

ENHANCEMENT OF BANK SECURITY

GUIDELINES

BACKGROUND:

Bank Security is a big challenge for the banking industry, on which PBA has been focusing for a long time. PBA has now come up with “Minimum Standards for Bank Security”, which the banking industry should endeavor to comply with, by the end of 2014.

These standards have been developed through discussions and correspondences held by PBA with State Bank of Pakistan and the Banking Industry.

RECOMMENDED MINIMUM STANDARDS OF SECURITY FOR BRANCHES / OFFICES OF BANKS/DFIS

A. Security Policy

1. The banks/DFIs shall designate a senior person, preferably with Military or Para-Military background, as Chief of Security, who would supervise the overall security arrangements of the bank/DFI, covering all branches/other offices. He will also be responsible for formulating/ reviewing Security Policy and procedural manuals of the bank/DFI and ensure implementation. The security policy would be approved by their board of directors or Country Head in case of foreign banks.
2. Board of Directors or its committee shall periodically review the Security Policy and security system of the bank/DFI, preferably once in two years. The management will make a review report on the subject which may include information regarding the past incidents and attempts of robbery, dacoity, theft and burglary if any at their branches/other offices and other security related incidents including recovery measures/progress and suggest proposals to avoid such incidents in future. This report will be audited by the audit department, and then presented to the board or its committee and the relevant authority will issue necessary instructions in this regard to the management.
3. The banks/DFIs will ensure that all their staff members are fully aware of the bank's security instructions that concern them/their function, and strictly comply with the instructions in this regard.

B. Use of Modern Technology

Banks/DFIs should make use of surveillance recording technology and alarm systems and the benefits of such technological developments for protection of bank employees, customers and assets. These security systems should be tested on periodical basis to evaluate their performance.

C. Internal Security of Banks' Branches and Financial Institutions.

1- Security Guards Deployment

- (i) Banks/DFIs shall ensure that Guards are deployed at their branches during the working hours. During nights and on off days, branches may be covered by CCTV Cameras, Alarm Monitoring System, Insurance Policy Cover and Guard Patrolling System. However, before removing the guards at night, Bank/DFI shall ensure that Smoke & Burglary Alarm Systems and CCTV System are fully operative and in working condition.
- (ii) A proper rotation policy of the guards, preferably on yearly basis, is recommended.
- (iii) During day, branches with Cash in Safe Limit over Rs. 10 Million (Rupees Ten Million) shall deploy three (3) guards i.e. atleast one at the Entrance Gate, atleast one at Vantage Point for maximum vigilance and third guard shall remain mobile or at a point from where he can exercise maximum vigilance.
- (iv) All branches with Cash in Safe Limit of Rs. 10 Million (Rupees Ten Million) and below in cities and towns shall deploy atleast two (2) day guards i.e. atleast one guard at the Entrance Gate and the other at Vantage Point for maximum vigilance.
- (v) However, those branches which are located in Villages and Remote Areas having Cash in Safe Limit below Rs. 2 Millions may deploy one (1) day guard.
- (vi) Only well reputed and PBA approved Security Companies shall be included in the Bank's Panel for provision of guarding service.
- (vii) The banks/DFIs shall ensure that the Security companies appoint physically fit, security cleared and properly trained persons, preferably, ex-servicemen equipped with appropriate weapons and with proper orientation/training about the job as guards at bank's branches.
- (viii) Security Agencies shall ensure that Security Guards at the branches are instructed to clean and maintain their weapons regularly so that they remain in working condition for which proper record shall also be maintained.

NOTE:

Vantage Point Clarification: Vantage Point means a point from where the guard can exercise maximum vigilance and can also react in case of any emergency/untoward incident. Vantage Point, therefore, does not entail construction of any Bunker etc. within the bank

2- Burglary Alarm Monitoring System (BAMS).

- (i) All branches shall be equipped with Alarm Monitoring System connected with outside agency/company for calling for help during an emergency. Installation of other security devices such as Sensors, Smoke Detectors, Fire Alarm, Fire Extinguishers are also advisable. Proper working of electronic security devices at all branches shall be ensured by banks. These security devices shall be tested on a regular basis.
- (ii) The benefit of monitoring will be achieved when there is an arrangement of rapid response by security personnel/Police at the place of the incident. Banks/DFIs shall, therefore, make arrangements with security companies providing monitoring service for deployment of Quick Reaction Force (QRF) atleast in all major cities. This may also be achieved through coordination, cooperation and mutual arrangement with law enforcement agencies, especially the Police and Rangers/FC.
- (iii) Activation/deactivation record of the Burglary Alarm System (BAMS) will be provided electronically to the branch by the service provider on a daily basis.

3- CCTV System.

- (i) All banks/branches and financial institutions shall install CCTV System with cameras covering the Entrance/Exit Gate(s), Cash Counters, Door of the Vault, Main Hall and the ATM area. A mechanism for proper archival of CCTV footage recordings for a minimum period of two weeks be ensured.
- (ii) DVR of the CCTV System shall be kept at a safe and secure location duly concealed from the public eye.
- (iii) Parallel Recording/Mirroring of CCTV Footages be ensured either within the branch or at a remote location so that even if the dacoits damage/destroy branch's CCTV System/DVR, the bank still retains vital data for subsequent investigations.

4- Grills/Shutters.

- (i) All branches to be protected by installing Grills or Shutters to cover its external doors, windows and also ATM cabin glass partitions opening in the branch etc. once the branch is finally closed/locked after working hours.
- (ii) No one should be allowed to carry their weapons inside the branch unless prior permission of the branch head/authorized officer has been obtained.
- (iii) Entry of outsiders after or before working hours shall be allowed only after obtaining permission from the branch head/authorized officer. Under no circumstances, the authority shall be delegated to the guard/watchman.

D. External Security of Bank's Branches/ATMs and Financial Institutions.

- 1- All banks/branches shall install atleast one camera of the branch's CCTV System outside the entry/exit gate, to cover area in front of the branch and the ATM.
- 2- Concurrently, it should also be ensured that all ATM machines have an in-built concealed camera inside the ATM machines.
- 3- It shall also be the responsibility of the concerned branch's Manager / Operations Manager that guard deployed at the Entrance Gate/Door also keeps a vigil at the ATM Cabin.

E. Security of Cash, Valuables and Securities.

- 1- Safe lockers, cabinets and valuable securities should be kept in Locker/Strong Rooms/Vault, as the case may be.
- 2- Locker Room and Strong Room/Vault should have proper RCC walls / roof and steel-reinforced doors with dual or triple controls, as required.
- 3- Unauthorized access to cash handling areas/Vault/strong room shall be restricted.
- 4- Banks/DFIs shall ensure that the Vault and Locker Room are well protected and fully equipped with Burglar Alarm System and other devices.
- 5- Cash Counter should be protected by installing iron grill or glass partition to avoid physical exposure of cash and cashier with the public.
- 6- Cash should not be transported from the Cash Counter unless both the guards i.e. branch/financial institution guard and the guard accompanying the Cash Van are present. Main Entrance of the bank/branch/financial institution should preferably be partially bolted from inside during transaction of cash leaving limited space for movement.

F. Security of Cash In Transit (CIT).

- 1- Banks/DFIs shall ensure that transportation of cash is done through security agencies providing such services in cities and towns. However, where these services are not available, cash transportation must be through well-protected vehicles. An armed escort shall always be provided to cash carrying van whenever high value cash is transported. Movement of cash should be out of pattern.
- 2- It shall be ensured by the management of banks/financial institutions and companies providing CIT services that the number of cash bundles in each cash box/bag is clearly mentioned on the cash box/bag. Once sealed these cash boxes/bags must remain under dual control.

- 3- CIT Cash boxes/bags shall not be moved out of the Vault/Strong Room unless accompanied by two guards and a designated officer/person.
- 4- One of the guards accompanying the Cash Van shall stay behind the van while the cash is being transported to or from the branch/financial institutions.
- 5- Cash boxes / bags shall be fastened to a belt with chain in the Cash Van. The chain shall have double locks, the keys of which shall be with the officer/person accompanying the Cash Van.

G. Banks' Responsibility.

- 1- The Banks/DFIs shall use a formal agreement with Security Companies for hiring of guards in line with PBA Guidelines (refer to PBA website www.pakistanbanks.org) and their own Security Policy duly vetted by their Legal Department/Legal Consultants.
- 2- While entering into contracts with the security agencies, banks will ensure that adequate measures are adopted by the relevant security agency to verify the particulars of their security guards. Further, banks may add the condition in their contracts that only those guards will be deputed at banks which are either ex-servicemen, or have minimum of three month service record with the security agency.
- 3- In case where a security agency on PBA approved panel is not available, the bank/DFI shall carry out due diligence for the appointment of their own security guard(s).
- 4- Banks shall require Security Agencies to remove exceptions on the deployed guards in the PBA database within fifteen days of pointing out. For this purpose, Banks shall seek the status of exceptions of guards from PBA at the time of their deployment or within 15 days after deployment, and communicate them to the security agency promptly. Security Agencies are also provided a list of exceptions on their guards directly by PBA periodically
- 5- Banks may ask the Security Companies to provide the names/particulars of reserve guards to be appointed in branches in case of absence/leave of deployed guards to avoid appointment of unknown guards.
- 6- Officials/Management of the banks shall ensure that Guards, Burglary Alarm and CCTV Systems and CIT Vans are hired from licensed Private Security Companies registered under the Central/Provincial Private Security Companies (Regulation and Control) Acts.
- 7- Banks/DFIs shall ensure that, under no circumstances, security guards posted at their premises are allowed to engage in any miscellaneous or administrative activity or work other than guarding.
- 8- Banks/DFIs shall keep their cash under insured limits. Overnight surplus cash holding at the branches shall be avoided. In case the cash is above the insured

limit, proper insurance coverage shall be obtained from the insurance company as per the arrangements made by the bank/DFI with their insurance company. Banks/DFIs shall also maintain proper record of this arrangement.

- 9- Banks/DFIs shall instruct its security staff to liaise with the local law enforcement authorities and request for provision of the following:
 - A. At least one Police guard each to branches with Cash in Safe Limit Rs.10 Million and above to further strengthen their security.
 - B. Regular patrolling in sensitive/troubled areas where banks are located be conducted employing vehicle borne or even motor cycle borne policemen to enhance security of banks' branches located in the area.
- 10- The Chiefs of Security of banks to ensure liaison with the law enforcement authorities at appropriate level for the following:
 - A. Appointment of a "Focal Person" at each Police Headquarters (province / regions) to interact with Banks' Security -Departments.
 - B. Measures to avoid harassment of bank staff by Police.
 - C. Provincial Home Departments to revisit regulations governing Security Companies providing Guarding, Alarm Monitoring & CCTV Systems and CIT, so as to make them accountable for the services they render.
- 11- In case of any incident of bank dacoity/armed robbery, local police shall be informed immediately and a proper FIR lodged at the Police station as early as possible by the bank.
- 12- Banks/DFIs should develop a standardized Branch Security Review Checklist. The check list should be regularly reviewed and signed by Branch and also Area/Zonal/Regional officials during their Security related visits to the branch. Internal Control/Audit should include this review in their audit scope.
- 13- Banks/DFIs shall certify that all security guidelines are being followed in all the existing branches on annual basis at the time of submission of their ABEPs to State Bank of Pakistan. While submitting application for opening a new branch under ABEP, bank/DFI will certify that security measures as envisaged above shall be taken before opening of new branches.
- 14- A 'Security Inspection Register' must be placed at all bank branches for endorsement of remarks / observations regarding security of branch / premises by officials (especially Police/Civil Administration) visiting the bank for the purpose. The Bank's Security Incharges/Regional Managers may pay surprise visits to branches in order to check and advise on security arrangement in the branches.
- 15- Disaster Recovery Plan is essential to deal with emergency situations like earthquakes, fire, violence, dacoity etc. Banks/DFIs shall, therefore, ensure to

comply with the Guidelines issued by SBP vide BSD Circular No. 13, 2004 on Business Continuity Planning, and all other instructions issued from time to time to safeguard the interest of banks'/DFIs' assets, their employees etc.

H. Security Company's Responsibility.

- 1- Private Security Companies shall ensure that they fulfill all the requirements of law especially with regard to functioning and quality of Alarm Monitoring and CCTV Systems as these are the back-bone of branch's security apparatus.
- 2- No guard will be allowed to perform double duty, within the same location or elsewhere. Security Company violating the clause will face a financial penalty of Rs.100,000/= in each instance .
- 3- However, in some branches located in rural / remote areas, guards may be allowed to remain in bank's branch overnight. For such exceptions, specific written approval of the Chief of Security of the bank will be obtained.
- 4- The Security Companies should conduct background check of the guards to be deployed in banks and they will intimate details of their company's guards to the local Police Station(s) on deployment of guard(s) at designated bank branches. These details may also be provided to the banks for record purpose.
- 5- The security Companies should get verification of CNICs of their security guards through NADRA and provide a copy of the NADRA verification to the bank/ DFIs at the time of deployment/ replacement of guards.
- 6- The Agreements with Security Agencies must ensure that security guards deployed at the premises of banks/DFIs are given appropriate training including firing practice with regular intervals. A certificate in this regard may be obtained from companies at the time of renewal of contracts.
- 7- Security Agencies shall remove exceptions on the deployed guards in the PBA database within fifteen days of pointing out by Banks, or by PBA directly.
- 8- Security companies shall pay adequate salary to guards, and shall pay all social contributions concerning guards to respective organizations, in order to maintain high motivation levels amongst guards.

Note: The Security Agency's Guidelines (available at the PBA website www.pakistanbanks.org) issued and amended by PBA from time to time are in addition to the above requirements.