



## External Relations Department

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### **Relocation of a few SBP BSC departments aimed at procedural & functional efficiency**

State Bank of Pakistan (SBP) has already clarified that none of its department is being shifted to Lahore. However, part of few functional departments of its subsidiary responsible to undertake operational work is being relocated to Lahore, to meet the oversight and logistic requirements for operational efficiency. The selection of Lahore was purely based on availability of space as none of the other offices in particular our Islamabad Office had enough space to accommodate the manpower so relocated. While the rationale for this relocation is explained in the following paragraphs, it is stated that work relating to consolidation of accounts of government, federal and provincial, districts, revenue collection and payments on behalf of the governments, as also functions of commercial banks and other financial institutions would continue to be performed at Karachi in addition to head office of its subsidiary, which will continue to remain fully functional from Karachi.

It may be added that SBP has two fully owned subsidiaries i.e. SBP Banking Services Corporation (SBP BSC) and National Institute of Banking & Finance (NIBAF). SBP BSC, established in 2001 under an Ordinance is the operational arm of SBP with its Head Office in Karachi and 16 field offices established in 15 cities. The SBP BSC caters to operational responsibilities related to currency distribution, foreign exchange operations, and banker to the governments, as also dissemination and implementation of policies on behalf of Development Finance Group (DFG) of SBP in the areas of Agriculture, Islamic Banking, Housing Finance, SME and Micro Finance, alongside provision of non-core services to SBP. The policy formulation work in these areas shall continue to be performed by SBP at Karachi.

#### **Need for Relocation of Some Operational Departments:**

SBP BSC is headed by a Managing Director (MD) who has a large team of Directors and Chief Managers, directly reporting to him. In order to create efficiency in oversight function, improve operational efficiency and bring about synergy in functions, some modifications were carried out in the Organization Structure of SBP BSC, with the approval of its Board of Directors. The departments of BSC at Karachi were placed in 3 Groups whereas its 16 Field Offices were clubbed into 3 Regions i.e. i) South, ii) Central and iii) North Regions. South region comprises Karachi, North Nazimabad, Hyderabad, Sukkur and Quetta Offices. North region includes Islamabad, Rawalpindi, Peshawar, D.I. Khan and Muzaffarabad Offices. The Central region includes Lahore, Bahawalpur, Sialkot, Gujranwala, Multan, Faisalabad Offices. It would be important to note that 11 out of 16 field offices are located in Central and North Regions, which share 60% of our workload, engage 62% of our HR and provide coverage to 2/3rd of NBP Chests. Majority of chest branches of the National Bank and the branches of the commercial banks are also functioning in these regions.

As a part of efforts to improve functions relating to distribution of currency besides and enhance capacity to ensure that the banking sector is not used as a tool to circulate counterfeit and soiled notes, SBP has been making efforts to automate the currency management function both at SBP BSC as also the banking Sector. SBP BSC as a part of SBP currency management strategy has already embarked upon installation of different types of Bank Note authenticating machines at field offices. In addition, it has also procured and installed High Speed Bank Note Authentication and Processing



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Machines which are now working at our Karachi offices and efforts are being made to procure these machines for the large offices in KPK and Punjab. This initiative would require the senior management of SBP BSC, relating to currency management to remain involved in the entire process, as installation of these high tech machines require immediate and on the spot decision making process as was observed during installation of the machines at Karachi.

It may be noted that upcountry remittances of fresh banknotes to Peshawar, Rawalpindi, and Islamabad, Muzaffarabad, Gujranwala and Sialkot offices as also coin distribution to all offices are managed by Lahore Office. It may thus be observed that bulk of currency operations are handled in Central and North Regions, the management of these operations from Lahore will lead to effective oversight, improve liaison with Pakistan Railways and allow SBP BSC to fulfill its statutory functions more effectively. Accordingly, five out of 11 departments of SBP BSC, having oversight on functions relating to currency management, bankers to governments, internal audit, Foreign Exchange operations and implementation of DFG related policies, performed at office level on transactional and day-to-day basis are being partially relocated closer to Central and Northern regions to ensure greater operational efficiency and logistic ease according to work load of these activities. The relocation of internal audit would also ensure more frequency of audit exercise at these offices to improve the supervisory oversight.

The sizeable work force with necessary supervisory powers shall be retained at Karachi Head Office to meet the needs of the South Region. The current decision only aims to improve organizational performance, enhance effectiveness of internal controls, ensure consistency in decisions and bring about efficiency in operations of SBP BSC. It may be added that as far as staffing is concerned, this relocation exercise is being managed purely on an option basis. So far, employees have overwhelmingly responded to the decision of the management and option from good number of employees has been received for relocation to Lahore. The last date for submission of options is October 14, 2016.

It may be reiterated again that this move neither involves any shifting in the Office or functions of SBP nor the Head Office of SBP BSC. The Head Office of SBP BSC, its six departments including the Strategic and Corporate Affairs Department will continue to be based in Karachi. The MD Office will also continue be housed at Karachi. As already stated this decision was made by the management with the prior knowledge of the Board of Directors of SBP BSC.

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