

# SENATE OF PAKISTAN



## REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS



**REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE  
REVENUE AND ECONOMICS AFFAIRS ON "THE BANKING  
COMPANIES (AMENDMENT) BILL, 2021" REFERRED BY THE HOUSE  
IN ITS SITTING HELD ON 27<sup>TH</sup> DECEMBER, 2021**

**PRESENTED BY  
SENATOR MUHAMMAD TALHA MAHMOOD  
CHAIRMAN**

## SENATE SECRETARIAT

### Report Of the Senate Standing Committee on Finance Revenue and Economic Affairs on the bill further to amend the Banking Companies Ordinance, 1962 "The Banking Companies (Amendment) Bill, 2021" referred by the House in its sitting held on 27<sup>th</sup> December, 2021

I, Senator Muhammad Talha Mahmood, Chairman of the Standing Committee on Finance, Revenue and Economic Affairs have the honour to present, on behalf of the Committee, this report on "The Banking Companies (Amendment) Bill, 2021", referred by the House in its sitting held on 27<sup>th</sup> December, 2021 to the Committee for consideration and report.

2. The composition of the Committee is as under:

1. Senator Muhammad Talha Mahmood	Chairman
2. Senator Dr. Shahzad Waseem (Leader of the House)	Member
3. Senator Farooq Hamid Naek	Member
4. Senator Saleem Mandviwala	Member
5. Senator Sherry Rehman	Member
6. Senator Mohsin Aziz	Member
7. Senator Zeeshan Khanzada	Member
8. Senator Kamil Ali Agha	Member
9. Senator Musadik Masood Malik	Member
10. Senator Dilawar Khan	Member
11. Senator Anwaar ul Haq Kakar	Member
12. Senator Saadia Abbasi	Member
13. Senator Syed Faisal Ali Subzwari	Member
14. Senator Faisal Saleem Rehman	Member
15. Minister for Finance, Revenue and Economic Affairs	Ex-Officio Member

3. The Committee took up discussion on the Bill at 'Annexure-B' in its meeting held on 18<sup>th</sup> February, 2022.

4. The following members of the Committee attended the meeting on 18<sup>th</sup> February, 2022:

i. Senator Muhammad Talha Mahmood	Chairman
ii. Senator Dr. Shahzad Waseem (Leader of the House)	Member
iii. Senator Sherry Rehman	Member
iv. Senator Saadia Abbasi	Member
v. Senator Saleem Mandviwala	Member
vi. Senator Zeeshan Khanzada	Member
vii. Senator Kamil Ali Agha	Member
viii. Senator Musadik Masood Malik	Member
ix. Senator Faisal Saleem Rehman	Member

5. The Committee took clause by clause reading of the Bill. While discussing the Bill, the Members took strong exception to the discriminatory treatment meted out to Parliamentarians under the maintenance of PEP (Politically Exposed Person) account. The Executive Director, SBP informed that there are around 35,000 such accounts holding up-to 2% of deposits and SBP has issued circular to banking industry on multiple occasions to address the complains. After thorough deliberations, following amendments were proposed in the Bill.

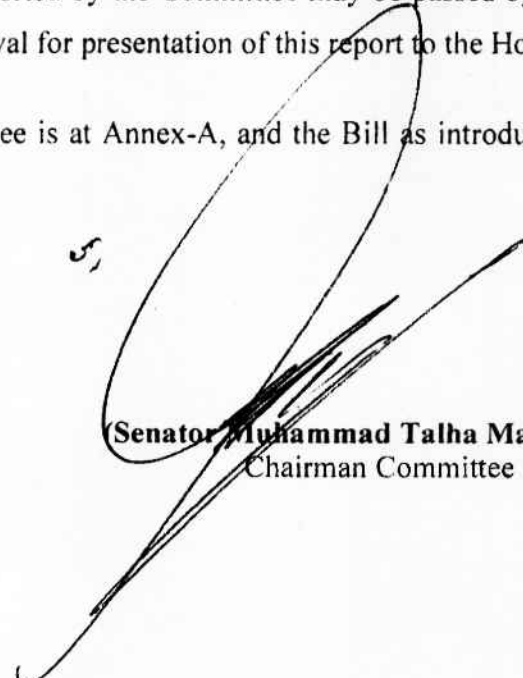
2. **Amendment of section 83, Ordinance LVII of 1962.-** In the Banking Companies Ordinance, 1962 (LVII of 1962), in Section 83, for Clause (1E), following shall be substituted, namely:-

**“(IE) If an officer of the Banking company or schedule bank, the case may be, on the basis of creed, religion, gender, ethnicity, madrasas or Islamic education Institute, class or group of citizens like politicians, Government servants or teachers of madrasa, refuses to open an account, closes an account, unilaterally cancels bank credit or debit cards, withhold issuance of letter of credit, bank guarantee or any other financial facility only on the ground of political expose person (PEP), red alert or high-risk alert for business trade, without any sufficient restriction under any law, shall be punished with rigorous imprisonment for a term of one year, and with fine which shall not be less than one million rupees and shall vary on daily basis at the current interest rate fixed by the State Bank of Pakistan.”**

6. After discussion, the Chairman Committee put the Bill to vote. With the above amendments, the Bill was passed unanimously. The Committee recommended that “The Banking Companies (Amendment) Bill, 2021” as reported by the Committee may be passed by the Senate of Pakistan. The Committee also gave approval for presentation of this report to the House.

7. The Bill as reported by the Committee is at Annex-A, and the Bill as introduced in the Senate is at Annex-B.

  
(Iffat Mustafa)  
Secretary Committee

  
(Senator Muhammad Talha Mahmood)  
Chairman Committee

**[AS REPORTED BY THE COMMITTEE]**

**A**

**BILL**

further to amend the Banking Companies Ordinance, 1962

**Whereas** it is expedient to further amend the Banking Companies Ordinance, 1962 (Ordinance LVII of 1962) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.**- (1) This Act may be called the Banking Companies (Amendment) Act, 2021.

(2) It shall come into force at once.

**2. Amendment of section 83, Ordinance LVII of 1962.** - In Banking Companies Ordinance, 1962 (Ordinance LVII of 1962), in section 83, after sub-section (1D), the following new sub-section shall be inserted, namely:-

**"(IE) If an officer of the Banking company or schedule bank, the case may be, on the basis of creed, religion, gender, ethnicity, madrasas or Islamic education Institute, class or group of citizens like politicians, Government servants or teachers of madrasa, refuses to open an account, closes an account, unilaterally cancels bank credit or debit cards, withhold issuance of letter of credit, bank guarantee or any other financial facility only on the ground of political expose person (PEP), red alert or high-risk alert for business trade, without any sufficient restriction under any law, shall be punished with rigorous imprisonment for a term of one year, and with fine which shall not be less than one million rupees and shall vary on daily basis at the current interest rate fixed by the State Bank of Pakistan."**

**STATEMENT OF OBJECTS AND REASONS**

The Constitution of the Islamic Republic of Pakistan guarantees the equality of citizens and condemns discrimination on the basis of creed, religion, gender, ethnicity, specific profession, Madrasas or Islamic educational Institutions, class or group of citizens. Many segments of society including Madrasas or Islamic Educational Institutes and politicians have raised their concerns on various occasions regarding the adoption of discriminatory practices by banking company and schedule bank in providing consumer finance and general banking facilities like opening of account, bank guarantee or issuance of letter of credit any other banking facilities. Such practices are against the spirit of fundamental rights guaranteed under the Constitution of the Islamic Republic of Pakistan.

It is responsibility of the Banking Company and schedule bank not to discriminate any segment of the society on the basis of creed, religion, gender, ethnicity, specific profession, class or group of citizens and follow the laws, rules, regulations and instructions on the subject matter in letter and spirit.



**SENATOR MUHAMMAD TALHA MEHMOOD**  
Member-in-Charge

**INTRODUCED ON 27-12-2021**

**[AS INTRODUCED IN THE SENATE]**

**A**

**BILL**

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(2) It shall come into force at once.

**2. Amendment of section 83, Ordinance LVII of 1962.** - In Banking Companies Ordinance, 1962 (Ordinance LVII of 1962), in section 83, after sub-section (1D), the following new sub-section shall be inserted, namely:-

“(1E) If an officer of the Banking company or a schedule bank, as the case may be, on the basis of creed, religion, gender, ethnicity, madrasas or Islamic education Institute, class or group of citizens like politicians, Government servants or teachers of the madrasa, refuses to open an account, issuance of letter of credit, bank guarantee or any other financial facility only on the ground of political expose person (PEP), red alert or high-risk alert for business trade, without any sufficient restriction under any law, shall be punished with simple imprisonment for a term which may extend to one year, or with fine which may extend to one hundred thousand rupees, or with both.”.



**STATEMENT OF OBJECTS AND REASONS**

The Constitution of the Islamic Republic of Pakistan guarantees the equality of citizens and condemns discrimination on the basis of creed, religion, gender, ethnicity, specific profession, Madrasas or Islamic educational Institutions, class or group of citizens. Many segments of society including Madrasas or Islamic Educational Institutes and politicians have raised their concerns on various occasions regarding the adoption of discriminatory practices by banking company and schedule bank in providing consumer finance and general banking facilities like opening of account, bank guarantee or issuance of letter of credit any other banking facilities. Such practices are against the spirit of fundamental rights guaranteed under the Constitution of the Islamic Republic of Pakistan.

It is responsibility of the Banking Company and schedule bank not to discriminate any segment of the society on the basis of creed, religion, gender, ethnicity, specific profession, class or group of citizens and follow the laws, rules, regulations and instructions on the subject matter in letter and spirit.

**SENATOR MUHAMMAD TALHA MEHMOOD**  
**Member-in-Charge**