

National Leasing Register and Defaulters' Database^{*}

Dr. Tariq Hassan[©]

Mr. Muhammad Khalid Ali, Chairman LAP:

Respected Members of LAP:

Ladies and gentlemen:

Assalamo Alaikum!

It is indeed a pleasure to be here today. I am grateful to the Leasing Association of Pakistan (LAP) for inviting me to this useful presentation by JCR-VIS on the National Leasing Register and Defaulters' Data.

Over the years, LAP has played a commendable role in promoting and enhancing the stature and scope of the leasing sector. It has been providing strategic guidance to its members to address the challenges emerging in our rapidly developing economy. I am pleased to note that LAP has also been cognizant of the infrastructure needs of the sector; the establishment of the National Leasing Register and Defaulters' Database is a commendable step in this regard. This initiative will help to safeguard the sector from being misused through multiple leasing of assets and through defaults.

* Speech made at the presentation on National Leasing Register and Defaulters Database organized by the Leasing Association of Pakistan on 10 August 2005 at Karachi

© Chairman, Securities and Exchange Commission of Pakistan; SJD/LL.M., Harvard Law School.

Ladies and gentlemen:

Data sharing through the consumer and corporate credit bureau serves the primary objective of risk management. This helps in achieving transparency and efficiency in the business operations. As the NBFCs have increased their outreach to the SME sector, the availability of a database about lessees will be extremely crucial, given that the SME sector to date is largely an unorganized area. This database would definitely help, on one hand, in reducing the risks associated with SME sector and, on the other, in encouraging the SME sector to be more organized. Furthermore, the involvement of investment banks in the leasing sector and the onset of universal NBFC regime would accentuate the need for and usefulness of such data.

I am pleased to learn that the system of National Leasing Register has been implemented and the members of LAP are furnishing the requisite information to the Registry. This will serve to reduce the incidents of defaults and overdues. With online access to members of LAP, effective 1 August 2005, leasing companies will be able to make quick on-line referrals to confirm as to whether the assets being offered to them have not been previously leased by another member.

Ladies and gentlemen:

The establishment of National Leasing Register and Defaulters' Database is a significant step taken by the LAP which will have far reaching benefits both for lessors and the economy. This would also add immensely to the efforts of LAP in moving towards a self-regulatory status. Let me assure you that the SEC is fully supportive of such initiatives and may consider making referral to the leasing register mandatory through the Prudential Regulations. We also consider that the

presence of an effective SRO in any sector facilitates the job of the regulator to monitor market participants and ensure their compliance with legal requirements.

Before I conclude, I would like to emphasize that willingness of individuals and institutions to become members of the database is of prime importance. Furthermore, confidentiality must be ensured to make this an authentic database.

I would once again like to congratulate LAP for instituting such a useful Database and wish them success in their future endeavors. I also look forward to maintaining an effective interaction with the Association so as to carve out a better and more successful future for the NBFC sector.

I thank you all for your time!