



## **eCIB Consumer Awareness Program**

Consumer Awareness Manual for Electronic Credit Information Bureau (eCIB)

**LOLC Microfinance Bank Limited**

## Table of Contents

<b>S.No</b>	<b>Particulars</b>	<b>Referencing</b>
<b>01</b>	Introduction	03
<b>02</b>	Electronic Credit Information Bureau (eCIB)	03
<b>03</b>	Participating Member financial institutions	03
<b>04</b>	Types of credit reports	04
<b>05</b>	Use of credit reports	04
<b>06</b>	How CIB Reporting Affects the Borrower	04
<b>07</b>	Confidentiality of information:	05
<b>08</b>	eCIB Helpdesk	05

### **1. Introduction:**

The Credit Information Bureau (CIB) was established by State Bank of Pakistan (SBP) in December, 1992. The scope and activities of CIB are governed under the provisions of Banking Companies Ordinance (BCO), 1962. The Section 25(A) vests powers with SBP to call for credit information in such manner as it may deem necessary and make such information available to any banking company.



### **2. Electronic Credit Information Bureau (eCIB):**

The very purpose of establishing a CIB at SBP was to promote sound credit culture, prudence and professionalism among financial institution. The services extended by the -3- CIB have enabled banks and financial institutions to lend to new segments of market and helping in fraud and loss prevention and enabling the member financial institutions to improve their risk prediction and management process. The scope and administration of CIB database was further enhanced in April, 2006 when a new look VPN based e-CIB system with enhanced features started its operations.



The key features of new eCIB system included the followings:

- Separate Consumer/Corporate reports and data input formats
- Provisions for consumer credit and default history
- Improved efficiency in terms of speed, reliability & security of data
- Provisions for online amendments and Interim updates
- Record of credit inquiries made by the financial institutions
- Web based Help Desk for online queries and complaints
- Online technical support to the financial institutions

### **3. Participating Member financial institutions:**

Following are the major types of member financial institutions:

- Commercial Banks
- Development Financial Institutions
- Specialized Banks
- Islamic Banks
- Micro Finance Institutions

- Investment Banks
- Leasing Companies
- Modarabas
- Others

#### **4. Types of credit reports:**

Two types of reports can be generated from eCIB system:

1. Consumer Credit Information Report
2. Corporate Credit Information Reports



##### **1. Consumer Credit Information Report:**

All individuals and sole proprietors are placed under the category of “Consumer Borrower” and are reported against their unique identification codes (Computerized National Identity Card Numbers (CNIC) and Old National Identity Card Numbers where CNIC numbers are not available with financial institutions). The system also has the provision for consumer credit and default history for the last 12 months.

##### **2. Corporate Credit Information Reports:**

Partnership concerns and corporate entities (both listed and unlisted) are categorized under “Corporate Borrower”. The system provides unique borrower code to each entity/concern. Member financial institutions are required to report all financial obligations under unique borrower code assigned to each entity/concern. The corporate credit information report contains details of outstanding liabilities (fund and non- fund based), position of overdue, details of litigation, write-offs, recoveries and rescheduling and restructuring.

#### **5. Uses of Credit reports:**

The credit reports are effective tool for managing risks inherent in lending and making prudent and informed lending decisions. All member financial institutions can generate online reports of their existing and prospective borrowers. The credit report of a borrower is generally used to assess the aggregate credit exposure, his past track of loan repayment and his credit worthiness. The financial institutions are not allowed to use credit reports for marketing of their financial products and are bound not to divulge information to a third party.



#### **6. How CIB Reporting Affects the Borrower:**

An adverse or negative report may be defined as a report of an individual (consumer) borrower, having certain amount reflecting under past due 30+, 60+, 90+ days or any write-off reported either in present reporting month or as credit history of past twelve months. SBP regulations/instructions do not restrict

financial institutions from extending financial accommodation to such borrowers. However, the financial institutions give due weight to Credit Information Reports while assessing the credit worthiness of borrowers. In case of corporate borrowers against whom overdue amount is reported for the first time, the SBP serves notices to such borrowers for settlement of their liabilities within 30 days, failing which overdue amount against them is reflected in CIB database against their record.

**7. Confidentiality of information:**

According to Banking Companies Ordinance, 1962 (BCO) the credit information is deemed as confidential and SBP while making such information available to its member financial institutions shall not disclose the names of institutions which are the original source of that information. At present only those banks and financial institutions, which are either regulated by Securities & Exchange Commission of Pakistan (SECP) or SBP are the members of eCIB database. The information in CIB database is currently being exchanged on reciprocity basis and every financial institution is required to submit its entire borrower records irrespective of any limit to the CIB database. The member financial institutions can only access limited information from CIB database for assessing credit worthiness of borrower. Disclosure to third party is strictly prohibited under the law. Thus individuals and corporate entities are not entitled to obtain their credit information reports.



**8. eCIB Helpdesk:**

The SBP has established eCIB Helpdesk to facilitate the stakeholders of eCIB system for providing efficient support. Individuals as well as member financial institutions can lodge their complaints/queries online regarding credit reporting and about system related complaints. The site can be accessed through using URL <http://www.sbp.org.pk/ecib/index.htm>. The website also helps the interested individuals to enhance their understanding of CIB operations.

