

NIFTeTRUST Launch Ceremony

Message from the CEO

Dr. Ishrat Hussain, honorable Governor, State Bank of Pakistan and distinguished guests,

It gives me great pleasure to welcome you at the inauguration of the First Certificate Authority of Pakistan.

We are grateful to you, Mr. Governor, for sparing your time out of your very busy schedule. We appreciate the value of your time and realize that your personal involvement in managing and turning around the economy places high demands on your time.

Sir, the launch of the Certificate Authority is a major milestone in fulfillment of your vision for the banking and payment systems in Pakistan. To fulfill this vision, you had set up an ECH Task Force in 2001 for implementing electronic clearing and e-banking in Pakistan. After exhaustive deliberations by this ECH Task Force it was decided that every bank should join an ATM network and the two networks should be interlinked to provide inter-bank ATM transactions to the customers. However, the electronic banking and electronic clearing were not considered feasible because of the absence of the main requisites for such transactions, i.e. the use of digital signatures with attributes of authentication and non-repudiation and the absence of the legal framework to support digital transactions. The Electronic Transaction Ordinance was passed in late 2002 and soon after NIFT took the initiative to establish the Certificate Authority in Pakistan to offer globally trusted framework for issuance and authentication of digital certificates and digital signatures. Indeed your vision has provided us direction and encouragement and we are resolved to contribute our share to achieve the goals of internet banking and electronic clearing, which you had set for the banking industry of Pakistan. The establishment of Public Key Infrastructure is an essential and major step in that direction. We believe that our efforts will contribute in accelerating the process envisaged by you. Therefore, your presence, sir, on this important occasion is very special to us and gives us an opportunity to share our efforts and achievements.

Today's ceremony also represents a milestone in the life of NIFT. This year we are completing 10 years of our incorporation. We have come a long way since our establishment of the first

Automated Clearing House at Karachi in 1996. We have now established these automated centers in 9 major cities of Pakistan from where the clearing services are extended to adjoining 23 industrial and commercial towns, thus establishing a countrywide automated clearing grid. The establishment of this automated clearing grid has already started giving dividends to the banking industry in terms of much shorter clearing cycles, documentation of the economy and bringing cash transactions and settlement between the cities under the domain of State Bank of Pakistan.

As you know, ladies and gentlemen, NIFT provides services to all 43 commercial banks and their over 2,500 plus branches in 9 major cities and 23 towns. This covers over 90% of all clearing transactions in the country. There are number of special clearing services that banks and their branches enjoy e.g. same day high value clearing which is a 3 hours clearing cycle, intercity clearing which is currently a 48 hours cycle (we are trying to reduce it to 24 hours cycle) and the country wide US\$ clearing.

We are happy that implementation of Real Time Gross Settlement (RTGS) has started at State Bank of Pakistan and we look forward to providing the settlement positions to RTGS electronically. We are also, enthusiastically awaiting implementation of RTGS as this will enable us to offer additional products providing much shorter turn around time. The use of digital certificates by the Treasury Managers will facilitate them to transact with RTGS with confidence.

In addition to the automated clearing services we are helping major utility companies in the modernization of their utility payment systems. We are processing utility payments for major utility companies thus helping them improve their cash flow positions and reconciliation of payments. We are working closely with them to work out methodologies for the modernization of the utility payment system through direct debit/credit and internet payment system and bringing technology in the branches to help reduce the queues outside the bank branches. Back in 2001, we executed one of the world's largest image archiving projects where we image archived 64 million national census forms. The electronic data extracted from these forms has become the source input of the citizen database managed by NADRA. The CNIC & MRP are based on this database. Thus in a short span of 10 years we have contributed our share in the modernization of the systems in Pakistan, be it the banking industry, the utility companies, or the government institutions.

Sir, the establishment of public key infrastructure has laid the foundation for cheque truncation and electronic clearing which SBP has described in the 5 years strategic plan published last week. We are now poised to progress the paper-based automated clearing to electronic clearing where cheques will be truncated at the presentation point. Very soon we shall present our methodology for introducing cheque truncation and electronic clearing to the stakeholders. We have made progress in the direction and we are confident we shall come to your expectations on the implementation of cheque truncation & electronic clearing.

Coming back to the Certificate Authority established under the brand name NIFTeTRUST, we have become an affiliate of the world's most prestigious and highly trusted global hierarchy of Certificate Authorities i.e. VeriSign Trust Network (VTN). VeriSign has secured the businesses of 98% of Fortune 100 companies, has secured more than 800,000 web sites and over 450,000 enterprises worldwide and has issued 1200 million client certificates. So we have partnered with the best in the world.

We have established the PKI Processing Center at Karachi under the guidance and audit control of VeriSign Inc. This center fully meets the International Standards like ANSI X9.79 and ISO 17799. Our processing center mirrors the processing center of VeriSign and offers full compliment of certificates that includes CSC (Client Service Certificates), ESC (Enterprise Service Certificates) and WSC (Website Service Certificates). We are required to get our processing center audited at least once a year by international auditors like KPMG and Price Water House in addition to frequent and surprise audits by VeriSign. I would not go into the technical details of the services offered by this Processing Center. However, it would suffice to add that our issued certificates are globally trusted and the users can transact and communicate using digital certificates issued by NIFTeTRUST with confidence and integrity. We offer the insurance cover of \$250,000 included in the Protection Plan of VeriSign.

In addition to partnership with VeriSign Inc. of USA we have also signed an agreement with WiseKey S.A. of Switzerland to exploit WORLDeTRUST, a CA jointly established by WiseKey and International Telecommunication Union (ITU). This relationship will enable NIFT to offer certificates under the WorldeTrust network for e-commerce transactions. WiseKey is assisting ITU in expanding e-commerce in more than 100 developing countries. The project is known as ECDC and we shall be required to fulfill the requirements in Pakistan.

By leveraging our affiliation with VeriSign Inc. and WiseKey our portfolio of services provides unmatched security, interoperability, reliability, adoptability and scalable deployment all within an economical and efficient business model.

NIFT has also partnered with ActivCard – which is the world leader in delivering Identity Management (IDM) solutions that enable their customers to maintain digital user identities in a secure, manageable, and reliable manner. ActivCard has 16 years of strong authentication experience. They are also strategic partners of Verisign globally and have deployed numerous complex identity management solutions. ActivCard has deployed PKI on 3 million smartcards for the US Department of Defence, deployment of 3 million banking token at Sparbanken in Sweden. They service more than 100 financial institutions around the world and now in Pakistan we are pleased to announce that NCEL has become the pioneer customer using ActivCard USB Smartcard tokens & Verisign’s Digital Certificates for their security solution for their members & their clients. Mr. Richard Cookes Vice President for Asia Pacific & Japan of Active Card is with us for this ceremony.

I am happy to report that we have received very encouraging response from the market. We have already signed contracts or signed letter of Intents before formal launch with number of enterprises for our flagship product “Managed PKI” services. These enterprises include National Commodity & Exchange Ltd., who has taken not only the managed PKI services but also a dual authentication mechanism using Active Card’s USB tokens for their brokers and their clients, Habib Bank Ltd, and Fauji Foundation. In addition, a number of enterprises have secured their web servers by obtaining SSL Certificates from us. These include MCB, KASB Bank, Metropolitan Bank, Live Securities, TeleCard, Clicktrade Securities and CBR.

This kind of response shows that Pakistani enterprises are taking security seriously and are ready to exploit electronic products. We are grateful to these enterprises for the confidence reposed in us.

Mr. Governor, State Bank’s five year strategic plan published last week, once again reiterates your vision for efficient and sound management of the payment system. Out of this plan, the PKI and digital certification has already been established and is up and running, our preparation for cheque truncation is in place and the PKI will facilitate banking industry to offer e-banking and internet banking products with confidence. We are confident that the objectives for the efficient

payment system stated in the 5 year strategic plan could be achieved much before two years as stated in the plan.

In the end I would like to thank all the team members at NIFTeTRUST for their untiring efforts in establishing the PKI to international standards, particularly my thanks are to Mr. Javed Faruqi, the outgoing General Manager of PKI who has joined CNBC as their Chief Executive. We wish Mr. Faruqi lots of success in his future endeavors. I would also like to register my gratitude to Mr. Zahid Jamil of Jamil & Jamil, who not only put in lot of time in helping us negotiate legal agreements with Verisign & WiseKey, but also in working out the Certificate Policies and the Certificate Practices Statements with VeriSign's legal team to bring these in conformity with ETO2002. These policies and practices are posted at the NIFTeTRUST website and are required to be strictly followed for issuance of digital certificates.

Sir, we as a national institution have contributed our share to the modernization of systems in Pakistan and assure you of our continued contribution to this process.

I thank you all for sharing this auspicious occasion with us.

Mr. M.M. Khan
CEO, NIFT.