

SBP revising regulatory limits on consumer financing

KARACHI: In order to facilitate the banking customers, the State Bank of Pakistan (SBP) has said it is revising regulatory limits for consumer financing upwards.

The SBP, amending the Regulation R-8 of the Prudential Regulations for Consumer Financing, has enhanced the maximum clean limit for credit card and personal loan/financing from all banks/DFIs up to Rs7 million.

According to the revised limits, total clean limits of credit cards and personal loans increased from Rs2 million to Rs3 million with immediate effect.

Total clean and secured limits of credit cards plus personal loans also increased to Rs7 million compared to the previous limit of Rs5 million.

Previously, for the prime customer, the total clean limits of credit card and personal loans was Rs5 million subject to condition that the clean limit assigned to a prime customer on account of personal loans limit will not exceed Rs2 million.

As per fresh directives, total clean limits of credit cards plus personal loans will be Rs7 million for prime customer subject to the condition that clean limit assigned to a prime customer on account of personal loans limit will not exceed Rs4 million.

The State Bank has said that banks/DFIs may assign clean and secured limits to a single customer up to these limits in aggregate from all banks/DFIs.

All other instructions in this regard will, however, remain unchanged.

The SBP has advised the banks/DFIs to follow the regulations in letter and spirit. Any deviation from or non-compliance with the same will attract punitive actions under relevant provisions of the Banking Companies Ordinance 1962.

Bankers said these Prudential Regulations for Consumer Financing prescribe minimum benchmarks in critical risk and operational areas and aim to promote consumer financing in a sustainable and fair manner while ensuring financial stability of the banks/DFIs.