



## External Relations Department

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### **REFLECTION OF TWO YEARS HISTORY IN BORROWERS' ECIB REPORTS**

From July 2021, State Bank of Pakistan (SBP) has decided to include two years history of negative/overdue information for consumer/individual borrowers' in the eCIB reports of State Bank of Pakistan in line with international practices. Currently, the eCIB report reflects negative/overdue information for consumer/individual borrowers' for one year.

Electronic Credit Information Bureau (eCIB ) of SBP collects and collates credit data on borrowers from its member Financial Institutions (FIs). The financial data is then aggregated in system and the resulting information, in the form of credit reports, is made available online to the member FIs for the purpose of credit assessment, credit scoring and credit risk management. The major purpose of this database is to enable the Financial Institutions (FIs) to know the credit history of their current and prospective customers thus enabling them to make informed and timely lending decisions.

The decision was undertaken by the SBP to align its eCIB policies with international practices and to meet the Ease of Doing Business Survey (EODB) requirement of displaying at least two years history in the eCIB reports. The same will help in the enhancement of the credit assessment capability of the member FIs of their current and potential customers.

It is very important to note that this change will be adopted on prospective basis and will be effective from July 2021 onwards. Accordingly, any default, delay in payment, etc. prior to 1<sup>st</sup> July 2021 will continue to be reflected in the credit report of the customers only for one year. However, defaults, delayed payments, etc. after 1<sup>st</sup> July 2021 will be shown on the credit reports for two years. All the member FIs are advised to bring the contents of this policy change in the knowledge of their existing and potential customers. Besides, the member FIs should also ensure upfront disclosure to their current and potential customers regarding the eCIB reporting requirement and its implication i.e. (the reflection of overdue/late payments/write off/waiver, etc.) in eCIB reports after settlement of their liabilities.

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