



STATE BANK OF PAKISTAN
BANKING CONDUCT & CONSUMER PROTECTION DEPARTMENT
I. I. CHUNDRIGAR ROAD
KARACHI

Order

**Paid up Capital of Credit Bureaus in Private Sector in
terms of Section 6 of the Credit Bureaus Act, 2015**

1. The Honorable High Court of Sindh (SHC) in a petition CP No. D-250 of 2017, M/s Data Check (Pvt.) Limited vs. State Bank of Pakistan and others while declaring section 6 of the Credit Bureaus Act, 2015 *ultra vires* has directed State Bank of Pakistan to decide upon and declare the minimum paid up capital required for purpose of Section 6 through a reasoned order in consistent with judgment within 60 days from the date of judgment.
2. The Honorable High Court of Sindh has directed that Section 6 is to be applied as though it stands in the following terms:-

“The minimum paid up capital of a credit bureau shall be ... as may be prescribed by the State Bank of Pakistan from time to time but not less than (the minimum) should be fully subscribed and deposited as paid up capital of the company”
3. Since the Honorable High Court of Sindh has directed to set the minimum capital at a reasonable level, therefore, in line with the direction of the court, State Bank of Pakistan has reviewed the local and global level of cost of setting up credit bureaus in private sector. The cost quoted by the international experts ranges from US\$ 2.00 million to US\$ 3.00 million interalia covering the following major items:-
 - a) Software implementation and license fee,
 - b) Hardware infrastructure including disaster recovery site,
 - c) Yearly support and maintenance charges
 - d) Training and implementation cost.
4. In addition to costs mentioned at para 3 above, the startup cost for the Credit Bureau, may include legal fees and other startup costs. Further, the operating cost may include:
 - i) Salaries,
 - ii) Rent of the premises,
 - iii) Marketing and awareness program cost,
 - iv) Utilities,
 - v) Office supplies,
 - vi) Vehicles,
 - vii) Insurance,
 - Viii) Cost to meet the contingencies, etc.
5. While reviewing the local and global practices of minimum paid-up capital requirement of Credit Bureaus, the practice prevailing in India where Credit Bureaus

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are regulated under "The Credit Information Companies (Regulation) Act, 2005 were also reviewed by State Bank of Pakistan. The Section 8 of the Indian Act stipulates that issued capital of credit Information Company shall not be less than twenty crores whereas the minimum paid up capital of every credit information company at any time shall not be less than seventy-five per cent of the issued capital. Therefore, the minimum capital in India is fifteen crores, which in Pakistani Rupees becomes more than twenty-five crores. Similarly, a Credit Bureau in Cambodia, was set up in 2012, at the cost of US\$ 2.00 million.

6. Therefore, taking local and global practices and requirements into account, State Bank of Pakistan has decided to set the minimum paid up capital at Rs.225.000 million for Credit Bureaus to operate under the Credit Bureaus Act, 2015.
7. Accordingly, in line with the direction of High Court of Sindh, through a reasoned order a figure of Rs.225,000,000/- is added in Section 6 of the Credit Bureaus Act, 2015 to be read as under:-

"The minimum paid up capital of a credit bureau shall be Rs.225,000,000/- or as may be prescribed by the State Bank of Pakistan from time to time, but not less than Rs.225,000,000/- should be fully subscribed and deposited as paid up capital of the company"

8. It is also placed on record that SBP has already issued conditional license to one of the company to function as credit bureau in private sector who has met the minimum paid up capital requirement of Rs.250.00 million, which has been fully subscribed and deposited as paid up capital of the company.


(Muhammad Akmal)
Director

Dated: - May 11, 2018