



External Relations Department

March 13, 2015

SBP revises instructions on Fit and Proper Test (FPT) Criteria

State Bank of Pakistan has revised its instructions on Fit and Proper Test Criteria for board and senior management in banks/DFIs. A comprehensive FPT Criteria is already in place for Board members, Chief Executive Officers (CEOs) and Key Executives of Banks/DFIs. In order to make the FPT Criteria more objective and to ensure succession planning and diversity of the knowledge/experience base of the management, following changes have been made.

The Banks/DFIs shall ensure that the posts of key executives shall not be filled on acting/additional charge basis for more than three (3) months. In order to ensure compliance with SBP's FPT Criteria in respect of appointment on key positions, the Banks/DFIs shall conduct prior self assessment of the fitness and propriety of their Directors, Presidents/CEOs and Key Executives and furnish an undertaking to this effect to SBP.

Moreover, the appointment, compensation package, promotion/demotion and renewal of the employment contracts of Key Executives shall invariably be approved by the Board of Directors or the concerned Board Committee of the Bank/DFI. The Board of Directors shall also formulate an organization-wide rotation policy within three (3) months, ensuring that the Key Executives are rotated appropriately after having served on a particular position for a reasonable time. Complete details of the circular by the Bank in this regard are available on its website.
