PPBL

پنجاب پراونشل کواپریٹو بینک لمیٹڈ

INTER OFFICE MEMO

Wednesday 17th September 2015/ Zill Hajj 02, 1436.

From: Operation Division, Head Office, 5-Bank Square The Mall, Lahore, Pakistan.	**To:** All, The Branch Managers, The Punjab Provincial Cooperative Bank Limited.
No.OP_____ dated 17.09.2015	

SUBJECT: ON LINE BANKING PROCEDURES

Dear All,

In Reference to the subjected matter and comprehensive instructions that have been issued in revised Operations Manual updated (2015) regarding online banking policy & procedure. In this context, the detail Policy regarding online transactions is mentioned below:

Introduction

The pressing requirement of providing expeditious and cost efficient services to our customers at PPCBL has endeavored to work out a completely new facilities integrated within existing banking application BANKSMART. This initiative will eventually lead us to fully automate processes thereby extending Real Time Online banking to our customers.

Cash Withdrawal

In case of Cash Withdrawal in a branch other than one with which account is held the cash paying branch will Debit the Customer Account immediately to respective branch with which account is held, before making payment to the customer.

Cash Deposit

In case of cash deposit in a branch other than one with which account is held the cash receiving branch will credit the customer account directly to respective branch with which account is held after receiving the cash from the customer.

Service Charges

i) **Non-Borrowing Customers:**

The facilities for cash withdrawal/deposits is offered to customer satisfying minimum average balance requirement i.e. Rs. 10,000/-

ii) **Borrowing Customer:**

The facility may be provided to them on the basis of branch request duly approved by the respective competent authority.

iii) **Minimum Transaction Amount:**

Minimum amount of transaction whether withdrawal / Deposit should not be less than Rs 10,000/- Any transaction below this amount will be subject to service charges, irrespective of customer maintaining the average balance requirement as provided in the Schedule of Charges.

Indemnity

i) **From Customers**

To safeguard the Bank's interest a letter of indemnity (Annexure I of this Chapter) is to be obtained, duly signed by the account holder(s), which should be attached in original to the Account Opening Document File. This indemnity should be considered valid until instructions are received from the customer to discontinue the service and / or closure of account.

ii)   **From Staff Members**

Authority letter (Annexure II of this Chapter) for allocation of user ID and password must be issued to the staff members having access to the system. The original acknowledgement copy should be forwarded to I.T, at Head Office, after keeping photocopy at branch level.

Access Control

i.   User ID'S and passwords are the principal control mechanism to allow access to computers and networks. Passwords authenticate the user to the computer systems. It is essential therefore, that user IDs and passwords should be carefully controlled to reduce exposure for critical applications processing on any computer network.

ii.   It is the user's responsibility to ensure that his/her password is kept absolutely confidential and not shared with any other staff member compromise of which may lead to termination from the service.

iii.   Passwords should be a minimum of five characters.

iv.   Users should be encouraged to select passwords that are not known words. This way, system will not be vulnerable to the new well known "dictionary attack" password hacking to program.

v.   Users should not share passwords, and each user should maintain a unique user-id and password.

vi.   Password should be easy for the owner to remember, but difficult for a preparatory to guess.

vii.   Users should change password after every 10 days. High security access should require weekly password changes.

viii.   New passwords should always be entered twice for verification.

ix.   When the security/passwords administrator issues a new logon ID. The password should be issued as "expired" so that the computer system requests the employee to change his/her password the first time he/she access the Bank's computer system. This will ensure that only the employee knows the password.

x.   Users should be granted rights and privileges only on a need-to-know / need-to-use basis.

General

i.   This facility is only for customers maintaining Pak Rupees Account with us.

ii.   The transactions can be made during counter hours only.

iii.   The original paid cheques are kept with the original vouchers at the paying branch after payment to the customer.

iv.   Posting in the system shall be under dual control / password. The system will Debit / Credit the customer's account only after supervision of the transaction.

v.   All cheques / pay-in-slip must be cancelled / authorized by both authorized signatories.

vi.   All branches should provide the list of their account holder enjoying this facility with name and account number in serial order to all branches in the network with a copy to Regional /Zonal Head. Any addition/ deletion shall immediately be advised to all branches by concerned Deputy Zonal/Regional Head. Latest list of customers enjoying this facility should be prepared on a quarterly basis and should be sent to all branches in the network with a copy to Regional/Zonal Head.

vii.   Due to connectivity problem or any other reason whatsoever if the target branch is not accessible for execution of transaction, the branch may use Transfer through IBCA.

viii.   Branch Manager should formally assign the responsibility of "Supervisor" for handling online cash transactions to the Manager Operations or any other Senior Officer.

ix.   For review of END OF DAY reports an independent officer, preferably Officer Incharge Accounts / Manager Operations, may be assigned by the Branch Manager through a memorandum under advice to concerned Deputy Regional/Zonal Head.

Inter branch deposits & withdrawals

In order to provide efficient and expeditious service to our customers a system for Inter branch transactions has been developed to facilitate customers deposits/withdrawals in their accounts from any of our branches linked through our communication network and complete the capturing of signatures.

The main features of the system are as under:

1. Account Enquiry
2. Cash Transactions (Deposits/Withdrawal)
3. Transfer of funds
4. Printing of Statement of account (from other branches)
5. Restricted Accounts (Accounts where access through other branches is not allowed)

Pre-Requisites

It is Pre-requisite for allowing the above facilities that capturing of customers signatures through the signature verification system is complete and these (captured) signatures are authorized/authenticated by another Officer/Executive of the branch, authorized by the Branch Manager for this purpose.

The process of capture/authorization of signature should be, briefly, as under:

i)   **Signature Capture**

Customer's signature as per specimen signature card should be captured through the scanner and system provided to the branches. The clarity and quality of the image of S.S.Card and signature should be ensured by viewing the images through the screen.

ii)   **Authorization**

The captured signatures should be authorized by an Officer assigned by the Branch Manager for this purpose. The authorizing officer must ensure that all effective signatures relating to an account have been properly captured. The authorized officer should check the scanned signature from the actual S.S.Card to ensure that the signature(s) have been captured from the S.S.Card(s) of the same account number, which has been selected on the system screen, before authentication. The system will guide the authorized officer in authorizing the signature through prompts on the screen.

The complete method of capturing / authorizing captured signatures is explained and demonstrated in the concerned branches, at the time of installation of the system.

It may be noted that only those signatures can be retrieved for verifications/inter-branch payment, which have been duly authorized. The signatures, which have only been captured and are pending authorization, will not be displayed by the system.

Scope of the facility

For the time being facility is to be made available for cash as well as transfer transactions only (deposit/withdrawal) in local currency CD, SB accounts customers. However, deposits into loan accounts can do through the system,

Communication System

This system is based on communications through VSAT and has been divided into two major processes i.e. Host Branch Interface (HBI) & Source (performing) Branch Interface (SBI).

i)   **Host Branch Interface (HBI)**

The set of programs (HBl) are required to be initiated at branches after normal start-up of daily banking program. This will enable a branch to receive message from any other branch. On receiving a message the program would check the type of message, validate the account number and send back information about the account. The account along with related information would be displayed on the terminal of the source branch (from where the enquiry is raised).

On receiving a message for posting of a transaction, the program would generate the necessary entries in the respective account as well as the Head Office account with system generated IBCA having a unique number and proper description. In case a request is rejected the reason for the rejection would also be displayed at the source branch.

ii)   **Source Branch Interface (SBI)**

This program will be initiated at the source branch only by the user/administrator of Test Key System. The access will be through the Test Key (double) password. After the successful log-in the branch code number for the required branch would be entered and a message would be sent by the system through VSAT to the concerned branch where Host Branch Interface (HBI) would be checked. If OK message is received back within 30 seconds, the system will allow proceeding further, otherwise a message would be displayed that the host branch is not responding. Moreover, it also checks that supervisor in the performing branch is ready to supervise the transaction in case the options 'cash transaction' or 'transfer of funds' are selected. For supervision, only the administrator of Test Key System (where he has not himself posted the transaction) is allowed.

The first message to be transmitted through source branch terminal to the destination branch would be the enquiry about the account. In case of transfer of funds first the account No. of the source branch is entered and then the account of the destination branch is accepted. After necessary validation of account, DR/CR code, cheques number for debit (debits allowed only through cheques) and the amount is accepted. The screen is transmitted to the supervisor terminal and the supervisor either accepts or rejects the transaction. The supervisor can also view the related signatures for his verification. If the transaction is supervised then a new message is again transmitted to the destination branch host, where a contra transfer transaction is automatically generated in the respective customer and Head Office accounts. For deposits, the performing branch must also enter/feed the printed number of the respective pay-in-slip.

On receiving a confirmation message necessary transactions are also generated at the source branch, on the on-line banking system files. The respective document numbers (for performing branch & the host branch) are also displayed for record, which should be written on the actual document.

All Head Office account transactions will be created/posted automatically through system generated unique IBCA Nos. All these activities will be listed during end-of-day process in each branch.

Disposal of Cheques/Vouchers

i) **Performing Branch**

The original cheques/vouchers should be duly stamped & signed by the authorized officials of the performing branch like other branch vouchers/cheques. The original inter-branch credit vouchers (pay-in-slip) and cheques will be retained by performing branch as their H.O. Account vouchers and there will be no need for sending these cheques/vouchers or their photocopies to host Branch unless specifically requested for, in case of need.

These inter-branch credit vouchers and cheques shall be stitched in the vouchers packet for H.O.Account and kept safe with the bundle of daily vouchers.

Inter-branch vouchers/cheques regarding transactions passed through inter-branch payment system shall be checked along with the respective inter-branch posting report, by the Manager Operations.

ii) **Host Branch**

The inter-branch transactions passed through the system should be checked from the Inter-branch Transaction Report with the daily activity report to ensure that all Inter-branch transactions as reported in the Inter-branch Transaction Report are duly reflected in the daily activity report.

The checked and signed report shall be retained along with daily vouchers in lieu of the relevant vouchers/cheques.

Reports

The system will generate daily 'Inter-Branch Posting Report' listing all transactions originated by a branch on other branches and /or originated by other branches on that branch.

This report should be thoroughly checked for control purposes and after signing by the two checking officers (one of the checking officer must be at least the branch Operations Manager) and be filed date wise in a separate folder for audit trail. Additional copies of the report(s) should be printed for retention with vouchers.

The Host branch should check the relevant transactions performed by other branches in the daily transactions report with the inter-branch Posting Reconciliation Report for cross verification of correctness of the transactions and to ensure that this Inter-branch Transaction Report are duly reflected in the daily activity report.

Exceptions

In case of any abnormal condition occurred during Inter-branch posting, for instance the document number of the other or own branch is not displayed or communication is stuck during the transaction posting etc process "Inter-Branch Exception Report" available in the INTER-BRANCH TRANSACTION MENU". The report will show a meaningful message against the abnormal transaction carefully check the same and take the appropriate corrective action.

Taxes

Branches should be guided by the Instructions contained in Withholding Tax Guide Book.

Charges

Charges recovered should be credited to Income Account Service Charges-Inter branch Transactions Account.

Inter Branch Payments System

To create further awareness among the network of branches in respect of On-Line transactions by the account holders for self-transactions only, the branch should extend the on-line facility to the account holders as under:

i)   Cheque Encashment

The On-Line cheque encashment facility should be extended to the account holder for self-transactions only.

ii)   Third Party Transactions

As an exception, on a very selective basis, Payment to 3rd Party may be allowed provided that;

i.   The person encashing the cheque is personally known to the Branch Manager (or other Officer/Executive staff of the branch), who should positively identify the 3rd party under his full signature and name. Thereafter, in every such case the branch Manager or the Manager Operations must authorize the payment and evidence it by his signature in full on the cheque.

<div align="center">OR</div>

ii.   A specific request is received from the account Holder's Branch Manager or Manager Operations to effect the payment to the named 3"[1] party against a specific cheque. In such cases the name and ID document of the person obtaining payment against that particular cheque shall also be advised to the Paying Branch by the Account Holding Branch. The paying Branch will allow encashment against that cheque after verifying the particulars as given by the Account Holder's Branch and following the authorization procedure mentioned under (i) above for authorization of payment.

Branch Managers are advised to personally ensure compliance to the above instructions and advise the concerned staff accordingly. In case of any clarifications/serious problems in following the above procedure, please contact the Divisional Head IT & OD for guidance, or a change in the procedure, if necessary.

Further Clarification on Inter Branch on Line Payment System

These services have since provided a very good marketing tool to our branches and we have been successful in attracting good customers. The payments of cheques are refused for the reason 'signature not scanned' or the problem in communication network. It may be realized that denial of service on these grounds reflects negatively on our service standards.

It has been decided that in case of any such problem the branches shall use the conventional methods for making payments against cheques presented by eligible outstation customers and should ensure not to refuse to encash a customer's cheque for any of the said reason. It is therefore, advised that, under such exceptional circumstances where the signature of customer have not been scanned or the communication network is not working, to adhere to the following;

a)   Paying Branch

i.   Fax the presented cheque to the account branch and seek IBCA; mentioning reason in your fax message due to which you are unable to pay the cheque through the on-line system. The fax message seeking IBCA should be counter-signed by the Manager Operations.

ii.   On receipt of IBCA (by fax) the signatures thereon should be verified as per the standard procedure & in case of amount involving 'Test' the Test should also be verified.

iii.   Thereafter, a cash payment voucher, mentioning the details of the cheque such as Cheque No, account number, branch name to which it pertains and IBCA No under which fate received should be prepared. Two signatures of the customer should be obtained on the back of the voucher (in addition to such signatures on the cheque) and payment be made to the customer.

iv.   The cheque should also be stamped as' Cash paid' like the normal paid cheques.

v.   Photocopy (both sides) of the paid cheque and IBCA be attached with the voucher.

vi.   The original paid cheque should be sent through courier, personally addressed to the Manager/Manager Operations, of the account holding branch, under cover of a letter demanding & ensuring acknowledgement of receipt of original cheque by that branch. The acknowledgement received should be kept on record with the relevant paid voucher. In case of non-receipt of acknowledgement the matter should be taken up for the needful.

b) **Account Holding Branch**

i. On receipt of fax regarding the payment of the cheque, facsimile should be checked as if the original cheque has been presented for payment at the same branch.

ii. If otherwise in order the cheque should be posted in the customer account and IBCA be prepared for the paying branch with a debit voucher containing all relevant details of the cheque for the customer A/C.

iii. The IBCA should be signed by the authorized signatories & 'tested', if required.

iv. Fax the IBCA to the paying branch and mail the original through courier.

v. Keep the track of the receipt of the original cheque for which a Register be maintained & checked daily to ensure receipt of original cheques.

vi. On receipt of the original cheque attach the same with the relevant vouchers.

vii. In case of non-receipt of the original cheque (within a day or two) take up the matter with the paying branch to ensure receipt of the original cheque.

In addition to the above-mentioned procedure the paying branch, in case of resorting to IBCA due to non-scanning of customer's signatures or network problem, should inform Group Head of each such case and the reason there for. <u>In case the reason is non-scanning of customers' signatures the Account holding branch will be levied financial penalty</u> **(Rs 1,000/-** <u>per case) which shall be claimed by the paying branch for credit to its Income account.</u> Hence, to avoid such action the branches must keep the signatures of all their account scanned. The signatures of newly opened accounts should also be scanned the same or maximum by the end of next day.

In addition to the above, some salient points are mentioned below:

➤ Online Indemnity form and Online Application form is available on the website of PPCBL i.e. **http://www.ppcbl.com.pk/** .All the customers (wish to avail by the customers and staff of the bank) who will be offered this facility, will be asked to sign the Indemnity & such Indemnity will be Piece & Parcel of the Account Opening. Online Application Form will be utilized for Remittance Purpose and will be used a voucher also.

➤ Bank Charges for online facility will be charged as per Schedule of Bank Charges.

➤ All Branches will keep their services Operational from 09:00am to 05:00pm so the online transactions can be proceed.

➤ All OBO's and Cashier will keep the list of Online A/c numbers of all branches.

➤ All Branches will give their Maximum efforts to increase the volume of online transactions and incase of any problem they can refer to the above mentioned instructions, Manual on General Banking volume II chapter 28 page 97-104. Further any query can be sent to the following Email address to resolve the issue: Operations@ppcbl.com.pk

Note:

❖ **The Deputy Zonal head Operations on weekly basis will inform Head Office Operations Head Office on the above given email address the total number of Online transactions executed by the branches which remain successful and un-successful and reasons thereof for un-successful transactions.**

With very warm Regards,

(Aamir Ali Khan)
SVP/ Head Operations,
Head Office Lahore.

Cc:

• All the Executives / Head of Division, PPCBL, Head, Office.

• All the Executives / Zonal Heads, PPCBL, In the Punjab.

• The Deputy Head President Secretariat, PPCBL, Head Office, Lahore.

• All the Executives / Dy.Zonal Head Ops PPCBL, In the Punjab.