



External Relations Department

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REPORTING OF WRITTEN OFF/WAIVED OFF LOANS AND ADVANCES OF CORPORATE BORROWERS TO eCIB

State Bank of Pakistan (SBP) has decided to reduce the reflection period of written off/waived loans and advances for corporate borrowers in the Electronic Credit Information Bureau (eCIB) of SBP from 15 years to 10 years. eCIB is a repository of information about the credit history of borrowers of the banking system and is largely used by banks/Financial Institutions to assess the creditworthiness of borrowers. This decision follows a detailed assessment of international practices.

It has been a general impression that reflecting the negative history/ write-off for a longer period might deprive the borrowers of a fresh start and would exclude borrowers from access to finance for longer periods (following the write-offs/waivers) regardless of the borrowers' current financial performance and other favorable information. It may be noted that various business bodies and Chamber Members frequently also raised such concerns. They were of the view that placing a one-time write-off/waiver in eCIB for 15 years is a long period particularly when a business has paid back or settled its transaction with the bank. It creates difficulties for businesses in availing fresh financing for a long time.

Decreasing the reflection period to 10 years will bring our system in line with the international practice and provide a conducive business environment to boost economic activities besides helping to improve the country ranking in the Ease of Doing Survey conducted by the World Bank periodically.

Credit Information Bureau/Credit registry (eCIB) is one of the supervisory tools used worldwide to assist the supervisors in off-site supervision and on-site examinations. SBP established its Credit Registry i.e. eCIB in 1992 with the objective to complement its role of prudential supervision and assessment of the risk monitoring functions of its regulated FIs. Since then, the eCIB of SBP has evolved from manual to modern electronic online credit reporting system fueled by improvements in system and technology. The existing eCIB system is not only helping in the expansion of credit but also enabling FIs to move from the traditional subjective approach of granting credit to a more efficient lending process.
