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Act. X of 2015

[AS PASSED BY THE MAJLIS-E-SHOORA (PARLIAMENT)]

A
BILL

to provide for the incorporation and functioning of credit bureaus and to provide for matters connected therewith and incidental thereto

WHEREAS it is expedient to provide for the incorporation and functioning of credit bureaus for collecting credit information relating to debtors of banks, financial institutions, non-banking financial institutions, non-financial companies and other lenders or authorities and maintain data of such information and also for the provision to disseminate such information, on request, for specified purposes with a view to facilitating efficient distribution of credit and for matters connected therewith and incidental thereto;

It is hereby enacted as follows: -

PART I

PRELIMINARY

1. **Short title, extent and commencement.**- (1) This Act may be called the Credit Bureaus Act, 2015.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once on such dates as the federal government may, by notification in the official gazette appoint.

2. **Definitions.**- (1) In this Act, unless there is anything repugnant in the subject or context,-

(a) "adverse action" means any action which causes a denial, rejection, cancellation of or reduction in or otherwise any unfavourable result in any transaction involving credit, finance, trade, commerce or employment with respect to a debtor;

(b) "banking" means the accepting, for the purposes of lending or investment, of deposit of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise;

(c) "banking company" means any company which transacts business of banking in Pakistan;

- (d) **"banking policy"** means any policy formulated by the State Bank of Pakistan in the interest of banking or in the interest of monetary stability or sound economic growth, having due regard to the interest of the depositors, the volume of deposits and other resources of the bank and the need for equitable allocation and the efficient use of these deposits and resources;
- (e) **"Companies Ordinance"** means the Companies Ordinance, 1984 (XLVII of 1984);
- (f) **"company"** means a company incorporated under the Companies Ordinance;
- (g) **"Court"** means the court of Sessions having territorial jurisdiction in the area where the cause of action arises or offences committed under this Act;
- (h) **"credit bureau"** means a public limited company established under the Companies Ordinance which has been granted a licence by the State Bank of Pakistan in accordance with this Act;
- (i) **"credit information"** means any information with respect to a debtor relating to-
- (i) the amounts, nature of loans or advances, finance and other credit facilities granted by a credit institution and repayment thereof by the debtor and the nature of security taken by a credit institution for credit facilities granted;
 - (ii) the guarantee or any other non-fund based facility furnished by a credit institution for the benefit thereof;
 - (iii) the amounts and nature of commercial transactions, facilities and services entered into or availed of credit from non-financial companies and bodies and other lenders and authorities including but not limited to retailers, insurance companies, utility providers and landlords as notified by the Federal Government;
 - (iv) any and all factors included in the financial history bearing on the credit worthiness, credit standing and credit capacity thereof;
 - (v) any other related public record and information as prescribed by rules; or
 - (vi) personal information as prescribed by rules.
- (j) **"Credit Information furnisher"** means any credit institution, person or entity which provides credit information to a credit bureau including non-financial companies and bodies and other lenders and authorities;

- (k) **“credit information report”** means any written or electronic communication issued by a credit bureau containing credit information relating to any debtor for the purposes of this Act;
- (l) **“credit institution”** include-
- (i) a banking company;
 - (ii) microfinance banks;
 - (iii) a financial institution, which means-
 - (a) any company, whether incorporated within or outside Pakistan, which transacts business of banking or any associated or ancillary business in Pakistan through its branches within or outside Pakistan and includes a government savings bank but excludes the State Bank of Pakistan;
 - (b) a modaraba, leasing company, investment bank, financing company, unit trust or mutual fund of any kind and credit or investment institution, corporation or company; and
 - (c) any company authorized by law to carry on any similar business;
 - (iv) non-banking financial company; and
 - (v) any company, corporation or institution or class of companies or institutions as the Federal Government may from time to time, by notification in the official Gazette, specify for the purpose;
- (m) **“credit scoring”** means a system whereby points are awarded to debtors enabling users to assess the credit worthiness and capacity of debtors to repay loans and advances and to discharge any and all other obligations with regard to credit facility availed of or to be availed of by the debtors;
- (n) **“debtor”** means a person to whom finance as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001(XLVI of 2001) has been provided, including those who have been credit recipients and who are potential recipients of credit as notified by the Federal Government;
- (o) **“default”** includes omission or failure to perform a legal or contractual obligation involving credit;
- (p) **“licence”** means the licence issued by the State Bank of Pakistan to a public limited company for the purpose of functioning as, and carrying out the business of, a credit bureau in accordance with the provisions of this Act;
- (q) **“person”** means an individual, association or body of individuals, company, firm, authority, institution or any other entity;

- (r) "prescribed" means prescribed by rules or regulations made under this Act;
- (s) "regulations" means regulations made under this Act;
- (t) "rules" means rules made under this Act;
- (u) "Schedule" means a Schedule to this Act; and
- (v) "user" means any person or body which obtains a credit information report from a credit bureau under this Act.

(2) The words and expressions used and not defined in this Act shall have the meanings as assigned to them in the Companies Ordinance, 1984 (XLVII of 1984), State Bank of Pakistan Act, 1956 (XXXIII of 1956) and Banking Companies Ordinance, 1962 (LVII of 1962).

3. Application of other laws not barred.- The provisions of this Act shall be in addition to, and not, save as herein after expressly provided, in derogation of, the Companies Ordinance, 1984 (XLVII of 1984); the Banking Companies Ordinance, 1962 (LVII of 1962) or any other law for the time being in force.

PART II

ESTABLISHMENT OF THE CREDIT BUREAU AND ITS CAPITAL

4. Licence.- Notwithstanding anything contained in any other law for the time being in force and save as hereinafter provided, no person shall commence or carry on business of or function as a credit bureau without obtaining a licence from the State Bank of Pakistan in the manner prescribed by regulations.

5. Eligibility for licensing.- (1) A person proposing to commence business as a credit bureau shall be eligible for licence under this Act subject to the following conditions or requirements, namely:-

- (a) such person is incorporated as a public limited company under the Companies Ordinance;
- (b) - none of the promoters, sponsors, directors, officers or employees of such company being an individual, sponsor, director, chief executive or major shareholder in any company;-
 - (i) has been associated with any illegal banking business;
 - (ii) has overdue loan against any credit institutions that has not been settled within last six months;
 - (iii) has been convicted of any offence involving fraud, breach of trust or moral turpitude;