

Frequently Asked Questions (FAQs) on Business Conduct & Fair Treatment of Consumers (FTC) Regulatory Framework (BC&FRF)

Q1: Whether Management Committee approval for FTC oversight applies to Government or SBP-introduced schemes (e.g., BISP, Raast, subsidized lending)?

Ans: The requirement for obtaining approval from the Management Committee responsible for Business Conduct and FTC oversight applies to products and services developed and offered by the Financial Institutions (FIs). Government or SBP-introduced schemes, including initiatives such as BISP, Raast, and subsidized lending programs, are not subject to this requirement.

Q2: What is meant by terms “all kinds of consumers”, “retail consumers”, and “corporate consumers” under the Business Conduct & Fair Treatment of Consumers Regulatory Framework (BC&FRF)?

Ans: The framework does mention two broad categories of consumers: retail consumers and corporate consumers. All instructions are mapped to these categories. The term “all kinds of consumers” is used contextually to indicate that the requirement applies to both retail and corporate consumers.

Q3: Whether mobile in-app notifications may be used as the primary channel for complaint-related communications to mobile application users?

Ans: Mobile in-app notifications may be used as a supplementary channel; however, it shall not be used as the primary channel for complaint-related communications. Formal channels such as SMS, email, or written correspondence through surface mail should be used to ensure traceability and compliance.

Q4: Whether issuing a verifiable, unsigned copy of the Terms & Conditions, identical in content to the signed version, meets regulatory compliance?

Ans: Financial Institutions must provide a verifiable signed copy of the Terms & Conditions to customers as per mutually agreed mode.

Q5: Under Clause 2.2(2) of BC&FRF, whether disclosure requirements for reward programs are applicable to government schemes such as Sohni Dharti Remittance Program (SDRP)?

Ans: Disclosure requirements apply to all programs and schemes offered by the FI(s), including government-linked reward programs.

Q6: What types of customer contracts require confirmation of termination to the customer?

Ans: All customer contracts, whether asset-side or liability-side, including but not limited to lockers, credit cards, and similar products/services must have their termination duly confirmed to the customer within two (2) working days of termination.

Q7: Whether e-statements may be implemented as the default mode of account statement delivery?

Ans: The mode of delivery of account statements, including those required for regulatory compliance, shall be determined by mutual agreement between the FI and the customer. Customers' verifiable consent, except in case of Digital Banks and EMIs, is necessary for sharing the account statements through digital modes for ensuring regulatory compliance.

Q8: What charges may be applied to / debited from dormant or inoperative accounts, and what are the statement issuance requirements upon reactivation?

Ans: During the dormancy period, only those charges for products or services may be debited that have been previously opted for by the customer, and only up to the validity period of the respective product(s) and/or service(s). Charges for any other product or service not expressly opted for by the customer shall not be levied during the dormancy period or thereafter, unless the customer provides verifiable consent for such products or services upon reactivation of the account. Upon reactivation of a dormant or inoperative account, the FI shall resume issuance of statements of account in accordance with its applicable policy and regulatory requirements.

Q9: In case of branch closure or relocation, which regulatory timeline should FIs follow for customer notification of 2 months notice under the Business Conduct and Fair Treatment of Consumers Regulatory Framework (BPRD Circular No. 04 of 2025), or 4 weeks' notice under the Branch Licensing Policy (BPRD Circular No. 04 of 2016)?

Ans: In the stated case, clause 7.3(b) of BPRD Circular No. 04 of 2016, titled 'Branch Licensing Policy' as amended from time to time shall be applicable.

Q10: Whether an initial deposit is required at the time of digital onboarding?

Ans: There is no requirement for an initial deposit at the time of digital onboarding. Customers can open their accounts digitally without making an initial deposit.

Q11: Under the clause 3.1.1(5) of the BC&FRF, whether upgrading a customer to Priority Banking constitutes "conversion"?

Ans: Such upgrades shall be considered conversion and accordingly must comply with all related requirements.

Q12: Whether the average balance is to be computed for the account specifically for the month of June or the average of six (06) month balances from January to June be taken to determine the statement period?

Ans: The "monthly average balance" for the purpose of determining eligibility for dispatch of free account statements shall be the average of the monthly average balances of six (06) months, i.e., from January to June (both months inclusive).

Q13: What is the applicable turnaround time (TAT) for retrieval of a captured ATM card, considering the timelines prescribed under PSD Circular No. 01 of 2008, PSD Circular No. 05 of 2018, and BPRD Circular No. 04 of 2025?

Ans: PSD Circular No. 01 of 2008 and PSD Circular No. 05 of 2018 remain in force. Accordingly, the timelines prescribed in these circulars for retrieval of captured ATM cards shall continue to be followed while the instructions contained in Section 3.2.2.1(4-b) of BC&FRF issued vide BPRD Circular No. 04 of 2025, shall be applicable in the case of White Label ATMs, in line with the provisions of PSD Circular No. 05 of 2018.

Q14: At what point the issuance cost and annual fee become applicable for debit and credit cards?

Ans: The issuance cost shall be charged at the time of issuance or renewal of a debit or credit card. However, the annual fee shall be charged only upon activation of the card.

Q15: Whether customers are required to request annual fee reversal upon meeting spending criteria for credit cards?

Ans: Annual fee reversal for credit cards shall be automatic, without customer(s)' request, once the required spending criteria is met.

Q16: Whether recovery of the annual fee permissible where an 'active' debit/credit card is temporarily blocked due to a complaint received through the FTDH system for an alleged fraudulent receipt of funds in such an account?

Ans: Recovery of the annual fee is not permissible where the card has been permanently blocked or closed. However, if the card is blocked only temporarily, annual fee can be charged.

Q17: How should repayment allocation be handled where customers have multiple financing facilities from the FI?

Ans: The FI needs to follow customers' instructions and align repayments with their schedule. The regulatory instruction is not about overriding customers' instructions but ensuring that customers are appropriately guided particularly where multiple-finance facilities exist.

Even when specific instructions are provided, the FI is responsible for advising the customer to prevent unintended financial detriment. This guidance focuses on informing and directing customers on cost-effective choices, while fully respecting their final decisions and prevalent due dates.

Q18: Under Clause 3.2.3.2(f) of the BC&FRF (about insurance coverage of financed asset) read with the applicable Prudential Regulations, is insurance coverage for a financed asset required only up to the original financing amount, or should such coverage be reviewed and adjusted to reflect any subsequent increase in the value of the underlying asset?

Ans: Prudential Regulations continue to prevail while FIs are expected to ensure that insurance coverage remains sufficient to protect the customer against potential losses.

Q19: Does “reflection of late payment charges in the account” mean accrual in the FI’s system only?

Ans: Accrual in the FI’s system is internal accounting. The requirement mandates that charges are explicitly recorded in the customer’s account and that customer is also notified as the charges are accrued, using appropriate communication channels.

Q20: Whether complaints reporting requirements for utility bill collections remain applicable on FIs?

Ans: BPRD Circular Letter No. 25 of 2009 has been withdrawn. Complaints regarding utility bills should be submitted as per Annexures 5A and 5B, in accordance with the frequency outlined in the BC&FRF.

Q21: What are the reporting requirements for Politically Exposed Persons (PEPs) under sub-clause 3.2.4(5) of the BC&FRF?

Ans: FIs (including DFIs) must report details of the services / facilities rejected and/ or offered to PEPs to the Director, Consumer Protection Department, SBP. Reporting shall be done monthly, within 7 days of the month-end, in soft copy via email, using the prescribed format. Further, it is clarified that BPRD Circular Letter No. 18 of 2019 has been withdrawn, and now BC&FRF serves as the sole regulatory framework governing the subject matter.

Q22: Whether FIs are required to submit details of their designated Politically Exposed Persons (PEPs) focal persons to SBP?

Ans: All FIs are required to submit the details of their designated focal persons for handling PEPs to SBP, and these details are also made available on the respective FI’s website. Once submitted, SBP makes the information publicly available on its own website as well, to promote transparency and accessibility. Further, FIs shall promptly update SBP whenever there is a change in focal person to ensure the information remains updated.

Q23: Whether FIs may consolidate multiple fees into a single debit entry?

Ans: Under Section 3.2.4, Para 3(a) of BC&FRF, each fee shall be debited separately to ensure transparency and allow customers to clearly identify and reconcile charges.

Q24: Whether Call Back Confirmation (CBC) timelines may be relaxed under special circumstances?

Ans: Any deviation from the prescribed timelines (including same-day CBC or extensions) is not permissible. FIs must strictly adhere to the specified timelines.

Q25: How should FIs align SBP’s free look-up requirement with SECP’s cooling-off period for third-party products?

Ans: FIs shall ensure compliance with all applicable regulations and guidelines in letter and spirit, issued by SBP even when it acts as a distributor of any third-party product. Furthermore, it is clarified that the term “look-up period” mentioned in Clause 3.2.5.3(2)(d) of BC & FRF corresponds to the “cooling-off period” as defined by SECP in its circular No.1 of 2023 titled as” Master Circular for Mutual Funds/Collective Investment Schemes/Investment Advisory Services”.

Q26: Whether Call Back Confirmation (CBC) for NAV-based investment products may be conducted on the same day?

Ans: The CBC in all cases has to be conducted at least three days before the onset of the free look-up period, however, it cannot be done on the same day when the product/service is sold.

Q27: Whether individuals with unregistered but visible disabilities are eligible under the Persons with Disabilities (PWDs) employment quota?

Ans: Eligibility requires verifiable evidence of disability through a valid certificate or record issued by NADRA or other competent authority.

Q28: What is the competent appellate authority for representation against orders of the Banking Mohtasib Pakistan, in light of Section 82E (4) of the Banking Companies Ordinance (BCO) and Section 14 of the Federal Ombudsmen Institutional Reforms Act (FOIRA)?

Ans: The appellate jurisdiction originally vested in the Governor of the State Bank via Section 82E (4) of the BCO, has been superseded by Section 14 of Federal Ombudsmen Institutional Reforms Act (FOIRA), which designates the President of Pakistan as the sole competent authority to entertain representations against the Banking Mohtasib’s orders.
