



State Bank of Pakistan

بینک دولت پاکستان

## PUBLIC AWARENESS MESSAGE

### FAIR DEBT COLLECTION GUIDELINES

For the purpose of creating awareness among the general public, it is informed that in order to address the grievances of borrowers of commercial banks, State Bank has prescribed guidelines for collection/recovery of debt by banks/Development Finance Institutions (DFIs). These guidelines are applicable to various types of consumer financing facilities including Credit Cards, Housing, Auto and Personal Loans etc. In terms of these broad guidelines, all banks and DFIs are required to ensure that:

- ✓ before proceeding for debt collection/recovery from customer/borrower, all information relating to payments fallen due shall be provide to him/her;
- ✓ a minimum of 14 days notice shall be served to the customer/borrower through letter/SMS advising him/her to make overdue payment, before a visit to residence/business place is undertaken in a lawful manner to negotiate recovery of the outstanding amounts. Advance notice will also be required to the customer, when bank/DFI staff picks up the payment and if it is done on the customer's request, then it should be properly recorded.
- ✓ customers/borrowers are not contacted at an inconvenient time.
- ✓ proper disclosure of identity, name of the bank and purpose of call is provided.
- ✓ only lawful and acceptable business language and professional attitude is adopted in establishing such contact.
- ✓ collection staff shall not harass borrower's family members. However, necessary information can be obtained from family/friends/third party of the borrower, if he/she is not in contact for 30 days after first missed payment.
- ✓ at least 14 days written notice shall be served before repossessing the leased vehicle, on breach of an agreement/default on repayment by the lessee.
- ✓ recovery staff shall allow the lessee to take possession of his/her valuables/goods out of the vehicle.
- ✓ transfer or misuse any personal data of customers/ borrowers without their prior approval is prohibited and any information of customers/borrowers provided to the collecting staff is required to be properly documented.

Consumers can lodge their complaints through surface mail at below mentioned address or electronically at the helpdesk using link <http://www.sbp.org.pk/cpd/complaints.asp>, if they feel that banks are acting detrimental to the above instructions.

 <p><b>Postal Address:</b> The Director Banking Conduct &amp; Consumer Protection Department State Bank of Pakistan 5<sup>th</sup> floor, I.I. Chundrigar Road, Karachi.</p>	 <p><b>Telephone:</b> +92-21-99221147 +92-21-99221149</p>	 <p><b>Fax:</b> +92-21-99221160 +92-21-99221154</p>
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