

[AS INTRODUCED IN THE SENATE]

A

Bill

further to amend the Financial Institutions (Recovery of Finances) Ordinance, 2001

WHEREAS it is expedient further to amend the Financial Institutions (Recovery of Finances) Ordinance, 2001 (Ordinance No. XLVI of 2001) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act may be called the Financial Institutions (Recovery of Finances) (Amendment) Act, 2017.

(2) It shall come into force at once.

2. Amendment of section 2, Ordinance No. XLVI of 2001.- In the Financial Institutions (Recovery of Finances) Ordinance, 2001 (Ordinance No. XLVI of 2001), in section 2, in clause (a), in sub-clause (i), for the word "in" appearing after the words "ancillary business" the words "within or outside" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Financial Institutions (Recovery of Finances) Ordinance, 2001 has provided mechanism for recovery of finance from the customers. The Ordinance has covered all the Financial Institutions whether incorporated within or outside Pakistan and has provided remedies in case the customer defaults. However, this remedy is not available for those Financial Institutions which transacts the business of banking or any associated or ancillary business outside Pakistan. Thus a Financial Institution which has extended any finance to a Pakistani outside Pakistan cannot get remedy under this Ordinance against a customer who defaults in the discharge of his obligation in Pakistan because such Financial Institutions do not fall within the definition given in section 2, clause (a), sub-clause (i). This discriminatory attitude adversely affects the name of Pakistan. Through this amendment, any Financial Institution which transacts outside Pakistan and extends financial facility there to Pakistani citizens shall be entitled to remedy under this Ordinance in Pakistan.

The Bill has been designed to achieve the aforesaid objectives.