

STATE BANK OF PAKISTAN
BANKING POLICY & REGULATIONS DEPARTMENT
I.I. CHUNDRIGAR ROAD
KARACHI

BPRD Circular Letter No. 14

March 26, 2020

The Presidents/Chief Executive Officers
All Banks/DFIs

Dear Sirs/Madams,

**REGULATORY RELIEF TO DAMPEN THE EFFECTS OF COVID -19 -
PRUDENTIAL REGULATIONS FOR CONSUMER FINANCING**

Please refer to BPRD Circular No. 10 of 2016, whereby revised Prudential Regulations for Consumer Financing were issued.

2. The coronavirus (COVID-19) has been evolving as a strain to the global economy including that of Pakistan. Therefore, to dampen the adverse effects of COVID-19 and to enable the banks/DFIs continue to fulfil their role in funding the real economy, following has been decided:

Para 1 of Regulation R-3 - Total financing facilities to be commensurate with the Income

- i. To enable the individuals avail additional financing facilities for fulfilling their urgent financial needs, the Debt Burden Ratio has been increased temporarily from 50 percent to 60 percent. The Banks / DFIs, therefore, while determining the repayment capacity and credit worthiness of the borrowers shall ensure that the total monthly amortization payments of the consumer financing facilities shall not exceed 60 percent of the net disposable income of the borrower.
- ii. The banks/DFIs may allow temporary Excess over Limit (EOL) of up to 15 percent of the original sanctioned limit. The EOL, made available to customers upon their request, shall be repayable equally in next twelve monthly bill payments.

Regulation 5 – Rescheduling / Restructuring of Performing / Non-Performing Consumer Financing Facilities:

- iii. The Banks/DFIs, upon the request of the borrower received by 30th June 2020, will offer deferral of principal component of installments for one year, unless the customer requests for a shorter period, at no fee or increase in mark-up rate or mark-up on mark-up; provided that the obligor will continue to service the mark-up amount as per agreed terms & conditions. The banks/DFIs will convey their decision to the obligor within 15 working days after the receipt of the written request. In case, banks/DFIs decide to decline the request of the obligor, they will record reasons for this decision in their response to the obligor. The banks/DFIs will also submit the details about deferments granted by them to their borrowers at the end of each week, as per attached format, to Director, Off-Site Supervision & Enforcement Department (OSSED), State Bank of Pakistan.
 - iv. The financing facilities of such obligors, who are unable to service the mark-up amount or need deferment exceeding one year, may be rescheduled / restructured upon their request. If the rescheduling / restructuring is done within 180 days of the loans being past due, such financing facilities will continue to be treated as regular. The deferment of principal component in installments or rescheduling / restructuring shall not affect the credit history of the borrower and therefore it should not be reported in the ECIB / private credit Bureau as restructuring.
 - v. The Banks/DFIs shall not classify the financing facilities of obligors who have requested for deferment [2(iii)] or rescheduling / restructuring [2(iv)], unless the payment obligations are past due by 180 days. If the deferment or the rescheduling / restructuring is not executed successfully within the specified period of 180 days past due, such financing facilities will be classified as per the prevailing instructions of PRs for Consumer Financing.
 - vi. The Para 3 (i-ii) of Regulation R-5 of PRs for Consumer Financing shall not be applicable on the rescheduling / restructuring of the loans executed before 31-Mar-21.
3. The aforesaid instructions, except 2(iii), shall stand expired on March 31, 2021; and afterwards prevailing instructions on the subject shall be applicable. Moreover, these shall not be applicable on the non-performing loans as on 31-Dec-2019.
 4. All other instructions on the matter shall, however, remain unchanged.
 5. Please acknowledge receipt.

Yours truly,

Sd/-

(Muhammad Akhtar Javed)
Director

**DETAILS ON DEFERMENT OF PRINCIPAL COMPONENT OF
INSTALLMENT FOR CONSUMER FINANCING**

Position as of _____

Bank Name: _____

AUTO FINANCE

No. of Borrowers whose Principal is Deferred	
The Deferred Amount (Principal Amount only)	
Amount Deferred for less than 12 months	
Amount Deferred for 12 months	
Amount Deferred for more than 12 months	
No. of Borrowers Whose Requests for Deferment of Principal Amount were declined	
Outstanding Principal Loan Amount of the borrowers whose deferral requests were declined	
List of the Distinct Category of Reasons on which requests for deferment of principal amount were declined	

Note: Amounts to be given in Rs. 000

PERSONAL LOANS

No. of Borrowers whose Principal is Deferred	
The Deferred Amount (Principal Amount only)	
Amount Deferred for less than 12 months	
Amount Deferred for 12 months	
Amount Deferred for more than 12 months	
No. of Borrowers Whose Requests for Deferment of Principal Amount were declined	
Outstanding Principal Loan Amount of the borrowers whose deferral requests were declined	
List of the Distinct Category of Reasons on which requests for deferment of principal amount were declined	

Note: Amounts to be given in Rs. 000

**DETAILS ON DEFERMENT OF PRINCIPAL COMPONENT OF
INSTALLMENT FOR CONSUMER FINANCING**

Position as of _____

Bank Name: _____

CREDIT CARDS

No. of Borrowers whose Principal is Deferred	
The Deferred Amount (Principal Amount only)	
Amount Deferred for less than 12 months	
Amount Deferred for 12 months	
Amount Deferred for more than 12 months	
No. of Borrowers Whose Requests for Deferment of Principal Amount were declined	
Outstanding Principal Loan Amount of the borrowers whose deferral requests were declined	
List the Distinct Category of Reasons on which requests for deferment of principal amount were declined	

Note: Amounts to be given in Rs. 000