



External Relations Department

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State Bank of Pakistan revises Prudential Regulations for Consumer Financing to moderate import and demand growth

The State Bank of Pakistan (SBP) has revised Prudential Regulations (PRS) for Consumer Financing. This targeted step will help to moderate demand growth in the economy, leading to slower import growth and thus supporting the balance-of-payments. The changes in the PRs effectively prohibit financing for imported vehicles, and tighten regulatory requirements for financing of domestically manufactured/ assembled vehicles of more than 1000 cc engine capacity and other Consumer Finance facilities like personal loans and credit cards. Following changes have been made in this regard:

- Maximum tenure of auto finance has been reduced from seven (7) to five (5) years;
- Maximum tenure of personal loan has been reduced from five (5) to four (4) years
- Maximum debt-burden ratio, allowed to a borrower, has been decreased from 50 to 40 percent;
- Overall auto financing limits availed by one person from all banks/DFIs, in aggregate, will not exceed Rs3,000,000, at any point in time; and
- Minimum down payment for auto financing has been increased from 15 percent to 30 percent.

With the objective to protect lower to middle income category purchases, these new regulations are not applicable to locally manufactured or assembled vehicles of up to 1,000 cc engine capacity. They are also not applicable to locally manufactured electric vehicles to promote use of clean energy. The financing of these two categories of vehicles will continue to be governed by previous set of regulations.

Further, in order to encourage [Roshan Digital Accounts](#) and facilitate overseas Pakistan who have opened these accounts, regulatory instructions for [Roshan Apni Car](#) product of the banks or DFIs have also not been changed.

For details:

<https://www.sbp.org.pk/bprd/2021/CL29.htm>
