



STATE BANK OF PAKISTAN  
PAYMENT SYSTEMS POLICY & OVERSIGHT DEPARTMENT  
I. I. CHUNDRIGAR ROAD  
KARACHI

CONFIDENTIAL

April 11, 2022

PSP&OD.PR-09(viii)/3873/2022

1. Mr. Talal Ahmad Gondal,  
CEO, TAG Fintech Inc. USA,  
Holding Company of TAG Innovation (Pvt) Ltd.,
- ✓ 2. CEO M/s TAG Innovation Pvt. Ltd.  
39 Marina Commercial,  
Cornice Road, Bahria Town Phase 3,  
Rawalpindi.

**SHOW CAUSE NOTICE**

This is with reference to your application dated December 9, 2021, subsequent information and documents including, Fit and Proper Test (FPT), commitment letters from the two prospective investing partners etc. submitted from time to time to State Bank of Pakistan (SBP) to conduct Due Diligence of Samba Bank Limited and consequent withdrawal request vide letter dated March 17, 2022.

2. In this regard, it is informed that relevant Department of the SBP has reviewed and assessed your application and other information, documents including commitment letters from the investing partners. During the review and assessment, it has been determined that one of the commitment letters of the investing partner submitted with your application was not genuine and has been disowned by the issuer i.e. the investing partner.

3. The above findings cast serious doubts, *inter-alia*, on the integrity, honesty and reputation of the Sponsors, Board of Directors and the Management. The submission of such document giving false evidence for seeking approval to enter into the banking business, which requires fulfillment of fiduciary responsibilities regarding public money, is a serious violation of applicable Laws, Rules and Regulations.

4. In view of above, you are hereby called upon to show cause as to why action should not be taken against the Sponsors, Board of Directors and Management in terms of applicable Laws, Rules and Regulations.

5. Moreover, as per the clauses 2(xviii), 5 and 6 of SBP's "Approval for Pilot Operations under the Regulations for EMIs" granted to M/s TAG Innovation Pvt. Ltd. in August 2021, M/s TAG Innovation Pvt. Ltd. is hereby advised to stop the expansion of the pilot operations immediately, from the date of issuance of this letter. However, for the existing wallet holders, business shall be conducted as per the Regulations for EMIs and the terms and conditions mentioned in the In Principal Approval Letter and Pilot operations approval granted by SBP in October 2020 and August 2021, respectively.

6. Your reply should reach this office within seven (7) days from the date of this letter failing which it shall be presumed that you have no explanation to submit and appropriate *ex-parte* action shall be taken under the applicable Laws, Rules and Regulations.

Yours sincerely,

(Abdul Ghani)

Senior Joint Director