

NRB received 103 complaints on loan disputes last fiscal



Nepal Rastra Bank (NRB) received fewer grievances and complaints from borrowers or bank and financial institutions (BFIs) on disputes of transactions between the two parties last fiscal year. According to the annual report of the NRB, the central bank's Grievance Management Committee received a total of 103 complaints or grievances in the last Fiscal Year 2016/17, down from 113 in the previous Fiscal Year 2015/16.

The committee that facilitates in resolving disputes between borrowers and BFIs has held the hearing of 33 complaints in the last fiscal year, according to the annual report of the NRB. For the remaining complaints, the central bank has made correspondence with the concerned BFIs.

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In a bid to hear grievances if any party felt aggrieved in connection with transactions between a bank or financial institution and the borrower, the NRB had set up the Grievance Management Committee following a cabinet decision in 2006. The NRB's deputy governor is the convener of the committee, whose members include representatives from the Ministry of Finance and the president of Nepal Bankers Association. A representative from the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) sits as observer in the committee.

However, the central bank informally receives overwhelming number of complaints and grievances. Though the annual report does not provide exact number of how many complaint cases it received informally, it said that it had settled 400 such complaints.

According to the NRB report, most of the complaints are related to the subjects like extending the maturity period of the loan, discontinuing the auctioning of the property pledged as collateral as the auction being not in accordance with the procedures, releasing the collateral as the third party failed to release it on account of mis-utilization of the credit, blacklisting and removal from the blacklist.

NRB brings both the borrower and the bank together into the committee meeting where efforts are made to bring them to mutual understanding, say officials at the central bank. The decision of the committee is communicated to both parties later and is sent for implementation.

“The committee formed in the NRB has helped in solving the problems arising between the BFI and the client. Besides, the function of the committee is also to

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help in minimizing the sorts of problems relating to credit being witnessed in the banking and the financial sector,” the report added.

Source: MyRepublica, 17th December, 2017