

People asked to form consumer pressure groups

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Advocate Tabish Tipu has called for engaging consumers in forming consumer pressure groups, saying that had we constituted consumer pressure groups, the price of sugar would not have gone that high.

He said this while speaking at a seminar on 'Our Money, Our Rights: Consumer Financing in Pakistan' organised by the Sustainable Development Policy Institute (SDPI) in collaboration with The Network for Consumer Protection in Pakistan here on Monday. The seminar coincided with World Consumer Rights Day observed throughout the world on March 15.

Mehnaz Afzal Paracha conducted the proceedings. No representative of government and any bank attended the seminar despite invitation.

Tabish Tipu said that in case of conflict, banking laws and not consumer laws would prevail. He said that a boycott could have brought down the mill owners to their knees. He said that there was a need to penalise banks and in appropriate cases consumers must be paid damages.

He said that the banking system should be transparent and courts should not delay the dispensation of justice. He said that it is illegal practice of banks not to provide all legal documents to consumers. He opposed the auction of property of clients. He called for seeking the help of the media in this respect.

He said that a banking ombudsman was established by the State Bank of Pakistan but his position is very weak. He said that the banking court does not usually issue stay orders against auctions and if any order is issued it is very

difficult for a consumer to obtain the order and take it to the auction venue to stop it on time.

Tabish Tipu called for giving due representation to consumer protection councils in the country at all levels. He said that banks do not provide remedies to the consumer if he defaults in paying loan. He said that interest rates in Pakistan are very high and variable with account-holders knowing nothing about any change made. He said that unethical practices are adopted in the credit card regime.

He said that the ATM system does not provide cash on the machines of other banks for one week after the start of a new month.

He said if you default, banks give three notices in a period of three months and case is referred to the Banking Council for auctioning the property. The high court stopped it but the Supreme Court issued a stay in favour of banks, which is still valid.

Dr. Arif Azad of The Network for Consumer Protection in Pakistan said that e-banking is moving very fast but parallel to it development of human resource is needed.

He said that consumer loans reached Rs453.4 billion in 2007, which increased the profitability of banks. He said that major banks control 85% of the market.

He referred to high mark-up rate and misleading information to the credit card holders.

Dr. Usman Mustafa of the Pakistan Institute of Development Economics said that high-level poverty is the biggest hurdle, as the poor cannot avail loans as they cannot arrange collaterals.

He said that credit relationships had to be understandable and rational.