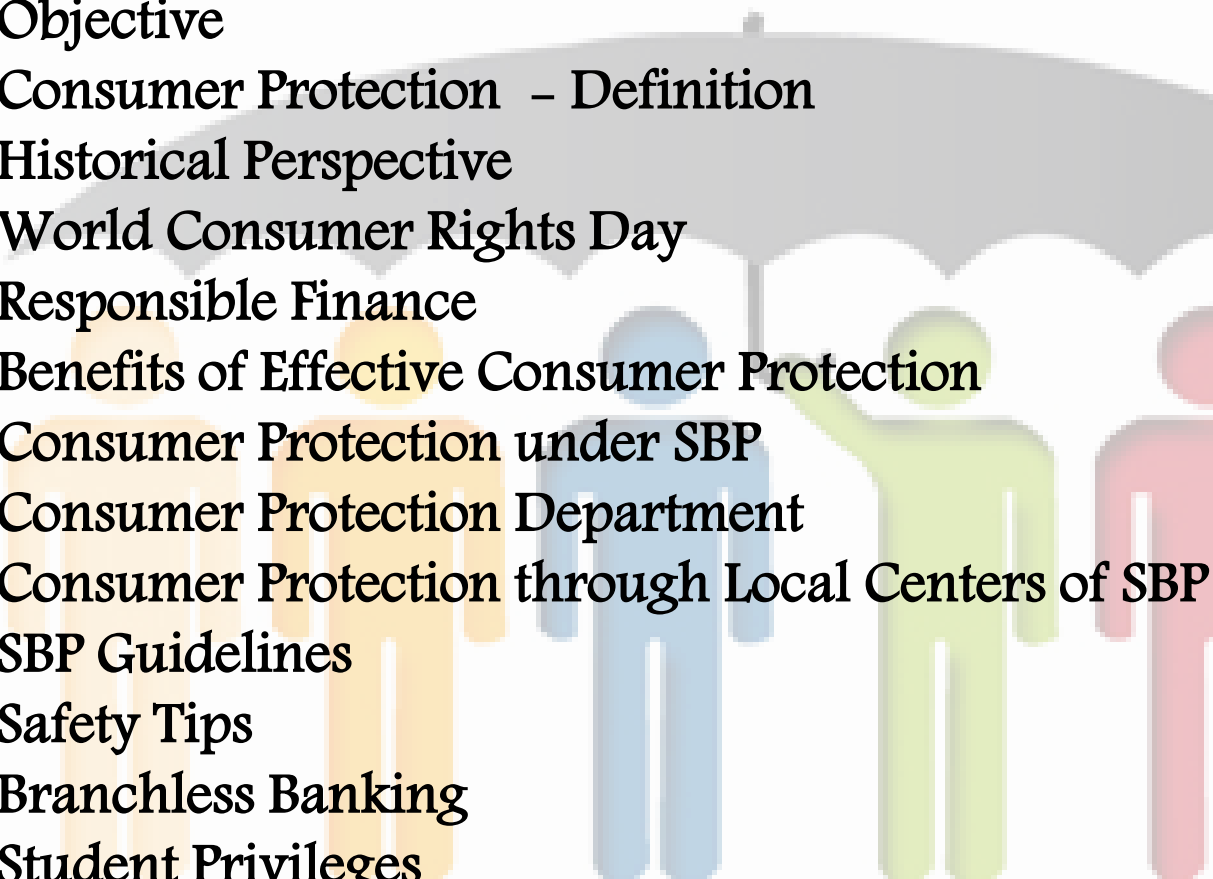




**BANKING CONSUMER AWARENESS**

# ROAD MAP

- Objective
  - Consumer Protection – Definition
  - Historical Perspective
  - World Consumer Rights Day
  - Responsible Finance
  - Benefits of Effective Consumer Protection
  - Consumer Protection under SBP
  - Consumer Protection Department
  - Consumer Protection through Local Centers of SBP
  - SBP Guidelines
  - Safety Tips
  - Branchless Banking
  - Student Privileges
- 

# OBJECTIVE

- To create awareness among Banking Consumer about their rights and remedies available in case of irregular service by banking companies.
- Initiatives by SBP to handle the grievances



# CONSUMER PROTECTION ??

- **Against misleading information** regarding price, product, quality and quantity of the product.
- Ensuring that people receive **appropriate products and fair treatment**
- Ensuring **rights of general public**



# HISTORICAL PERSPECTIVE

- A modern declaration about consumer's rights was first made in the USA in 1962, where four basic consumer rights (choice, information, safety and to be heard ) were recognized.
- **Ralph Nader**, a consumer activist, is considered as the father of 'consumer movement'.



# WORLD CONSUMER RIGHTS DAY

- 15<sup>th</sup> March is celebrated as the World Consumer Rights Day
- In the year 2012 World Consumer Rights Day was celebrated with the theme

Our money, Our rights



# RESPONSIBLE FINANCE

- It means “promoting more transparent, inclusive and equitable participation in financial markets for both products and services”
- It demands for responsibility, transparency, accountability

# BENEFITS OF EFFECTIVE CONSUMER PROTECTION

- Reducing incidence of unfair or deceptive practices.
- Promoting improved products/services.
- Increasing fair competition and efficiency.
- Encouraging trust/confidence in the whole financial system.
- Promote system stability and soundness.



# CONSUMER PROTECTION UNDER SBP

- Guidelines for timely and effective resolution of customers' grievances
- An on-line complaint form, Help Desks.
- A Customer Education Link has been created on the SBP website
- Office of Banking Ombudsman (OBM) established
- Appeals against decisions of the OBM handled by appeal committee constituted by SBP
- Prudential Regulations for Microfinance Banks

# LEGAL FRAMEWORK



**State Bank of Pakistan Act 1956** – defines establishment, functions and powers of SBP as a Central Bank.



**Banking Companies Ordinance (BCO) 1962** – empowers SBP to regulate banks and DFIs.



**The Financial Institutions (Recovery of Finances) Act 2001** – authorize financial institutions to recover debt from their customers.



**Negotiable Instrument Act, 1881** – deals with negotiable instruments, their preparation, writing, presentation, negotiation and validation.



**Contract Act, 1872** defines ingredients of agreements and their termination etc.



## STEPS TAKEN BY SBP

- Prudential Regulations for Consumer Finance in place since 2002
- SBP issues a half yearly review on “Complaint Redressal”, which analyzes the type, pattern and trend of complaints.
- A Complaint Tracking System was introduced in 2006.



# CONSUMER PROTECTION DEPARTMENT

- Consumer Protection Department was created in SBP in 2006.
- SBP established Customer Facilitation Centers (CFCs) at its 16 Field Offices in major cities all over Pakistan.



## CPD VISION & MISSION

**Vision:** To provide high quality, accessible and responsive services, designed to effectively redress the grievances of customers of banks/ Development Finance Institutions (DFI's)/Microfinance Banks (MFBs) and other stakeholders through devising proactive policies and efficient complaint resolution mechanism

**Mission:** To be at the forefront of State Bank's efforts in addressing concerns of customers & other stakeholders of banks/DFI's/ MFBs.





# CONSUMER PROTECTION DEPTT – OBJECTIVE

- To promote culture of social responsibility in banks/DFIs/MFBs for amicable resolution of consumer disputes.



- To assist banks and financial institutions in credit risk management through providing online access to eCIB Data Base.



- To effectively deal with public grievances against Banks/DFIs/MFBs.



# CPD – OBJECTIVE ... ... Cont'd

- To decide Appeals filed against the Orders of the Banking Mohtasib Pakistan (BMP).



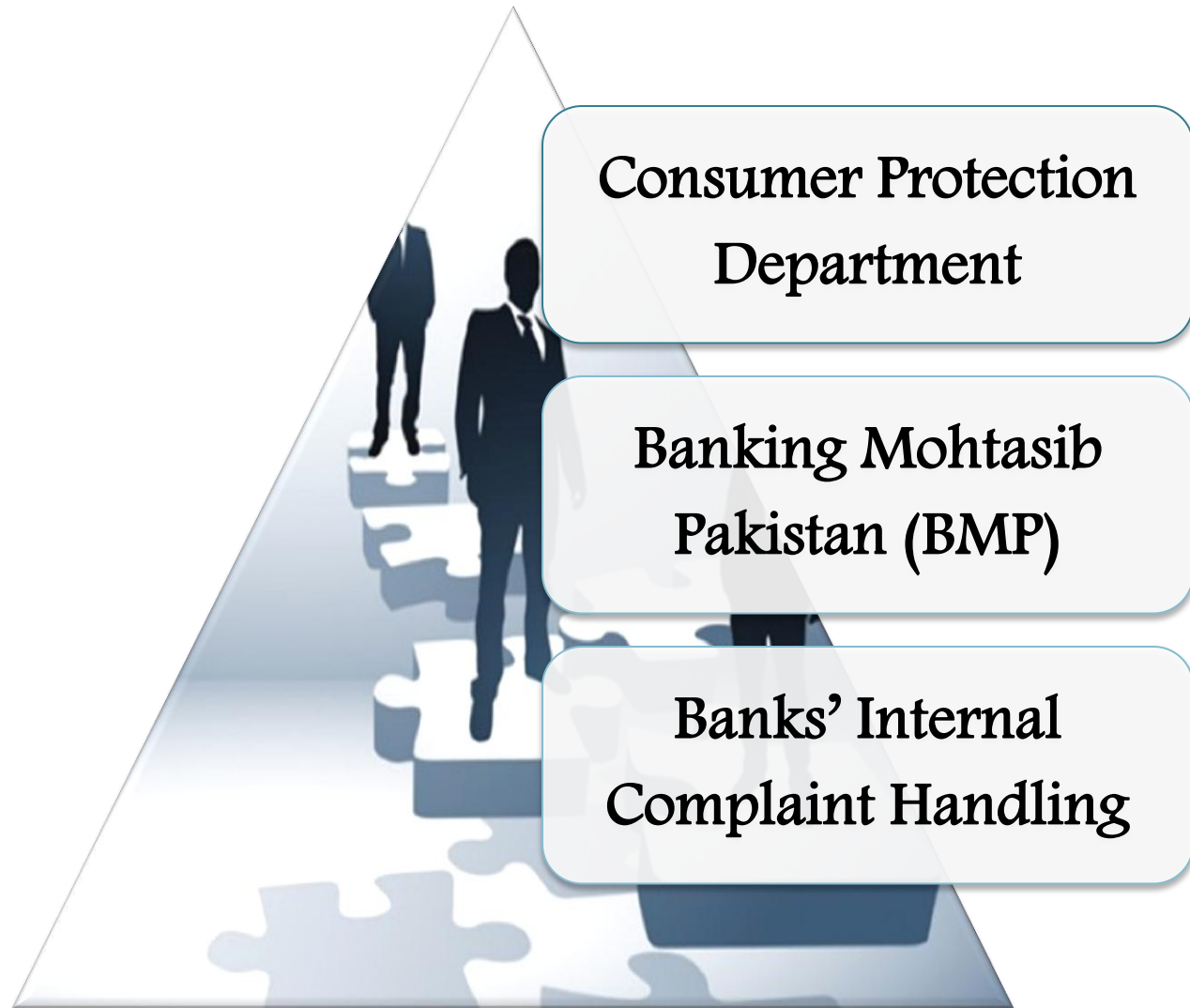
- To review and prepare consumer protection policies and guidelines.



- To create consumer awareness and transparency – financial products and services offered by the banks.



# COMPLAINT REDRESSAL MECHANISM



# COMPLAINT RESOLUTION AT BANKS

**Banks are required to :**

The person and section/unit entrusted to work must:-

- a) Address/handle and investigate the complaints in a fair and prompt manner.
- b) Devise a system for redressal of the complaints in an appropriate and courteous manner and the reply to the complainant must be clear and indicate the reasons/ rationale of the decision being conveyed to him/her.
- c) Identify the complaints of recurring nature and ensure that immediate corrective action is taken in that area.
- d) Monitor the status of complaints



## BANKING MOHTASIB PAKISTAN [BMP]

- **BMP** is an independent statutory body established to resolve disputes between consumers and banks.
- **Role of BMP** in the financial industry is to resolve disputes through a process which is largely conciliatory and, where mediation is unsuccessful, to recommend a basis for the settlement of a dispute.
- **BMP** exercise his powers and authority in relation to all banks operating in Pakistan.

# COMPLAINT LODGING PROCEDURE AT BMP

You need to follow the following simple steps:

- Approach your bank in writing to resolve your complaint
- If you do not receive a reply from bank within 45 days, or find the reply unsatisfactory, you may file a complaint with the BMP on the prescribed complaint form.
- The complaint form duly completed, signed and attested by an Oath Commissioner should be attached to your letter of complaint addressed to the BMP and sent to:

**Banking Mohtasib Pakistan**  
**Shaheen Commercial Complex,**  
**M. R. Kiyani Road**  
**Karachi.**



## COMPLAINT LODGING PROCEDURE AT BMP ... Cont'd

- BMP Conduct hearing to the parties(where necessary) at the nearest place of residence of complainant The outcome of this will be:
  - a) If complaint is found to be unjustified – in such cases BMP informs the complainant accordingly and closes the case.
  - b) If complaint is found to be genuine—in such cases BMP institutes a process of mediation to achieve an amicable resolution between both parties.
- If the matter cannot be resolved amicably, BMP passes a suitable Order asking the bank to rectify the situation or make good the complainant's loss. Additionally, where warranted, BMP may direct the bank to pay to the complainant a reasonable compensation for hardship, if any, suffered by the complainant as a result of the bank's conduct.
- If any of the party not satisfied with the Order of BMP may prefer an instant Appeal to the Governor, SBP within the period of **thirty days** from the date of decision.

## REFER OF APPEALS TO SBP

- In case an Appeal is referred to SBP against the Order of BMP, SBP will examine and assess the relevant documentary evidences and convene a formal hearing of the parties to the Appeal.
- The decision of this office will be binding on the parties to Appeal.
- If any party to the Appeal does not accept the decision of SBP, it has right to go to a Court of Law.

# HOW TO LODGE COMPLAINT AT SBP

- Consumers and general public can lodge their complaints to Consumer Protection Department against the banks, DFIs and MFBs through:



Surface Mail

The Director  
Consumer Protection Department  
State Bank of Pakistan  
Karachi.

Through electronic complaint form:

<http://www.sbp.org.pk/cpd/CPD.asp>

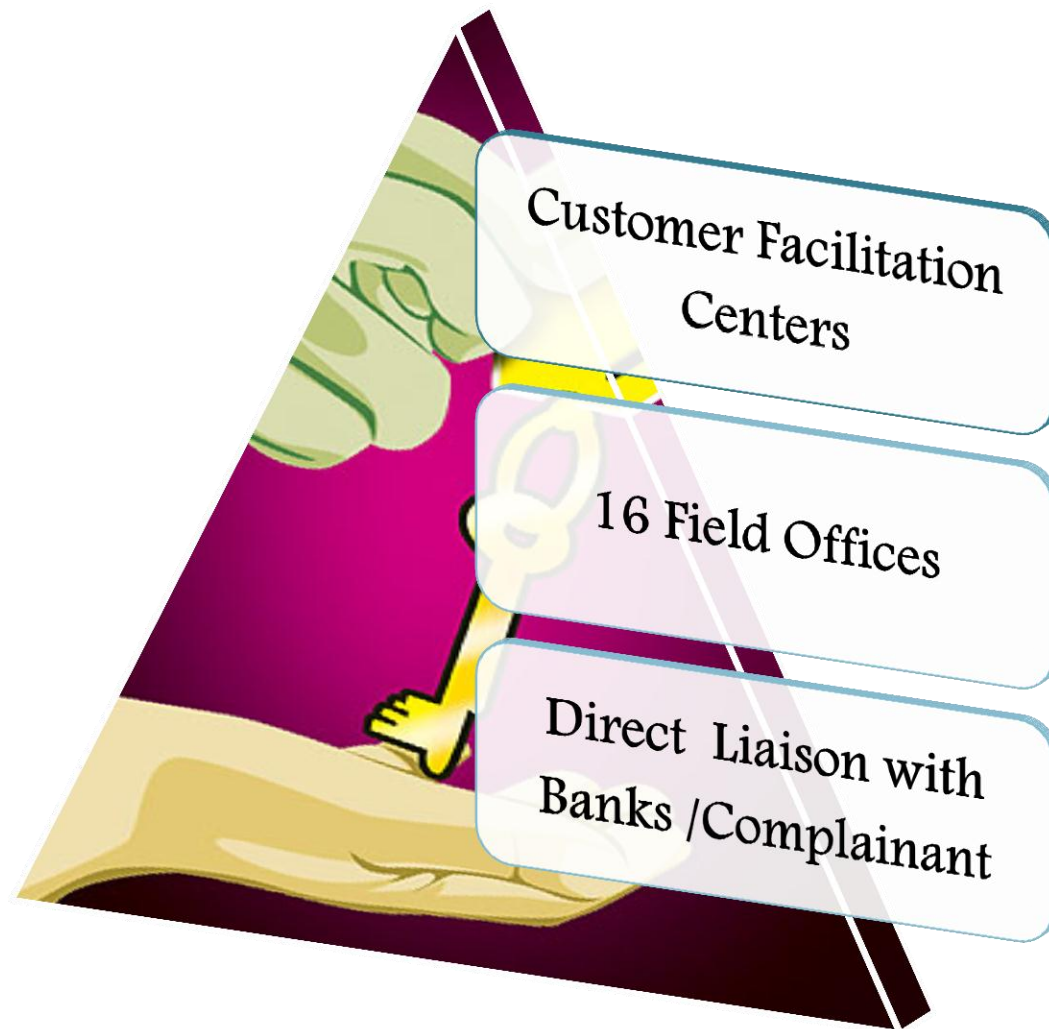
Fax & Phone:

021-99218147, 99218148, 99218149

CPD Helpdesk

[cpdhelpdesk@sbp.org.pk](mailto:cpdhelpdesk@sbp.org.pk)

# COMPLAINT RESOLUTION MECHANISM AT LOCAL LEVELS



# HOW TO LODGE COMPLAINT AT CFC

- Complaints can be lodged at any Office of SBP BSC . In case of complainants belonging to Islamabad Region may contact in person or through

## Surface Mail

In-charge Customer Facilitation Center  
State Bank of Pakistan SBP BSC  
Sector G-5/2, Islamabad



## Email

[CFC-ISB@sbp.org.pk](mailto:CFC-ISB@sbp.org.pk)



## Telephone

051-9078208; 051-9078222



## TYPES OF COMPLAINTS AT CPD

All the complaints which require examination of books/records kept centralized at Head Office or where correspondence with Head Office of the bank is required, are forwarded to CPD. This generally include Dispute related to Credits [Consumer, SME, Corporate loan portfolio], Account Opening, Foreign Remittances, Off-Balance Sheet Business such as Guarantees and Letter of Credits.

Complaints relating to internal/external frauds such as Cheque washing, Fraudulent transfer of money, Parallel banking are also forwarded to CPD through local Offices.

# CONSUMER RIGHTS & SBP GUIDELINES

Consumer as a Borrower

Consumer as a Depositor

General Services

Other Consumer Protection related Instructions



# FAIR DEBT COLLECTION GUIDELINES

- Credit Cards,
- Housing Loans,
- Auto Loans,
- Personal Loans and Other financing facilities



Before proceeding for debt collection/recovery from customers/ borrowers, the banks are required to ensure that :

1. A minimum of 14 days notice has been served to the customer/borrower through letter/SMS advising him/her to make overdue payment, before a visit to his/her residence/business place is undertaken.
2. Customers/borrowers are not contacted at an inconvenient time.
3. Proper disclosure of identity, name of the bank and the purpose of call is provided.
4. Only lawful and acceptable business language and professional attitude is adopted.

## FAIR DEBT COLLECTION GUIDELINES ... .. Cont'd

6. Collection staff shall not harass customer/borrower's family members. However, necessary information could be obtained from family/friends/third party of the borrower if he/she is not in contact for 30 days after the first missed payment.
7. At least 14 days written notice shall be served before repossessing the leased vehicle on breach of an agreement/default on repayment by the customers/borrowers.
6. Recovery staff shall allow the customer/ borrower to take possession of his/her valuables/goods out of the vehicle.
6. Transfer or misuse any personal data of customers/borrowers without their prior approval is prohibited and any information of customer/borrower provided to the collecting staff is required to be properly documented.



# OPERATIONAL GUIDELINES ON ATM



# OPERATIONAL GUIDELINES ON ATM

Install CCTV surveillance cameras



Providing proper lighting and locking arrangements.



24/7 helpline to resolve the day-to-day operational issues at ATMs.



Place Complaints / Suggestion Boxes in ATM booths/cabins .




Educated Customers to regularly reconcile their ATM transactions.

# OPERATIONAL GUIDELINES ON ATM ... .. Cont'd


Replace/repair ATMs and/or parts after reasonable useful life as per international standards and practices.



Establish centralized monitoring unit to monitor ATM operations 24/7 to address out of cash and out of order incidences.



Ensure that fake currency notes/un-acceptable notes are not disbursed through ATMs.



Signed comprehensive SLA with the vendors to ensure proper maintenance of ATMs and its network

# STANDARDIZATION OF ATM OPERATIONS

Execution of Transaction by a Cardholder of	Max. No. of Days
Same Bank at Same Branch	Next Business Day
Same Bank at Different Branch, Intra-City (within same city).	3 Business Days
Same Bank at Different Branch, Inter-City (Different cities).	4 Business Days
Different Banks within same city- member of same switch (MNET or 1-LINK)	Maximum 6 Business Days
Different Banks in different cities- member of same switch (MNET or 1-LINK)	Maximum 6 Business Days
Different Banks within same city- member of different switch (MNET or 1-LINK)	Maximum 7 Business Days
Different Banks in different cities- member of different switch (MNET or 1-LINK)	Maximum 7 Business Days

# OPERATIONS OF PLS DEPOSIT ACCOUNTS

- The banks shall not refuse opening of accounts for prospective clients who meet the requirements laid out by SBP from time to time and banks' own policies.
- The services rendered by banks for the opening and maintenance of regular savings accounts shall be

free of charge.

No condition of maintaining a minimum balance

No charges would be recovered by banks at the time of closing an account.

## OPERATIONS OF PLS DEPOSIT ACCOUNTS .... Cont'd

Banks shall not demand more than Rs. 100/- as an initial amount for regular savings accounts.

No initial deposit would be required for opening of accounts by

- (i) Mustahkeen of Zakat,
- (ii) Students,
- (iii) Employees of Government or Semi Government institutions for salary and pension purposes

## OPERATIONS OF PLS DEPOSIT ACCOUNTS ... .. Cont'd

The banks shall pay profit invariably on "Profit and loss sharing (PLS) Accounts" without any condition of minimum balance.

The banks shall ensure that all terms and conditions for the operation of an account are brought into the knowledge of the customer at the time of account opening. The terms and conditions shall be clearly documented in the Account Opening Form/Application and must be signed by the account holders.

Key features of the Account Opening Form shall be translated into Urdu and a printed copy of such translation shall be shared if necessary.

# SAFETY TIPS FOR USING ATM/DEBIT/CREDIT CARDS



# CHOOSING A PIN

- Do not use a number or numbers that can obviously be associated with you
- Ideally choose a random combination of numbers as PIN.
- If you have multiple bank cards, use different PIN.
- Change PIN at frequent intervals.



- Neither your bank nor any agency is authorized to ask you to disclose your PIN.
- Memorize your pin and other access numbers and never write down or record on card or at a place easily accessible by others.

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## PRECAUTIONS FOR CHEQUE HANDLING

Always count the number of Cheques on receiving a new Cheque book.

Immediately notify 'stop payment' instructions to your bank on the slightest suspicion that your Cheque or Cheque book has been misplaced.

Periodically reconcile your Cheques with bank account statement and immediately report the bank if any inconsistency found.

What is a Cheque?

# INTRODUCTION OF CREDIT CARD SUMMARY BOX

In order to enhance the existing level of transparency and disclosure in the credit card business, it has been decided that banks shall invariably provide an upfront key product fact sheet in the form of a summary box to their prospective customers with effect from Sept 01, 2014.

The summary card would contain minimum information relating to annualizes percentage rate (APR), effective interest rates, minimum monthly repayments, card limits, fees & charges, insurance coverage etc

What is a Cheque?

# Enhancement of Security Features In cheques

All cheques must contain printers logo or name as a watermark. The water mark can be single or multi tone

Paper used for cheques must contain at least one invisible ultraviolet (UV) security features such as UV Fibres, UV highlites or any other

What is a Cheque?

## Instructions on Legal Tender coins

Banks shall accept all the legal tender coins (Rs.1 Rs.2 and Rs. 5 etc) and shall provide bank notes –coins exchange facility to all the customers and general public.

In cases of non compliance a penalty of Rs 2,000/- per instance would be charged from the bank.

What is a Cheque?

## Forged notes from ATM

banks shall strictly ensure that the forged notes are not dispensed through ATMs.

If a forged note is found in ATM machine, penalty of Rs. 10,000/- per note plus value of the bank note would be charged

What is a Cheque?

# BRANCHLESS BANKING



# INTERNET ,MOBILE , BRANCHLESS BANKING

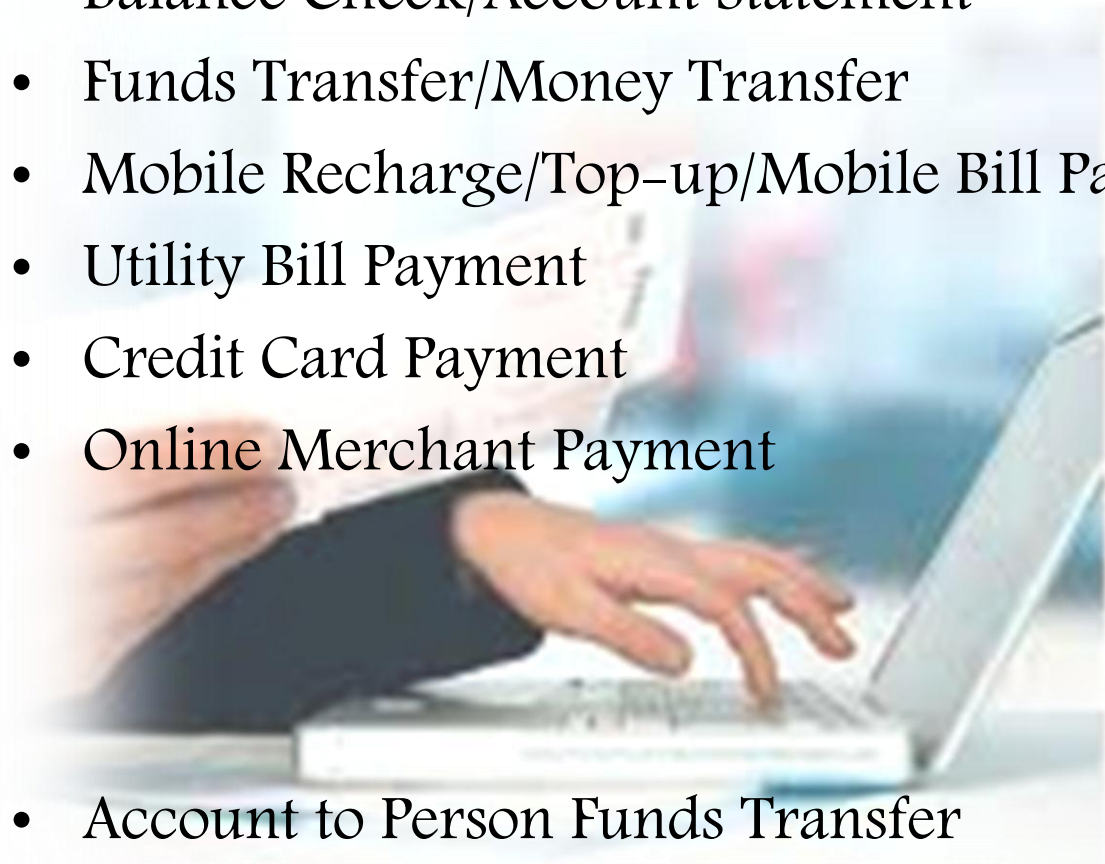
## Branchless Banking:

- Branchless Banking (BB) represents a significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial players to offer financial services outside traditional bank premises by using delivery channels like retail agents, mobile phone, internet etc. BB can be used to substantially increase the financial services outreach to the un-banked communities.
- In line with SBP's responsibility to promote financial inclusion without risking the safety and soundness of banking system, SBP issued a policy paper on regulatory framework for branchless banking in Pakistan



# INTERNET ,MOBILE , BRANCHLESS BANKING ... Cont'd

## E-banking Services :

- Balance Check/Account Statement
  - Funds Transfer/Money Transfer
  - Mobile Recharge/Top-up/Mobile Bill Payment
  - Utility Bill Payment
  - Credit Card Payment
  - Online Merchant Payment
- 
- Account to Person Funds Transfer
  - Person to Person Funds Transfer

  
**Banking**



# RELAXATION & FACILITIES TO STUDENTS

- No service fee shall be charged from the students depositing the amount of fee directly in the fee collecting account of the educational institution.
- The charges for making pay order/DD/any other related instrument for payment of fee/dues in favor of educational institutions, HEC/Board etc may not exceed 0.50% of fee/dues or Rs. 25 per instrument whichever is less.
- Issuance of Student Bond. Prize Bond of Rs. 100 launched to encourage student savings.





A close-up, slightly angled photograph of a computer keyboard. The focus is on a single, bright red key that stands out from the surrounding standard grey keys. The word "Thanks" is printed in white, sans-serif font on the red key. Above the word, on the upper part of the key, is a small white icon of a left-pointing arrow with a vertical line at its base, which is the standard symbol for the "Enter" or "Return" key. The lighting is soft, creating subtle highlights and shadows on the keys, emphasizing their three-dimensional shape.

Thanks