



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Policy, Regulation and Development Department

No. SC/NBFC-1-196/Circular/2023/05

August 7, 2023

Circular No. 10 of 2023

Subject: Requirements for Lending NBFCs providing digital nano-lending

The Securities and Exchange Commission of Pakistan (the "Commission") in exercise of powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984) read with regulation 28(da) of the NBFC Regulations, 2008 and in addition to requirements under Circular 15 of 2022 dated December 27, 2022, hereby directs that all Lending Non-Banking Finance Companies (NBFCs) providing digital nano-lending to comply with requirements as contained in this Circular.

Exposure Limits for Digital Nano Lending

- i. An NBFC shall extend maximum of Rs 25,000/- as nano lending to a borrower, at any point in time, with a tenor of up to 90 days;
- ii. Aggregate amount of nano-lending extended to a borrower by all NBFCs shall not exceed Rs.75,000/- at any point in time; and
- iii. Compounding of markup shall not be allowed (no markup shall accrue either on original markup or on late payment charges)

Additional Disclosure to borrowers

- i. Whenever a user opens the nano-lending App and/or website, a prompt/alert in Urdu and English, with the following minimum contents, should appear:

ڈیجیٹل لون ایپس قرض کی آسان اور تیز تر فراہمی کو یقینی بناتے ہیں۔ یاد رکھیں یہ ڈیجیٹل قرض قلیل مدت کے لئے، غیر معمولی شرح سود اور اضافی چارجز پر فراہم کئے جاتے ہیں اور بروقت ادائیگی نہ کرنے پر آپ کا قرض کئی گنا بڑھ سکتا ہے۔ لہذا قرض کی شرائط و ضوابط کو اچھی طرح سمجھ لیں اور صرف ضرورت کے مطابق ہی قرض حاصل کریں جو کہ آپ طے شدہ مدت میں آسانی کے ساتھ واپس کر سکیں۔
آپ کی مالی بہبود ہماری ترجیح ہے۔

Digital Nano loan apps provide quick and easy loans. These Digital Nano loans are short-term loans with high-interest rates and additional charges. It is essential that you understand potential risk of over-indebtedness. Borrow responsibly and only take loans that you can comfortably repay within the agreed timeframe to avoid financial difficulties. Always read the terms and conditions carefully before availing any loan.

Your financial well-being is our priority.

- ii. A calculator shall be provided on the App/website homepage where a user can evaluate impact of costs, including processing fee, platform fee mark up charges, late payment charges and all other applicable charges for different borrowing options.

Additional Requirements for the digital- lenders

- i. CSAF audit report required under clause 6(1) and 8(7) of Circular 15 of 2022 should only be from Category - I CSAF auditors as per the PTA approved list.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Policy, Regulation and Development Department

- ii. Any change/update in approved app shall only be made with prior intimation to the Commission. Moreover, where aforesaid change relates to regulatory requirements or it may impact a borrower adversely, fresh app approval will be required.

Glossary

For the purpose of this Circular, “**digital nano lending**” means providing unsecured short-term cash loan up to Rs 25,000/- for a maximum tenor of 90 days through digital lending. Digital nano lending does not include unsecured consumer finance provided by Lending NBFCs for explicit purchase of any products or Earned Wage Access.

Lending NBFCs shall ensure compliance with above requirements for digital nano-lending extended, restructured or renewed with effect from the date of issuance of this Circular.

Any non-compliance with the above requirements shall attract the penal provisions of section 282J of the Companies Ordinance, 1984.

(Mujtaba Ahmad Lodhi)
Commissioner (SCD)

Distribution:

1. Chief Executive Officers of All Non-Bank Finance Companies
2. Chief Executive Officer of Pakistan Microfinance Network
3. Chairman, NBFIs & Modarabas Association of Pakistan