurement Regulatory Authority Rules was organized by the Institute of Tender Management. Mr. Muhammad Imran, Deputy Assistant Director Finance, attended the workshop.

## Induction of New Staff

In view of rising complaints and to meet timely disposal of complaints, a number of staff has been inducted in different grades. Furthermore, three staff members have left the office after completion of their contract period.

## Recommendations to State Bank of Pakistan

During investigation of complaints, the Banking Mohtasib office occasionally notices systemic deficiencies and control weaknesses within banks. Such weaknesses are brought to the attention of banks' senior management. For issues of a serious nature, a report is submitted to the State Bank of Pakistan for action as it may consider appropriate. Some of the issues which have been brought to the notice of State Bank of Pakistan for appropriate regulatory intervention are as under:

- The State Bank of Pakistan vide its PSD Circular No.9 of 2018, (dated November 28, 2018), made it mandatory for banks to have bio-metric verification at any branch of their banks for activation/ re-activation of online banking services, including internet/mobile banking for their customers. The above instructions were suspended vide PSD Circular No. 2 of 2020 (dated March 18, 2020) which inter-alia was one of the measures to control the spread of pandemic of COVID-19. However, it has been observed from complaints received in Banking Mohtasib Pakistan office that the fraudsters are taking advantage of suspension of bio-metric verification conditionality as since suspension the number of complaints relating to IBFT/internet banking transactions are increasing day by day. SBP is, therefore, recommended to lift the suspension, if considered appropriate, or some alternate for bio-metric be introduced to reduce/avoid miseries of innocent account holders.
- It has been observed that instructions issued by SBP from time to time vide their different circulars are not followed by banks in letter and spirit. One of the reasons may be the inflow of variety of circulars and change in instructions or various modifications on the same subject which cannot be grasped / adopted by banks due to frequent changes in the instructions and influx of certain information from time to time. It is, therefore, recommended that a Master Circular on each subject may be issued so that all the Instructions / modifications may be centralized and incorporated in a Master Circular in order to facilitate banks as well as all the stake holders.
- A comprehensive consumer complaints data is available, but at present it is dispersed among individual banks, SBP and Banking Mohtasib office. SBP and Banking Mohtasib Pakistan office have published some statistics in this regard, but there is a need for a consolidated data base of all consumer complaints which would facilitate the regulator as well as banks to better identify and address recurring problems and areas of weak controls. It is recommended that a data on all consumer complaints be made for effective analysis.
- Section 82 B (4) (b) of Part IV A of the Banking Companies Ordinance, 1962, confers the power and responsibility to the Banking Mohtasib to facilitate an amicable resolution of complaints after hearings. However, this is rendered impossible for the reason that the managers or officers of banks appearing at the hearing have no such authority from their institutions to negotiate and arrive at an amicable settlement and they tend to refer the simple issues to their Head Offices which not only delays the process of speedy justice, but also leads to a series of further communications.

Further, Banking Mohtasib Pakistan has noticed many instances where banks agree to make payment to complainants, but the process of their internal approval is largely found to be time consuming which defeats the very basic purpose of providing speedy justice. The banks are thus required to make their complaint resolution mechanism compatible to relevant law to ensure prompt payment to the customer in case of complaints attaining finality under law or resolved by process of amicable settlement.

- Reducing of notice period of complaint from customers from 45 to 15 days as it appears to be a long period which deprives the Complainant from early resolution of their complaint.
- As per Section 82 D (1) of Banking Companies Ordinance, 1962, the Complainant is required to file his Complaint on Oath. However, It is suggested that amendment may be made in the relevant section and Complainant may be allowed to submit an undertaking instead of an attestation by the Oath Commissioner.

## The Way Forward

### Upgradation of Information Technology System

It may be pointed out that an in house complaint processing software was designed with the help of State Bank of Pakistan in 2005 i.e. at the time of inception of this Institution. Over the years, many steps were taken to improve/ upgrade the system by resorting to patch work. However, the present IT system needs further improvement as it may not be able to cope with the present day need.

To keep pace with the technology and to match the state of the art technological products, Banking Mohtasib office also needs upgradation of its I.T. platform.

Since the number of complaints has been increasing day by day, there is a need of a better management in order to facilitate the complainants. The Banking Mohtasib Pakistan is planning to introduce a user-friendly system that would be an online portal. It would provide convenience to the complainants to lodge and track their complaints through online portal and mobile application. It will help in reducing the time period for early resolution of complaints. In addition to that, Banking Mohtasib Pakistan is also planning to revamp in its website and make it more user-friendly.

### Recruitment

As the flow of complaints is increasing at a drastic pace, the work load has also risen sharply and in order to accommodate the complainants in a timely and speedy manner, recruitment of skill personnel at all level is planned to fill this gap. Banking Mohtasib Pakistan office has recruited a limited number of staff, keeping in view of its budgetary limits for the purpose.

### Improving performance of institution by way of Complainant Satisfaction Survey

Banking Mohtasib Pakistan has made efforts to conduct complainant's satisfaction survey to evaluate the performance of Banking Mohtasib office in order to further improve its service quality and other related issues. The results of survey would be analyzed and shall also be disseminated in its annual report as well.

# *CASE STUDIES*

## Case 1: Irrational deduction of withholding tax

The Complainants stated that they have been maintaining business account with the concerned Bank branch and are tax filer and there is no tax issue with any bank they are dealing with. However, the concerned branch of the Bank had deducted withholding tax of Rs 221,495.40 on their all fund transfer transactions done from September 23, 2019 to November 08, 2019 due to system error or negligence of the staff of the Bank's branch. The Complainants protested on this misconduct of the branch staff and asked for refund of the entire amount of Rs 221,495.40 deducted as withholding tax. The Bank refunded an amount of Rs 117,993.00 only and was hesitant to refund the remaining amount of Rs 103,501.47. As the matter remained unresolved, the Complainants lodged a complaint with the office of Banking Mohtasib Pakistan.

Upon receipt of the complaint, the matter was taken up with the Bank. The Bank informed that the amount deducted from Complainants' account had been deposited with FBR against CNICs of the Complainants which they can claim from FBR. On apprising, the Complainants further agitated stating that their payments were released to them after deduction of tax amount and since their liability has been paid to FBR in advance, therefore, factually there was no tax liability against them and the Bank debited their account unauthorizedly with the disputed amount and now taking plea which is irrelevant and unacceptable. Banking Mohtasib Pakistan office noted that the Bank's stance was not justifiable as unauthorized amount was debited to Complainants account for no fault of the Complainants as the entire payments received by the Complainants were credited to their account after tax deduction as stated earlier.

In the light of the above, the Bank was advised to revisit the case and refund the amount which was debited to Complainants' account irrationally and without any reason.

After exchange of correspondence establishing facts regarding unnecessary deduction of amount, the Bank finally accepted the claim of the Complainants and credited the remaining amount of Rs 103,501.47 in their account. The Complainants confirmed the receipt of the said amount and expressed satisfaction over the amicable resolution of their complaint.

## Case 2: Insurance Policy issued without the consent of Account Holder

The Complainant stated that he had been maintaining his PLS account with the concerned branch of a bank and was working in Dubai since 2008. In his absence, the then Branch Manager in connivance with an insurance company got issued life insurance policy in the name of Complainant amounting to Rs 1,307,500 without his consent and knowledge. On his return to Pakistan in 2017, he came to know about this issue and since then pursuing the matter with the Bank and the insurance company for refund of his money, but to no avail. As the matter has not been addressed by the Bank, he, therefore, lodged a complaint with the office of Banking Mohtasib Pakistan.

Upon receipt of the complaint, the matter was taken up with the Bank highlighting the regulations/instructions while selling this product. The Bank after thorough investigation accepted the claim of the Complainant and credited the amount of Rs 1,307,500 into the Complainant's account. However, the Bank was further persuaded to arrange payment of profit as the Complainant was maintaining PLS account and the insurance policy was issued without his consent, thus depriving him of profit amount due on his deposits. Finally, the Bank has also credited an amount of Rs 236,305 in the Complainant's account, being the profit amount for opportunity loss. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the amicable resolution of his complaint.

### **Case 3: Refund of Unclaimed Deposit**

The Complainant stated that he had been maintaining an account with a bank's branch in Pakistan. As he was residing in England, he could not operate his account for a long time. In his absence, an amount of Rs 1,393,916.55 was transferred to State Bank of Pakistan as unclaimed account in 2015. On his return to Pakistan in 2016, he came to know about this issue and since then pursuing the matter with the Bank for recovery/refund of his money, but to no avail. As the matter has not been addressed by the Bank, he, therefore, lodged a complaint with the office of Banking Mohtasib Pakistan.

Upon receipt of the complaint, the matter was taken up with the Bank. The Bank after a thorough investigation accepted the claim of the Complainant and after completing all requisite formalities, requested the central bank for refund of unclaimed deposit for an amount of Rs 1,393,916.55 which was allowed and refunded and subsequently credited by the Bank into Complainant's account. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the speedy resolution of his complaint.

### **Case 4: Fraud**

The Complainant stated that he visited the branch of a bank on 27th March, 2017 to partially repay his loan amount and markup against which the Agricultural Field Officer (AFO) gave him deposit slips for Rs. 51,500/, Rs. 524,000/- and Rs. 40,000/-. He handed over full amount to the AFO to deposit it into his loan account who passed on the amount to another employee of the Bank.

However, on August 01, 2017, he received a notice from the Bank and he was surprised to know that his above-mentioned amount of Rs. 524,000/- has not been deposited in his account. He, therefore, approached the office of BMP for redressal of his complaint.

Banking Mohtasib Pakistan office investigation revealed that amounts of PKR 40,000/- and Rs. 51,500/- deposited by the Complainant on 27th March 2017 were accounted for towards his markup and current accounts.

However, the Bank did not account for the amount of Rs. 524,000/- towards his loan for which the Complainant possessed the valid deposit slip.

When the branch called the Complainant to deposit the markup, he raised the objection that why the amount of markup has been increased, although he had deposited the amount of Rs. 524,000/- on March 27, 2017 in the principal amount. The customer was called to visit the branch to reconcile the amounts. However, his loan was classified as NPL (Non-performing loan). At that time, the customer was advised to regularize his loan so that the increase in pricing of loan is reduced which he later did and the amount outstanding was Rs. 950,000/-.

The Bank during the hearing revealed that ex-Manager of the branch had committed a fraud of Rs. 30.00 million involving 29 customers, including the Complainant, and claimed amount has been paid to 17 customers. The Bank's representative said that the deposit slips through which the amounts were deposited were genuine, the stamp which was used seems to be the same as they used in the branch and the incident occurred within the premises of the branch. The Bank suspended the delinquent Manager and initiated disciplinary action against him.

Since the issue of fraud had already been came to light, therefore, to suppress this episode and to avoid classification of loan as NPL that would have attracted provisioning as per Prudential Regulations, the AFO and branch team made out another scheme to arrange adjustment of his loan amount and obtained a signed blank cheque from the Complainant. Past due loan amount was adjusted by making deposits of Rs. 79,300/- and Rs. 950,000/- vide deposit receipt numbers 2785166 and 2785167 respectively, both receipts bear the signatures of a customer. However, the Complainant had expressed his ignorance about that person and denied having any business consideration with him. Surprisingly, it strengthens the perception of pre-planned scheme woven with malafide intention as fresh loan was sanctioned and disbursed on the same very date i.e. June 26, 2018.

This act on the part of branch's staff to arrange adjustment of loan and instantly fresh loan that was past due strengthens the stance of Complainant that he has been deprived of Rs. 524,000/- deposited by him to pay off his borrowed money.

The Bank declined customer's claim simply on the ground that the deposit slip # 1812557 dated 27th March, 2017 for Rs. 524,000 does not bear the genuine stamp of the Branch, hence the receipt is not valid. The Bank's above stance is not plausible as the Manager was authorized by the Bank to carry out banking business on its behalf.

It is a well settled principle of vicarious liability that the employer is liable to fully make good the loss of a customer arising out of a fraud perpetrated by the employee in the course of the employer's business whether the fraud is done for the benefit of the employer or not.

It is admitted by the Bank in its enquiry report dated April 25, 2018 that the Bank Manager during the banking hours in the branch received amounts from the customers, but he did not deposit the same in their accounts. Actually, he pocketed the amounts.

This admitted position of the report of the Bank is a conclusive proof of the claim of the Complainant as prayed by him in his complaint. The Bank has not taken any defence that this transaction was personal transaction between the Bank Manager and the Complainant.

In view of the foregoing, the Banking Mohtasib held the view that it is a case of vicarious liability and a categorized admission has been made by the Bank representative that the then Manager was involved in the whole process which resulted in depriving the Complainant with a loss of Rs. 524,000/-.

The Bank was, therefore, advised to credit Rs. 524,000/- deposited by the Complainant to adjust Complainant's loan account with good value date and the Bank may recover the rest of the payable loan amount for which the Complainant had expressed his willingness to pay, during the hearing proceedings. The Bank complied the Order of Banking Mohtasib Pakistan.

### **Case 5: Foreign Currency Account**

The Complainant stated that he had been maintaining his Foreign Currency Account with a bank's branch since 1996. After opening of account, he went to Saudi Arabia. The Complainant visited Pakistan in 2012, and visited the branch where he came to know from the branch manager that his account was not traceable.

The Complainant lodged claim with the Bank and left the country for Saudi Arabia. However, on his return to Pakistan in 2019, he was shocked to know that the Bank failed to trace out his account and the amount of US \$2652/- deposited at that time in the account was not refunded by the Bank.

As the matter has not been addressed by the Bank, he lodged a complaint with the office of Banking Mohtasib Pakistan. Upon receipt of the complaint, the matter was taken up with the Bank. The Bank after thorough investigation accepted the claim of the Complainant and refunded the deposited amount with profit of US \$2891/- @ 160/-PKR per USD in the sum of Rs 462,560/- through pay order. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the amicable resolution of his complaint.

### **Case 6 : Fraud through ATM**

The Complainant approached the office of Banking Mohtasib stating that on 9th November, 2019, she tried to conduct an ATM transaction at Bank 'A' (Acquirer Bank) but her card got stuck. Meanwhile, a person came inside the ATM vestibule, but she did not enter her pin code in his presence. She approached Bank 'A', where the staff stated that her card will be delivered to her parent Bank's branch. After few days, she came to know that an amount of Rs. 250,000/- has been fraudulently withdrawn from her account. She lodged a complaint with the Bank, but the issue remained unresolved.

Upon query raised from Banking Mohtasib's office, the Bank 'B' (Issuer Bank) reported that the Complainant confirmed that she did not block the Card after it was apparently captured at Bank's ATM. Further, she also confirmed that two persons were already present inside the ATM booth when she went there for conducting transaction and she

also entered the Card and PIN in presence of both the alleged persons. Subsequently, 15 transactions of successful cash withdrawals were made on several banks' ATM through her ATM Card. Further, investigation revealed that the customer's card was not captured at Bank 'A' ATM, but it was tactfully taken by the alleged persons present beside the customer at the time when she had tried to use her Card.

The alleged persons have also stolen her secret ATM PIN Code through shoulder surfing. During the course of hearing, the Bank 'A' representative stated that that it was Saturday on 9th November, 2019 and the staff was in the branch for completion of some work. When the Complainant approached the Branch, she was advised that it is a holiday and not a working day, therefore, if her card was stuck, it would be given to her on the coming working day. He added that when she visited the Branch, a gentleman was also accompanying her who was assisting her in conducting her ATM transaction.

The CCTV footage was also shown to the Complainant which showed that the same person was accompanying her throughout her ATM transaction attempts. The CCTV also showed that a person entered the ATM vestibule when she was conducting the transaction who deceitfully noted the ATM PIN when she was in the ATM vestibule. When Complainant left the vestibule, he took out the card from machine and went away. Later, he conducted the disputed transactions. After hearing all the parties and examination of available record, it was revealed that the Complainant had inserted her Card into the machine on November 09, 2019 at 09:58:46 a.m., but the transaction got cancelled due to "host transaction timeout" and at 10:01:30 a.m. pulse generated "Card taken", whereas, it was not actually ejected, as subsequent to said pulse Complainant continually made failed attempts to complete her transaction as a result thereof EJ Roll showed six card-less transactions attempts carried out from 10:01:30 a.m. till 10:04:44 a.m.

It is noticed that the machine either was malfunctioning or its behaviour was technically abnormal during processing the transaction and its consistent smooth function was not possible due to certain interruptions as is evident from abnormally longer span of time taken for the transaction as well as few other transactions. The processing time of an ATM cash withdrawal transaction should not normally exceed 120 seconds whereas in the disputed transaction it has taken about 3 minutes (180 seconds) where neither the cash was dispensed nor ATM card was ejected as per CCTV footage. It is not expected that a customer would wait for such a long or indefinite time.

The situation clearly shows that the machine was not functioning error free as is required by dictates of relevant regulation envisaged in SBP PSD Circular No. 2 of 2007 (dated September 7, 2007). Further, the CCTV footage as produced by the Bank showed that some other person took the card at 10:03:19 a.m. afterwards. The EJ Roll also showed that the machine was not functioning smoothly, prior to the transaction conducted by the Complainant on 9th November, 2019 at 09:58:46. The Bank 'A' view point was sought on the said behaviour of ATM inviting their attention to Clause 4-2(j) and 5(a) of SBP PSD Circular 5 of 10th June, 2016 that stipulates : "CSPs (Card Service Provider) shall install appropriate security mechanism like anti-skimming and biometric

devices etc. on their ATMs and POS machines. And CSPs (Card Service Provider) shall develop and implement a formal consumer awareness program regarding safe usage of payment card and NPMs (New Payment Methods), while highlighting risks and frauds associated with them.”

In response, the Bank has submitted, based on downtime report that no malfunctioning of machine was observed as communication breakdown was just for 22 seconds from 9.00 AM to 9.00 PM, but at the same time activity report submitted by the Bank indicated that out of 40 entries, 27 attempts remained unsuccessful.

As it was also noticed in similar cases that the fraudster use means to stall the ATM by causing temporary interference as a result the ATM card inserted remains in the slot and does not get actually inserted in the ATM. The fraudster prompts the cardholder to input the PIN Code as with this act his / her ATM card might come out and thus the fraudster gets hold of the PIN Code. As soon as the Complainant leaves the ATM booth the fraudster would pull the ATM card from the insertion slot and get away for making fraudulent withdrawals. Similar activity has been witnessed in this case.

The Complainant became victim of fraud due to laxity of the acquirer Bank whose ATM was apparently managed by fraudster to defraud innocent customer / account holder. Bank 'A' also could not maintain its ATM in order as per guidelines / instructions issued by SBP from time to time in this regard and as discussed above.

The transactions in dispute, therefore, are not authorized transactions by Complainant as provided in Section 41 of Payment System and Electronic Funds Transfer Act 2007, as the Bank has admitted that card was deceitfully taken over by an unscrupulous person from their ATM which was not working error free.

Accordingly, the Banking Mohtasib Pakistan ordered the Bank to make good the loss by crediting the Complainant's account with a sum of Rs. 250,000/-. The Bank complied with the Order of the Banking Mohtasib Pakistan.

### **Case 7: Loss of Funds through ATMs**

The Complainant stated that on 2nd June, 2019 (Sunday), he inserted his ATM card in the machine installed at a branch of a bank where he has been maintaining his account and tried to apply the PIN code, but he found that some keys of keypad were jammed and could not be pressed. His ATM card remained stuck in the machine and could not be ejected despite repeated efforts and waiting in the ATM vestibule for 12 to 15 minutes. He contacted an employee of the Bank on the same day to seek his advice whether card should be got blocked upon which the said employee told him that generally cards are captured by the machine but being non-working day (Sunday) he should visit the branch on 3rd June, 2019 and after some simple procedure the card will be returned to him. Accordingly, he visited the branch on 3rd June, 2019 where he was shocked to learn that a total sum of Rs 240,000/- had already been withdrawn from his account on his captured ATM card via cash withdrawals as well as through Inter Bank Funds Transfer

(IBFT) on June 02, 2019 and 3rd June, 2019 which were obviously not performed by him. He, therefore, brought the matter to the attention of the Manager of the branch on the same day i.e. June 03, 2019, but to no avail. He has, therefore, sought the assistance of Banking Mohtasib Pakistan office for retrieval of his lost funds.

Upon taking up the matter, the Bank informed the Banking Mohtasib Pakistan office that the Complainant visited his parent branch on 2nd June, 2019 and inserted his debit card at 06:24 p.m. and tried to conduct the transaction, but the same was unsuccessful.

The Complainant did not lock the ATM vestibule. Resultantly, some unknown persons entered in ATM vestibule and it appeared that they were helping the Complainant to conduct the transaction. During this episode, the Complainant entered PIN code in front of those unknown persons and left ATM vestibule at 6:35 p.m.

The security of card and PIN code is the core responsibility of the customers and in this case the Complainant entered the PIN code in front of some unknown persons, therefore, it required no further investigations and it is complainant's liability. SMS were timely sent to the Complainant, but he reported the matter to helpline on 3rd June, 2019 at 11:15 am. Further, as far as malfunctioning of the ATM is concerned, the same had already been highlighted to the concerned team to avoid recurrence in future. However, on the basis of malfunctioning of the ATM (if any), Complainant's claim cannot be compensated as he himself compromised his ATM PIN.

Banking Mohtasib Pakistan office also approached the beneficiary's banks where the disputed amounts were landed. Bank 'A' informed that the funds amounting to Rs 70,000/- were landed in the beneficiary account on 2nd June, 2019 and withdrawn the same day via ATM. However, the beneficiary disowned the debit and credit transactions against the disputed funds. Further, Bank 'B' also informed that funds amounting to Rs 50,000/- were landed in the beneficiary account on June 03, 2019 and were withdrawn the same day. The beneficiary asserted that he had also become victim of shoulder surfing.

Detailed scrutiny of EJ Roll showed that cash was not dispensed while card was ejected after 12 minutes and 29 seconds i.e. transaction started at 06:23:37 p.m. and card was ejected at 06:36:06 p.m. The entire transaction took 12 minutes and 29 seconds (started at 06:23:37 p.m. and ended at 06:36:06 p.m.) showing status as successful and simultaneously showing a communication error. Further, before this transaction the EJ Roll shows 81 transactions all with the narration "AMOUNT ENTERED" without any other pulses which also showed that the machine was not working error free.

Since it was clear from the available evidence that the machine either malfunctioned or its behavior was technically abnormal during processing the instant transaction or its consistent smooth function was not possible due to certain interruptions as is evident from abnormally longer span of time taken for instant transaction. The machine was not functioning error free as is required by dictates of relevant regulation envisaged in SBP PSD Circular No. 2 of 2007 (dated September 07, 2007).

As noticed in similar cases, the fraudster use means to stall the ATM by causing temporary interference as a result the ATM Card inserted remains in the slot and does not get actually inserted in the ATM. The fraudster prompted the cardholder to input the PIN Code as with this act his ATM Card might come out and thus the fraudster got hold of the PIN Code. As soon as the Complainant left the ATM booth, the fraudster pull the ATM Card from the insertion slot and subsequently made fraudulent withdrawals. Bank's defence, under the circumstances, that Complainant himself shared his ATM PIN carries no weight.

The Bank 'A' was, therefore, advised to make good the loss by crediting the Complainant's account with a sum of Rs 240,000/- and in addition pay to the Complainant, under Section 82E (c) of the BCO 1962, compensation for opportunity loss, profit at the Bank's Rupee Savings Account rate, as announced from time to time.

### **Case 8: Fraudulent transaction through ATM**

The Complainant submitted that she was maintaining an account in a bank's branch located at Gujrat. On February 04, 2019, she received a call from the Bank's official number on her mobile phone and the caller asked about her account information / ATM Card Pin Code, which were provided by her. Later, she came to know that an amount of Rs.78,000/- had been illegally and unauthorizedly transferred from her account to some other account. She made several complaints with the Bank, but to no avail. She, therefore, lodged her complaint with the Banking Mohtasib office.

Upon receipt of the complaint, the matter was taken up with the Bank. In response, the Bank after thorough investigation credited an amount of Rs.78,000/- to her account. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the amicable resolution of her complaint.

### **Case 9: No Profit on Fixed Investment.**

The Complainant submitted that a bank had approached him to invest Rs 1,400,000/- in Fund Managers for two years with assurance that upon completion of the tenure, he will get the invested amount back with high profit. However, in 2019 on completion of the tenure, the Complainant received only an amount of Rs 1,113,615/-, and no profit was given by the Bank. He lodged a complaint with the Bank, but to no avail. He, therefore, lodged his complaint with the Banking Mohtasib office.

Upon receipt of the complaint, the matter was taken up with the Bank. In response, the Bank informed that the amount of Rs 1,400,000/- was invested in Islamic Active Allocation Plan and on August 22, 2017, the Complainant had executed an undertaking confirming that the features of the Plan / Product were explained to him by the concerned staff. However, on Banking Mohtasib office intervention, the Bank refunded the difference amount of Rs 286,385/- to the Complainant account on 26th June, 2020. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the speedy resolution of his complaint.

### **Case 10: ATM POS Transactions-3D**

The Complainant submitted that he was maintaining an account at a bank's branch in Islamabad. On July 08, 2019, he received a call from the Bank's official help line number for verification purpose. The caller asked him to provide certain information. In response, the Complainant shared all his financial credentials with the caller, including ATM Card Number and One time-password (OTP). Later, an amount of Rs 160,000/- was transferred from his account. The Complainant lodged a complaint with the Bank the very next day, but the Bank refused to refund the amount. He, therefore, filed a complaint with the office of Banking Mohtasib.

Upon receipt of the complaint, the matter was taken up with the Bank. In response, the Bank after thorough investigation accepted the claim of the Complainant and credited the disputed amount of Rs 160,000/- to Complainant's account. The Complainant was also contacted, who confirmed the receipt of the said amount and expressed satisfaction over the resolution of his complaint.

### **Case 11: Payment of less profit**

The Complainant, who was a Director in a company, stated that on March 19, 2019 he opened a project account in a bank branch at Islamabad. He added that an amount of Rs 330 million was invested in Term Deposit (roll over) at an agreed rate of markup of 10.05% per annum.

However, surprisingly for the month of August 2019, the Bank paid the profit at the rate of 5% only instead of mutually agreed markup of 10.05%, which is in violation of the terms and conditions as per agreement between the Bank and the Company. The Complainant made several complaints with the Bank, but to no avail and the matter remained unresolved. The Complainant lodged a complaint with the office of Banking Mohtasib Pakistan.

Upon receipt of the complaint, the matter was taken up with the Bank. After exchange of correspondence with the Bank, the Bank finally accepted the claim of the Complainant and credited the difference amount of markup of Rs 2,719,652.23 in Company's account. The Complainant confirmed the receipt of the said amount and expressed satisfaction over the amicable resolution of his complaint.

### **Case 12: Filer treated as Non-Filer**

The Complainant stated that he was maintaining a current account in his Company's name with a bank and was also a filer having registered tax payer status which also appeared in Active Taxpayer List (ATL) issued by FBR.

On January 23, 2019, the Bank's branch deducted a sum of Rs 600/- from the Company's account treating the Complainant as a Non-Filer to which he protested. The branch after completion of certain procedural formalities confirmed that henceforward no WHT on cash withdrawals will be recovered as the account status was of a Filer, but to his surprise the Bank continued recovering WHT and each time he was asked to furnish some more documents which he did accordingly, but to no avail.

Upon reconciliation of his account, he found that the branch has recovered around Rs 293,000/- from the account since January 2019 towards tax deduction. On raising the issue, the branch verbally advised him to file income tax refund application with FBR which he found unjust because the branch had illegally recovered WHT from his account and did not rectify its own mistake despite notice since January 2019.

He demanded that the Bank should reverse the WHT and flag his account as a Filer so that such a lapse did not recur. The Bank did not pay any heed to his request. Therefore, he approached the office of Banking Mohtasib for redressal of this complaint.

On Banking Mohtasib Pakistan query, the Bank informed that the said account was opened in November 2018 and the Complainant approached the branch in September 2019 for marking of tax exemption on his account, provided NTN Certificate which was sent to the Bank's central processing unit (CPU) for necessary updating in system, but the same was returned by CPU with the reason "Updated NTN Certificate is required".

The branch approached him and he confirmed that the provided certificate was the only updated one and no other certificate was available with him. The branch also checked the stated NTN number on the Bank's Online Tax Verification Portal that gave NIL report apparently confirming that given certificate was not correct and updated one.

Upon subsequent request by the branch, on a hit and trial error method basis started adding 0 to 9 in start and end of provided NTN number and checked each Online Tax Verification Portal.

On query, the branch came to know that one digit (6) was missing on NTN Certificate and was added in writing by hand which is evident from attached certificate and finally account was marked Filer in October 2019. Since the deducted tax was already deposited in Government Treasury within 7 days after deduction and cannot be refunded, therefore, he was requested to obtain Tax Deduction Certificate from the Bank and claim advance tax deduction in his Tax Return of 2018-2019 or may lodge his tax refund claim with FBR on the basis of Tax Deduction Certificate.

The Bank's comments were shared with the Complainant who through his Income Tax Consultant stated that the last digit in any NTN number is called Check Digit which is not required to check the NTN details and /or ATL status of any tax payer, which showed that the concerned Bank officers (s) have never bothered to check the ATL status or NTN details of the tax payer.

Upon sharing the above stance of the Complainant, the Bank asserted that the Bank's internal system does not verify NTN without checking number. In order to ascertain the veracity of both parties' assertion a demo was arranged in office of Banking Mohtasib Pakistan, visited FBR site for Online Verification System and put Registration No (without check digit) which gave the result that Complainant's Filing status as "Active". This clearly demonstrates that Bank's misrepresented the facts to Banking Mohtasib which has been viewed very seriously.

The Bank was, therefore, advised to refund or adjust the excess tax deducted from the Complainant's account and the Bank may obtain the refund of the sum so paid from the FBR with the necessary help and coordination from the Complainant, if desired. The Bank, however, filed a Representation against the findings of the Banking Mohtasib before the President of Islamic Republic of Pakistan.

### Case 13: Unauthorized Transfer of Funds

The Complainant stated that on 10th January, 2019, he received a phone call from an unknown number for verification of his bio data. Later, an amount of Rs 89,738.80 was fraudulently transferred from his account. He lodged a complaint with the Bank, but despite follow-up, the disputed amount was not refunded. As such, he escalated the complaint with the office of the Banking Mohtasib Pakistan.

The Bank took the stance that on 10th January, 2019, the Complainant's Mobile Banking application was registered for addition of certain beneficiaries by entering his credentials, including ATM Card number, PIN code and One-time password (OTP) duly delivered on his registered mobile number by the Bank. Later, an amount of Rs 88,800/- was transferred from his account through internet banking to accounts maintained at Bank 'T'. On receipt of complaint, the matter was immediately taken up with Bank 'T' but funds had already been withdrawn by the beneficiaries before receipt of intimation of the fraudulent activity. The Bank further submitted that the Complainant during investigation has himself admitted to have divulged account details to an unknown caller.

Complaint was not filed with the Federal Investigation Agency (FIA) and the Pakistan Telecommunication Authority (PTA). Further, no Suspicious Transaction Report (STR) was raised despite the fact that the Bank has received claim from the Complainant about the disputed transactions.

The case was, therefore, set down for hearing whereby the Complainant stated that he received the first call on 10th January, 2019 from an un-known phone number and considering the call from the Bank's number, he answered the questions asked for by the caller who posed as a banker. He denied having availed any digital banking service or transferring the funds to the accounts of persons about whom he did not know anything. He added that he had lodged a complaint with the Bank on 4th March, 2019, but did not receive any communication from it (Bank).

Since the disputed internet banking transactions were executed on 10th January, 2019 i.e. after issuance of SBP PSD Circular No. 09 of 2018 (dated November 28, 2018), attention of the Bank officials was drawn towards para 1V of the Circular which reads as under:

“Henceforth, banks / MFBs shall activate / reactivate online banking services including internet / mobile banking for their customers after biometric verification at any branch of their bank. At the time of activation of online services, banks / MFBs’ relevant staff shall educate customers about various types of online banking frauds as well as the corresponding preventive measures. Banks / MFBs shall be solely responsible for ensuring customer authentication for activation of any ADC and any loss of customer funds due to false activation of any ADCs shall be compensated by the respective bank / MFB.”

The Bank officials, however, admitted that their Bank is not yet compliant to above directives of SBP. In response to further query, as to which hurdle, if any, prevents the Bank to pay the claim when it is in sheer violation of SBP’s directives, they preferred to remain quiet.

After taking cognizance of rising incidents of cybercrime, the State Bank of Pakistan had issued PSD Circular No. 09 of 2018 (dated November 28, 2018) with the sole purpose of affording protection to customers affected by such scams. Thus by not complying with regulatory instructions, the Bank is in clear violation of SBP’s instructions defeating the very purpose of issuance of its PSD circular No. 09 of 2018 i.e. to protect the interest of Banks’ customers / depositors.

The Bank in its defence came up with the argument that the facility of Digital-banking is available through its web portal which could not be accessed, activated or registered without compromising of ATM PIN Code assigned to the Complainant or subsequent OTP generated by the system for setting the name of beneficiary for transfer of funds. This argument was not found tenable because a customer, as per clear directives of SBP, has to first solicit the facility and only then in second phase comes the activation, followed by beneficiary addition and transfer of funds etc. The Banking Mohtasib held the view that the transactions were un-authorized, un-mandated and un-solicited as the Bank had not got done biometric verification before allowing the facility required under SBP directives.

The Bank miserably failed to comply with the Regulator’s (SBP) directives (PSD Circular No. 9 dated 28-11-2018) in performing its fiduciary liability. The Complaint was, therefore, decided in favour of the Complainant, who suffered financial loss due to failure of the Bank to follow SBP’s regulatory directives.

The Bank was, therefore, advised to make good the loss of the Complainant by crediting his account by Rs 89,738.80 in pursuance of these findings along with markup @ 3% above SBP policy rate from the date of withdrawal of funds to the date funds are credited in Complainant’s account in terms of “Compensation Policy” in compliance of Para 9 of PSD Circular No. 3 dated the 9th May, 2018 issued by the State Bank of Pakistan.

The Bank, however, filed a Representation against the findings of the Banking Mohtasib before the President of Islamic Republic of Pakistan. The Order of the Banking Mohtasib was upheld by the President and the Bank credited Rs 206,122/- (disputed amount as well as the late reversal compensation) to the Customer’s account.

# *Performance of Last Five Years at a Glance*

### Receipt & Disposal of Complaints during the last five years

| Year<br>(January –<br>December) | Brought<br>Forward<br>from<br>last<br>Year | Complaints<br>Received | Total  | Amicably<br>Resolved<br>through<br>Reconciliation | Formal<br>Order<br>Passed<br>after<br>Hearing | Rejected | Carried<br>Forward | Amount<br>Granted/<br>Relief<br>Provided to<br>Complainants<br>(Rs.) |
|---------------------------------|--|------------------------|--------|---|---|----------|--------------------|--|
| 2016                            | 375  | 8,780                  | 9,155  | 6,316   | 251   | 2,056    | 532                | 704,420,411  |
| 2017                            | 532  | 8,971                  | 9,503  | 7,064   | 224   | 1,935    | 280                | 431,246,024  |
| 2018                            | 280  | 10,319                 | 10,599 | 6,651   | 126   | 2,770    | 1,052              | 282,601,772  |
| 2019                            | 1,052                                      | 14,587                 | 15,639 | 10,324  | 262   | 2,275    | 2,778              | 260,985,799  |
| 2020                            | 2,778                                      | 22,750                 | 25,528 | 16,123  | 166   | 5,071    | 4,168              | 598,117,361  |

## Total Number of Hearings Held and Orders passed

The table given below gives a view of total number of hearing held and orders passed for resolution during last five years.

| Year         | Number of Hearings | Orders Passed |
|--------------|--------------------|---------------|
| 2016         | 439                | 251           |
| 2017         | 304                | 224           |
| 2018         | 240                | 126           |
| 2019         | 451                | 262           |
| 2020         | 295                | 166           |
| <b>Total</b> | <b>1,729</b>       | <b>1,029</b>  |

## Category-wise receipt of Complaints during five years (2016-2020)

| S. No.       | Categories  | 2016              | 2017              | 2018              | 2019              | 2020              |
|--------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|              |   | No. of Complaints | No. of Complaints | No. of Complaints | No. of Complaints | No. of Complaints |
| 1            | Services inefficiency/ Delays/ Others                       | 3,142             | 3,165             | 2,457             | 3,443             | 3,869             |
| 2            | Consumer Products (credit cards, personal/ auto loans etc.) | 1,255             | 1,251             | 1,833             | 1,985             | 2,323             |
| 3            | ATMs  | 1,458             | 1,522             | 1,855             | 1,891             | 1,546             |
| 4            | Internet Banking/ IBFT                                      | 134               | 123               | 579               | 1,065             | 1,345             |
| 5            | Frauds/ Parallel Banking                                    | 700               | 865               | 1,270             | 701               | 387               |
| 6            | Advances Loan and Deposits                                  | 804               | 974               | 1,391             | 634               | 168               |
| 7            | Insurance   | 351               | 296               | 429               | 516               | 741               |
| 8            | Gross Dereliction of Duty                                   | 294               | 256               | 214               | 222               | 11                |
| 9            | Others  | 197               | 88                | 60                | 66                | 58                |
| 10           | Lockers   | 22                | 24                | 27                | 35                | 34                |
| 11           | Zakat Deduction   | 41                | 37                | 39                | 32                | 27                |
| 12           | Foreign Currency Account                                    | 55                | 16                | 0                 | 25                | 91                |
| 13           | Corruption or Malafide Practice                             | 8                 | 101               | 19                | 21                | 0                 |
| 14           | All Sorts of Problems                                       | 4                 | 3                 | 0                 | 6                 | 0                 |
| 15           | Exporters/Importers   | 7                 | 11                | 0                 | 2                 | 3                 |
| 16           | Lost Cheques  | 32                | 34                | 0                 | 2                 | 9                 |
| 17           | Service Rules   | 169               | 109               | 108               | 2                 | 55                |
| 18           | Utility Bills   | 96                | 64                | 37                | 9                 | 17                |
| 19           | Breach of Confidentiality                                   | 11                | 2                 | 1                 | 0                 | 20                |
| 20           | Complaints received through Prime Minister's Portal         | -                 | -                 | -                 | 3,930             | 12,046            |
| <b>Total</b> |   | <b>8,780</b>      | <b>8,971</b>      | <b>10,319</b>     | <b>14,587</b>     | <b>22,750</b>     |

**GLIMPSES OF THE SEMINAR  
'BANKING MOHTASIB –  
'AN ALTERNATE DISPUTE RESOLUTION FORUM'  
held on 1st October, 2020 at Islamabad**

## SEMINAR ON 'BANKING MOHTASIB – 'AN ALTERNATE DISPUTE RESOLUTION FORUM'

The Banking Mohtasib Pakistan office, in collaboration with the Express Media Group, conducted a seminar in Islamabad on October 1, 2020. The seminar focused on the role of Banking Mohtasib Pakistan for resolving the issues / problems faced by the banking customers in performing their day to day banking activities. His excellency, the Honourable President of Pakistan, Dr. Arif Alvi was the Chief Guest on the occasion.

The Hon'ble President, Dr. Arif Alvi alongwith Banking Mohtasib Pakistan, Mr. Muhammad Kamran Shehzad and Chairman of Pakistan Banks' Association, Mr. Muhammad Aurangzeb were the key speakers of the event. Addressing the seminar, Dr. Arif Alvi said that the Banking Mohtasib Pakistan is a highly supportive institution in resolving the issues of banking customers and its significance is increasing with every passing day. He said that the surge in number of complaints lodged with the institution of Banking Mohtasib Pakistan is a reflection of growing confidence of general public in the working of this institution.

While welcoming the Chief Guest, the Banking Mohtasib Pakistan, Mr. Muhammad Kamran Shehzad said that resolving the issues of banking customers promptly and in a fair manner is the biggest target of Banking Mohtasib Pakistan. Safeguarding the rightful interests of the banking customers is the topmost priority of this institution and Banking Mohtasib Pakistan also ensures adoption of relevant rules/regulations by banks for resolving the issues of the banking customers.

One of the Complainant's also expressed her views on the performance of the Institution of Banking Mohtasib.

The Governor, State Bank of Pakistan, Dr. Reza Baqir graced the occasion with his presence. Besides, the seminar was attended by Hon'ble Insurance Ombudsman, Dr. Muhammad Khawar Jameel, Hon'ble Federal Ombudsman for Protection against Harassment, Ms. Kashmala Tariq alongwith the CEOs of Banks, Bankers, Government Officials & other dignitaries.



**The Hon'ble President, Dr. Arif Alvi while delivering speech at the Seminar.**



**Banking Mohtasib Mr. Kamran Shehzad presenting the welcome address**



**Group photograph with the dignitaries and organizers of the Seminar**



**Mr. Farhat Saeed, Senior Advisor welcoming the Governor, State Bank of Pakistan, Dr. Reza Baqir**



**Complainant, Mrs. Tahira Yasmeen expressing her views**

## Speech of the Hon'ble President of Pakistan Dr. Arif Alvi

First of all, Assalam-o-alaikum Federal Banking Ombudsman, Mr. Kamran Shehzad, Ombudsman for Harassment, Respected Kashmala Tariq, Ombudsman of Insurance, Khawar Jameel, CEO Express Media Group, Respected Aijazul Haq, Chairman Banks' Association, Muhammad Aurangzeb, Director Marketing Express Media Group, Mr. Azfar Nizami and all the ladies and gentlemen.

As you know, the corona-virus threat is still looming. It is important to emphasize it, because we have won a major part of war against the pandemic, but our negligence can have negative consequences, hence the nation needs to adopt precautionary measures.

I thank the Express Media Group for conducting this program and all the banks that have collaborated for making this happen.

The Ombudsman institution is dear to me. The institution has five ombudsmen on board including tax and insurance ombudsmen, and I truly believe them to be the best solution for the issue of the public.

One of the attendees here faced banking related issues, but neither she hired a counsel nor had to make any visits. She did not even pay any fee. The institution fully strives to offer swift and free justice. I often stress upon this because I believe and try my best to resolve the issues at earliest. This is not a favor but a responsibility because I am designated at a public position where I am responsible to offer ease to the public.

Ombudsman institution is not just a strong entity but also enjoys a special association with the public. If a customer keeps his amount as a trust, it is important to keep a check that it is not exploited.

Every religion has different explanation for RIBA (interest). The Holy Book Torah, does not permit trade of RIBA (interest) with Israel. The religious scholars, after this order, issued a command, allowing exchange of interest will all, except Israel. Initially, RIBA (interest) was impermissible in Christianity, however later it was made permissible.

Interest (RIBA) is impermissible in Islam when the rights of public are violated. The government intuitions and bank oversee and manage for safeguarding the public interest. This matter is implemented all over. The establishment of the institutions streamline the matters.

An in-depth study of the world history shows that the nations where the institutions were laid with strong foundation progressed while those that faltered in the establishment of the institutions lagged behind.

As per the vision, everyone has presented their arguments on the development done in the recent years. Few considered it as a success of their visionary mindset, while others considered imposition of religion cause of success. This progressive change was only observed in the religions, where the institutions were established with conviction, whether religious or liberal states.

Hence, progression is measured in terms of strength of the institution.

Venice was a big trading city where large scale trade activities took place. It is also the same city where the biggest banking system originated.

Two partners would reach an agreement called "Commanda", according to which an investor was eligible to 75% of the profit while the partner shipping the transporting goods was entitled to 25% profit.

The term "bank" was also coined in the same city.

In ancient Italy, Jewish were not allowed to buy properties, hence they were primary focused on dealing with money and would sit in the trading centers of the city on benches.

Later, word bench turned into bank and ruled the world in times to come. The entire process kept the investment mobilized while the combination of investment and handwork gave birth to a huge industry which led to big moneylenders.

My purpose of sharing these details was to divert your attention on how these institutions came into being and how they progressed.

There is a need of establishing institutions that can curb exploitation and facilitate the masses in acquiring their due rights. The bank should itself participate in such action. The Banking Ombudsman should take the charge, if the bank fails to facilitate its customers due to any reason. There should be courts, which could resolve both big and petty issues and also reduce the problems of a common man.

I am sharing my personal account. Few years back, I had approached the apex court for allowing the overseas Pakistanis to exercise their right to vote. The case hearing lasted long.

One of the attendees at the case hearing raised a concern that the issue similar to the banking system may emerge to which I replied that such possibilities do exist.

Later, I took out mobile phone from my pocket and asked the respectable Chief Justice, "Do you know how many transactions are made daily via mobile phones?" to which he replied "maybe a few billion dollars."

Presenting the statistics, I informed him that daily \$5 Trillion online transactions are made. The minor frauds could not halt the process nor have an impact on it.

I further told fraud and deception has been an ongoing practice since the birth of mankind. The scammers will always find out a hack no matter how robust system is; hence, we need to make our system stronger.

Roshan Digital Account discussed at today's event, is the need of the hour, and needs to be carried forward.

We are also trying to get the bank account open for the ladies who have received amounts under the Ehsas program disbursed by the ruling government, so that their money could be directly transferred into their bank account. This would prevent the recipients from visiting the bank, and facilitate them to transfer amount via their mobile phones at the ease of their homes.

The gradual spread of the facility will boost the economy and promote online purchase, which will make things documented.

The E-commerce was a practice known to the Chinese since long. The Chinese people no longer carry cash, which has adversely affected the beggar mafia. Cashless economy boosts the flow of money.

The banking industry also needs to address the issue that they left unattended with the thought of addressing them, when needed.

I used to carry cards when going for shopping. Failure to deposit Rs. 500/- into the bank account would penalize me with Rs. 2000/-. Infact, one day, my son paid the full bill, yet the bank penalized him Rs.2000/- for not depositing the remaining 80 paisa. I consider it open exploitation of a customer. We had to make several calls for resolving a single issue. I would have to re-explain my problem and answer every question in case my call with the customer representative would get interrupted.

I have gone through this ordeal and I am well acquainted with the delaying tactics. The Banking Ombudsman majorly received credit and debit card related cases, and efforts are being made to promptly resolve the issues.

The customer and bank enjoy a profitable based relationship. The bank penalizes a customer for a delayed payment. Hence, as justice, the bank should also be penalized for delaying a matter.

For the matters falling under my jurisdiction, I have ensured that two way and balanced relationship are established between a customer and a bank.

A customer is penalized for a delayed payment, likewise, the profile earned during the time should be returned to the customer until a decision on the delay by the bank is not taken.

The insurance policies sold via banks faced the same fate. The procurement of a product via bank testimony of customer's faith in the bank, yet the bank manager selling the bank product would earn 41% profit of it in the first year, thereby, making him inconsiderate about the issue faced by a customer.

My several relatives had such experiences. Therefore, I have advised the insurance companies, banks, and Federal Ombudsman to create ease for the public.

Several sectors require significant improvements. Hence, the banks are requested to resolve the cases at the earliest while the Ombudsmen have been directed to offer ease to the customers.

Moreover, the Ombudsmen should propagate the work of their institutions, which in return would help to boost public's confidence in their institutions.

In fact, in the parliament I had discussed working on alternative solutions for resolving the disputes. We should avoid sole dependence on courts since delayed judgments waste several years.

Therefore, parties should reconcile to resolve their issues. It is the popular procedure across the globe since it is not easy to prove a thing in court: hence I call the parties and hear their stance upon receiving their files, which prove vital in taking a decision.

You will be surprised to know, that a widow, whose husband had died in 2006 received Rs. 25000/- a minimal amount from the insurance company. The lady complained and demanded an equal amount i.e, Rs 1,40,000/- be paid to her, but no heed was paid to her complaint.

I received the case very late and was astounded and despondent to learn about it. I ordered the insurance company to issue the profit to the lady from 2006 till the present time, after reviewing the case.

Unfortunately, such matters become suppressed in bureaucracy cases.

The Ombudsman and I get paid for our service, but we also earn rewards which helps to improve our life hereafter.

I request you all to strengthen your institution and approach the Ombudsman when facing hurdle in receiving justice.

Thank you all.

## Banking Mohtasib's Welcome Address

Hon'bl Dr. Arif Alvi Sb, President Islamic Republic of Pakistan, Governor, State Bank of Pakistan and Chairman, Pakistan Banks' Association, Distinguished Guests, Fellow Ombudsmen, Ladies and Gentlemen, Assalam-o-Alaikum.

It is a great privilege for me to welcome the Hon'ble President of Pakistan, Dr. Arif Alvi Sb to preside over the Seminar on the topic of 'Banking Mohtasib – An Alternate Dispute Resolution Forum'. Since my assumption of office of the Banking Mohtasib, in April 2019, I have received constant support and encouragement from you in person as well as for the institution. I also wish to place on record here that during this year, I have found that representation filed against the recommendations of Banking Mohtasib are being decided promptly and there has been a professional and judicious approach while deciding the issues.

Hon'ble Sir, it would be pertinent here to state that the Banking Sector in the country is most vibrant sector of our national economy and with the advancement in technology providing latest up-to date technical, financial and state of the art services to the consumers across the country in line with the best international practices. The banking industry is fast growing and meeting the ever changing needs of trade and commerce in the country. The growth of the banking industry is dependent on the stability of the socio economic framework and good governance practices. The fundamental emphasis of the Banking Mohtasib is to resolve the grievances of the consumers, speedily, free of cost or with minimal cost and amicably. Our best endeavors are to protect the interest of the depositors and to ensure that banks not only comply with the prescribed rules and regulations, but also apply them in fair and judicious manner.

Hon'ble Sir, the recent development in the technological field such as the digital banking, internet banking, mobile banking and ATMs, in the development of the economic activity in the country is enormous. Unfortunately, a large augment of our society is not financially literate besides, low level of education, particularly those living in the rural areas do not have much knowledge about the products introduced by banks. They cannot comprehend the latest technological developments and benefits which accrue to them by using electronic means of fund transfers.

Certain fraudsters taking advantage of the ignorant and innocent people misguide them for their poor knowledge of the latest banking techniques. Although banks have tried their best and are continuously making public awareness campaigns, to discourage their evil designs, by not disclosing details of their personal and financial credentials to any unknown person, but during past two to three years, we have received a large number of complaints of unauthorized fund transfer. We have tried to resolve all these issues as per the guidelines and instructions issued by the State Bank of Pakistan, being the regulator of the banking industry, and other relevant laws and regulations prevailing in the country. We have made certain recommendations in this regard to SBP to protect the account holders' interest.

Hon'ble Sir, further, with the recent COVID experiences, there is a large increase in online purchases and most likely it would be the norm for tomorrow. As such specific guidelines as regards "online purchases" are to be made and publicized for guidance of general public. The list of reliable merchants should be drawn from city to city which should be regularly updated and under no circumstances the customer making online purchases should suffer due to the reason that he was not briefed on the pros and cons of "online purchases".

Hon'ble Sir, we are thankful to the Governor of State Bank of Pakistan whose presence here speaks of his keen interest towards the problems faced by the depositors as well as to promote and ensure maintenance of high standards of services by the banking industry in the country. The institution of Banking Mohtasib was established in 2005 under BCO Chapter 82 IV and since then we are receiving continued support from State Bank of Pakistan as we treat ourselves as an independent extended arm of SBP in resolution of Banking Complaints fairly and judiciously. However, after promulgation of FOIRA in 2013 there have been amendments in some procedural mechanism, but still we are in constant dialogue with State Bank Officials and look forward to this continued support, particularly for implementation of the President of Pakistan's orders in respect of representation made against our recommendations and specifically where these recommendations are upheld.

Sir, the services provided by the Banking Mohtasib, like other Ombudsmen are speedy and cost free or at minimal cost and to the extent possible at the door step of the Complainant, but what we have observed over the years is that there is a lack of professional training to the staff of banks. There is a need that their officials should be properly trained and technologically advanced to meet the challenges of the day.

As an alternate dispute resolution forum, I wish to place on record that since 2005, when this Institution of Banking Mohtasib was established till December 2019, this institution has resolved 79,034 complaints and as a result a sum of about Rs 2.7 Billion has been refunded to the Complainants. Due to more public awareness about this institution in the last three years there has been seen an increase of 62% in public complaints. Even inspite of Covid-19 in which case our office was not working at full strength we have received during the last six months i.e. upto 30th June 2020, 11251 public complaints which speaks of growing public confidence in the institution of Banking Mohtasib.

We are sure that each bank has a Complaint Resolution System as per SBP regulations and they receive a large number of complaints which are resolved by them at their own, but still those complaints which are received by the Banking Mohtasib office reflect that there is more room for improvement which calls for the attention of banks' concerned department.

Sir, further, there is a need to centralize, analyze and publish data on consumer complaints. There is a wealth of data available but at present it is dispersed among individual banks, SBP and Banking Mohtasib Office. Although SBP as well as my office of

Banking Mohtasib publish some statistics in this regard, but there is a need for a comprehensive and public analysis of all financial consumer complaints which would facilitate the regulator as well as banks to better identify and address recurring problems and areas of weak controls.

With these submissions, I again thank you Mr. President for giving us an opportunity to discuss some aspects of people's problems.

At the conclusion, I thank management of Express Tribune for coordinating with us in holding this seminar and to all of you ladies and gentlemen for your participation in the event to make it a success.

## Address by Mr. Muhammad Aurangzeb – Chairman PBA (Pakistan Banks' Association)

I thank the President of Islamic Republic of Pakistan, Dr. Arif Alvi, Federal Banking Ombudsman Mr. Kamran Shehzad, CEO Express Media Group, Mr. Aijaz ul Haq and all ladies and gentlemen from the bottom of my heart for their participation in today's program.

First of all, I would like to inform you all that we possess an excellent and transparent frame work to deal with the customers' complaints effectively.

SBP has clear laws for addressing the complaints of the customers, which mention what sort of complaints will be forwarded to the Banking Ombudsman for hearing. A strong system is in place for the next phases which offers full cooperation from hearing till the announcement of decision.

It is a tripartite system with three parties; State Bank of Pakistan, banks, and Banking Ombudsman.

All these parties are actively working to resolve the complaints of the customers, which in return helps in to win the confidence of the customer.

Majority of banks are working on several sources for improvising the system, including phone banking, email, SMS, social media, ATM hotlines websites for lodging complains and setting up departments for improving the quality of service are taking experienced employees on board.

All banks, including my bank HBL need to upgrade their structures. There is a dire need of upgrading both hardware and software departments that can offer prompt response to the masses. Once again, we need to discuss the banking ethics.

We see honesty and expertise fundamentals in other institutions. Our believe and implementation of these norms will not only reduce the pile of complaints lodged with the Banking Ombudsman, but also enable us to succeed in increasing the confidence of the customers in banks.

My speech will be incomplete without shedding light on the role of latest technology.

A reflection on the nature of complaints lodged by the customers in past three years will help to reveal that all the banking and ATM machines related issues still persist. However, several other debit card, one-link and e-commerce related issues are also surging.

The Banking Ombudsman is ought to hear ATM transaction related issues and Cyber frauds carried out via e-commerce practices and several such cases.

Hence, in view of these issues, we strongly need to work on two things. Firstly, inculcating awareness among the customers pertaining to bank related frauds is of prime importance.

We need to inform our customer repeatedly that he does not need to share his password, CNIC number, or ATM number upon receiving a call, asking for personal information. He should rather, immediately register complaint because no one deserves the right to ask for your personal information.

We need to disseminate the message to the customers via electronic, print media and several other platforms.

Moreover, there is also a need to invest in the cyber security services to prevent immobilization of the banking system.

PBA delegate held an important meeting with the SBP Governor, Dr. Reza Baqir and other members last month, where both the parties discussed the matter and shared their experiences.

I want to share most important thing with you. Being CEO of the Pakistan's biggest bank, people often ask me personally how active I am to resolve the complaints of the customers. Please allow me to inform you that all of us, including me should be obliged to the technology.

Now, nothing can be hidden. The problem gets highlighted in no time. The time has gone when a customer would wait for a field officer, or wait for a file from the head office.

Soon the Roshan Digital Accounts will become functional locally which would be carried forward. Hence, we do not have to be mentally prepared only but also further extend our cooperation with the customers, SBP and Banking Ombudsman.

Lastly, once again, I thank the express Media Group for inviting me here.

## Complainant's Speech

First of all, I am thankful to you all for inviting me to a program where the President of Pakistan, Dr. Arif Alvi is also in attendance. I would like to share my experience concisely. My family in Britain financially supports me, hence I had to open a bank account in Rawalpindi to manage my finances. I used to receive cash in my bank account on every 10th of each month which I would collect the next day. However, later I suspected something was wrong. Upon reaching the bank on 11th I learnt that my bank account was empty.

The bank manager after embezzling my amount has gone missing. The local bank management sent me to its branch in Islamabad saying that its staff would register my complaint: hence I visited the branch with all required documents. However, after reviewing the documents, they replied that it is a case to be dealt by the FIA. I insisted that I had deposited my amount in their bank, hence they should get the amount back, however, despite insistence, they paid no heed and said only FIA will hear my case.

I was despondent with what had happened. However, someone told me that the Banking Ombudsman deals with the bank fraud related complaints. They deeply studied my documents and fixed my complaint for hearing in the Rawalpindi office after I visited them. After the hearing, they directed the Bank's representatives to compensate for my loss since the Bank had admitted that their staff was at fault. However, they were adamant to return my amount only after a judgement from the FIA. After the directives from the Banking Ombudsman, the Bank returned the amount to me.

The Ombudsman also directed them to pay the profit to me which was my due right. These events were a pleasant experience for me. I was elated to learn that we have an institution in Islamic Republic of Pakistan where not only the rights of the customers are protected, but exploitation of their rights is also safeguarded.



**Banking Mohtasib at the meeting of  
Federal Ombudsmen with Hon'ble President, Dr. Arif Alvi**



**Banking Mohtasib during his visit to  
Lahore Chamber of Commerce & Industry**

# PHOTO GALLERY OF BANKING MOHTASIB OFFICES

## Karachi Secretariat



**Banking Mohtasib with Senior Advisors**



**Banking Mohtasib with Advisors**



**Banking Mohtasib with Investigation Officers**



**Banking Mohtasib with Legal Team & Corporate Affairs**



**Banking Mohtasib with team of HR/ Admin & Finance**



**Banking Mohtasib with team of IT Unit**



**Banking Mohtasib with Female Staff of the Secretariat**



**Secretariat Support Staff with Banking Mohtasib**



**Regional Office Lahore**



**Regional Office Rawalpindi**



**Regional Office Quetta**



**Regional Office Peshawar**



**Regional Office Multan**



# **PUBLIC ACKNOWLEDGEMENT OF OUR SERVICES**



Ref no: JP(MSTC)16/VII-2020

Date: 12th July,2020

To [REDACTED]  
Banking Mohtasib,  
Government of Sindh , Karachi

**Sub: Thank You Letter for Approval Refinance Scheme**

Dear Sir/Madam,

I am very thankful to you for your favor that you showed by accepting my application has approved my for a refinance Scheme. I was in great need of money as I had to pay the three month salaries of my employee which is affected by the COVID19.

I am really inspire about the Prime Minister planning, organizing, directing, controlling and implementing strategy to control the pandemic emergency condition. He gives the favour to all Small Medium Enterprises (SMEs) employees to avoid layoff the employees

State Bank provide really great opportunity through Refinance Scheme to avoid layoff employee during pandemic situation

I must appreciate that your bank has a quick procedure for refinance scheme loan approval and every step is taken on merit.

Please accept my regards and thanks for your favor once again. I shall always remember your kindness.

Best regards,

*Thanking you .*

*Regards,*

[REDACTED]  
JP SALON

Contact: [REDACTED]

Email : [REDACTED]

██████████  
Advisor  
Banking Muhtasib Pakistan  
5<sup>th</sup> Floor, Shalimar Complex, M.R Kayani Road.  
Karachi.



9-11-2020

Subject: Unauthorized funds transfer.

Dear Sir, ██████████

Thank you for your letter Ref: ██████████ dated 5<sup>th</sup> Nov 2020.

I would like to confirm you that the PKR=150,000/ and PKR=149,901/ have been credited to my ██████████ account on 22<sup>nd</sup> oct and on 5<sup>th</sup> Nov, respectively.

I am thankful to the Banking Muhtasib for taking the appropriate action in this regard, which made this refund possible.

Best Regards,

21 JUL 2021

بنیٹنگ محاسب پاکستان

محرمہ درخواست نمبر [REDACTED] جو کہ بنیٹنگ محاسب پاکستان  
نے میرے حق میں فیصلہ دیا تھا۔ مجھے میری رقم مبلغ 1,66,608/-  
پاکستان کی طرف سے وصول ہونے سے  
بس کے لیے میں آپ کا بے حد مشکور ہوں۔  
میں آپ کے بے تاحیات دعا گو رہوں گا  
دعا گو

کفریہ بنک حسب اعلیٰ ہے۔  
 شیٹ بنک آف پاکستان کراچی  
 صبا علی



گذرشن کی جانی بھرتی کہ جناب کامیٹ سبب شکریہ  
 کہ جناب نے ہمارے درخواست پر غور فرما کر  
 جس بنک سے آئیہا تقابلیات وصول ہوئے  
 جس کا ہم دوبارہ شکریہ آدا کرتے ہیں  
 اور سائیں دعائیں بھی کرتے ہیں  
 کہ اللہ تعالیٰ جناب کو ایمان اور عمل دراز کرے  
 فقط سلام



Ref: Koncept/F 696  
Date: 20-07-2020

To,  
**Office of the Banking Mohtasib Pakistan**  
c/o SBP, Banking Services Corporation,  
Shahrah-e-Quaid-e-Azam, Lahore.  
Telephone: 042- 99210444

Subject: *Thank You*

Dear Sir,

Please accept my heartiest compliments to your esteemed organization. I hope that you are doing just fine. With all due respect and gratitude I would like to thank you for being really cooperative in resolving my issue with [REDACTED]. I am very grateful to you and really appreciate your support to help resolve this issue.

Thank you once again for your kind consideration and cooperation.

Thanks

Kind Regards



اسلام علیکم !

میرے ساتھ بینک فراڈ کیس ہوا تھا میں نے اپنے بینک فراڈ  
کیس کے بارے میں 8 اگست 2020 کو آپ سے رجوع کیا تھا۔  
اب چار ماہ بعد آپ کی انتہائی کوششوں سے میرا مسئلہ  
حل ہو گیا ہے اور میری رقم مجھے واپس مل گئی ہے میں آپ کی  
انتہائی شکر گزار ہوں۔ میں نے کچھ رقم ادا کرنا تھا۔ اور یہ رقم  
میں اس قدر جمع کر رہی تھی۔ میں بالکل ناامید ہو چکی تھی۔  
کہ میری رقم مجھے واپس ملے گی۔ 30 ستمبر کو جب آپ کی کال  
آئی اور آپ نے مجھے بتایا کہ میری رقم میرے اکاؤنٹ میں  
جمع ہو چکی ہے تو میری خوشی کی انتہا نہیں تھی اگر آپ جیسے  
مخلص اور حسنی لوگ پاکستان کے اداروں میں کام کرینگے تو یہ  
فلک حنور ترقی کرے گا۔ لیکن امن و سوسائٹی اس کا بے پولوگ بہ بینک  
فراڈ کر رہے ہیں وہ پکڑے نہیں جاتے۔

میں بیک ہوا ہشاش اور دعائیں آپ کے ساتھ ہیں اور میں  
ہمیشہ آپ کو اپنی دعاؤں میں یاد رکھوں گی ایک مرتبہ پھر آپ  
کا شکریہ ادا کرتی ہوں۔ اور ہاں آپ کے بارے میں جو میرے  
گوشوں میں 15 اپریل 2020 میں ضرور شائع کیجیے گا۔ اور اپنا  
میگزین مجھے بھی ارسال کیجیے گا۔

15/10/2024

دالتاج



Applied Technologies Institute (ATIN)  
National Logistic Cell (NLC)  
Mandra Camp  
Cell No : [REDACTED]  
PF / 125445 / ATIN / NLC  
22 September 2020

To: [REDACTED]  
Banking Mohtasib Pakistan  
M.R Kiani Road, Secretariat Complex  
Karachi

Subject: **Complaint Against** [REDACTED]

*Dear Sirs*

Refer your letter no. [REDACTED] dated 11 September 2020.

I am very thankful to you for taking up the said matter with concerned bank. A helpful role has been done by your side. I am writing to you to express my appreciation and gratitude for excellent service which I had received from Banking Mohtasib Pakistan.

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

Honourable Banking Mohtasib Pakistan



Subject: Complaint against [REDACTED] Bank A/c no [REDACTED]

Your letter no: [REDACTED] dated Nov 5, 2020 refers.

Respected Sir,

السلامة والبركة  
بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

I appreciate the help extended to me. I really do. You are doing a wonderful and commendable job.   
 كون كيتا بکرا پالتا ان کي ادارے کا سپرد ہے۔

جزاؤم اللہ الرحمن الرحیم

Kindly convey my thanks and appreciation to your team members for the excellent job that you are doing.

Before I close, I suggest that it should be made mandatory for each bank branch to display information regarding your office at an appropriate and prominent place for the information of customers.

I thank you, Sir.

With regards and best wishes.





## United Nations recognise importance of independent Ombudsman

Ombudsman, and President of the International Ombudsman Institute (IOI), Peter Tyndall has warmly welcomed the United Nations resolution on the Ombudsman institution, which was adopted by the UN General Assembly on 16 December 2020.

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The UN resolution represents a strong endorsement of the key principles of Ombudsman institutions, including independence, objectivity, transparency, fairness and impartiality. It is an important further step in securing worldwide recognition for the work of Ombudsman institutions in promoting good administration, human rights, good governance and the rule of law.

The resolution was [adopted by the UN General Assembly on 16 December 2020](#).

The resolution was proposed by the Kingdom of Morocco and was co-sponsored by Ireland through the Department of Foreign Affairs and Trade. It represents the culmination of the International Ombudsman Institute's work to develop a closer relationship with the UN. Irish Ombudsman Peter Tyndall is President of the IOI - the only global organisation for the cooperation of independent Ombudsman institutions. It represents over 200 members from more than 100 different countries all over the world and its General Secretariat is provided by the Austrian Ombudsman Board and is based in Vienna.

Peter Tyndall said: "The resolution provides strong endorsement of the Principles on the Protection and Promotion of the Ombudsman Institution - the Venice Principles. It establishes these principles as the new global standard for the Ombudsman."

The [Venice Principles](#) are 25 principles that protect and promote the Ombudsman institution.



IOI Secretary General and Austrian Ombudsman Werner Amon said: “This is an important step to strengthen independent and autonomous Ombudsman institutions worldwide and to raise awareness at international level for the essential role they play in the protection and promotion of human rights. It confirms and reinforces the importance of a close cooperation of our organization with the UN. ”

Information gathered by IOI members on emerging trends and best practices may be of considerable value to the UN as it monitors issues, develops policy, or plans its initiatives. In exchange, the UN can assist the IOI and governments around the world by contributing its considerable influence to the promotion of recognised standards and the protection of Ombudsman under threat. The resolution will help to shape the relationship between the IOI and the UN for the future as important allies to push forward the UN human rights agenda.