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## State Bank committed to protect interest of banks' customers

The Governor, State Bank of Pakistan, Dr Shamshad Akhtar has once again reminded all commercial banks to adopt fair practices and to make complete disclosure of the lending and deposit rates of all consumer products offered by them and to clarify the pricing structure of the loan in their respective loan agreements with their customers.

It may be pointed out that the existing instructions of the State Bank require banks to get the schedule of charges printed and make the same available to their customers at all branches at least seven days before the commencement of the half year. The banks are also required to make available their schedule of charges on their websites. Similarly, locker-holder issue has also been taken care of by prescribing the insurance ceiling as per the size of the locker. Only recently, the SBP advised all banks to pay a minimum of 5% profit to all depositors regardless of their account balances.

All these instructions and other measures taken by the State Bank from time to time are manifestation of SBP's resolve to protect the interest of banks' customers. The State Bank has also taken a number of steps to ensure that consumers have access to accurate information, fair credit billing and reporting, fair debt collection practices etc. Most of these issues will be further addressed as SBP is processing "Consumer Protection Act" and issuance of "Fair Debt Collection Guidelines" in the near future; former would need to be considered by the Government / legislature.

Complaints by certain quarters that banks charge very high mark-up rates on credit cards products need to be seen in the proper context. Credit Cards are not a debt instrument and the banks allow Credit facility free of mark-up/interest to their Card holders for the period around 30 to 45 days or as specified in their terms and conditions accepted by card holders. The card holders may make purchases and can make payments within the stipulated period without any financial charges. One of the features of Credit Card is withdrawal of cash. Any liberty available to the card holder to pay the amount in toto without any mark-up or extra charges is not meant for cash withdrawals. Further, the high mark-up rate on credit cards can be attributed to high cost associated with their marketing, recovery, administration and fund utilization. The same scenario exists internationally.

In addition to establishment of the Office of the Banking Mohtasib, the SBP has established a full-fledged Consumer Protection Department to effectively resolve consumer's complaints against banks. The State Bank has already addressed the issue of early disposal of the complaints by directing the banks/DFIs to provide redressal within a period of 10 working days. However, in any case, the final reply may be sent within a period not exceeding 45 working days, barring cases where reasonable grounds exist on record for not complying within the prescribed time period.

It may be mentioned here that the SBP conducts regular inspections of all banks/DFIs and takes stern and punitive actions against the concerned bank/DFI for any untoward incident noted and reported during the course of inspection of the banks/DFIs and non-compliance of the instructions/guidelines, rules and regulations issued by it (SBP).

As per general practice of SBP, the draft versions of policies concerning the general consumer/customers/public are placed on its website for comments/views of society and stakeholders. The valuable feedback received in this regard is taken into account during the process of finalization of these policies.

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