

19th June, 2004

**AUTHORIZED MONEY CHANGERS WILL CEASE
TO FUNCTION AFTER 30TH JUNE, 2004**

All Money Changers, who are currently authorized to transact exchange business under Licence from the State Bank of Pakistan, would cease to function beyond 30th June, 2004 on expiry of their Licences. The money changing business, in addition to Authorized Dealers (Banks), shall be transacted through Exchange Companies w.e.f. 1st July 2004.

The SBP has asked all the Authorized Money Changers to either form Exchange Company or set-up 'B' Category Exchange Company or obtain a full/restricted Franchise from an already established Exchange Company.

It may be recalled that the State Bank of Pakistan had initiated the process for establishment of Exchange Companies in July, 2002. An Ordinance to this effect was promulgated on July 20, 2002. The main objective behind the establishment of the Exchange Companies was to provide a proper corporate culture to the money changing/remittance business in the country while ensuring that various types of risks associated with this business are properly addressed and covered. These Exchange Companies are authorized to deal in foreign currency notes, coins, postal orders, bank drafts, travellers' cheques and transfers. Such companies shall have a minimum paid-up capital of Rs.100 million, 25% of which shall remain with SBP as deposit under the Reserve Requirement.

The State Bank has so far issued 16 Licences for setting up of Exchange Companies of which the following twelve Companies have already started their operations:

H & H Exchange Company (Pvt) Ltd; NBP Exchange Company Ltd;
Khanani & Kalia International (Pvt.) Ltd.; Al-Sahara Exchange Company
(Pvt.) Ltd.; Data Exchange Company (Pvt.) Ltd.; Glaxy Exchange (Pvt.) Ltd.;
Dollar East Exchange Company (Pvt.) Ltd.; Eastern Union Exchange
Company (Pvt) Ltd.; Zarco Exchange Company (Pvt.) Ltd.; Wall Street
Exchange Company (Pvt.) Limited.; PICIC Exchange Company (Pvt.) Ltd.
and Pakistan Currency Exchange Company (Pvt.) Ltd.

Keeping in view the obvious financial constraints of Small Money Changers, the State Bank of Pakistan, as a goodwill gesture, has also allowed the setting up of 'B' Category Exchange Companies which will be authorized to sell and purchase of currency notes and coins only. These companies shall have a minimum paid-up capital of Rs.20 million, 10% of which will remain with SBP as deposit under the Reserve Requirement.

It may be added here that more than 80 Money Changers have already applied to the State Bank for issuance of No Objection Certificates (NOCs) to form 'B' Category Exchange Companies. The State Bank has already issued nine NOCs to the following proposed Companies which entails surrendering of 56 Authorized Money Changers' Licences:

Money Masters Currency Exchange Company-B (Pvt) Ltd.; SKY Exchange Company-B (Pvt) Ltd.; World Wide Exchange Company-B (Pvt) Ltd.; Overseas Exchange Company-B (Pvt) Ltd.; Rajgan Exchange Company-B (Pvt) Ltd.; Great Union Exchange company-B (Pvt) Ltd.; United Exchange Company-B (Pvt) Ltd.; Premier Exchange Company-B (Pvt) Ltd. and Union Exchange Company-B (Pvt) Ltd.

After incorporation of these companies with the Securities & Exchange Commission of Pakistan (SECP), the State Bank of Pakistan will issue licences to these 'B' Category Exchange Companies to carry out restricted exchange business.
