

Governance Structure of State Bank of Pakistan

The governance framework of State Bank of Pakistan (SBP) is specified in the State Bank of Pakistan Act, 1956 amended at times to make it more autonomous. The Act provides for an independent Central Board of Directors and empowers it with general superintendence and direction of affairs and business of the Bank. The governor is the chairperson of the Central Board and manages the affairs of the Bank on its behalf. Except for the governor, all directors of the Central Board are non-executive.

The committees constituted by the Central Board comprise non-executive directors and representatives from the management. They carry out comprehensive review and analysis of the various proposals before these are taken to the Central Board. There are also some management committees to deliberate upon the issues before taking any decision on them, including Corporate Management Team (CMT) which is the apex management committee.

Central Board of Directors

The Central Board of Directors consists of the governor, secretary finance and seven non-executive directors, including one director from each province, nominated by the federal government ensuring representation from Agriculture, Banking and Industrial sectors. The diversified and rich experience of the directors provides an appropriate balance of expertise and views on a range of issues affecting the strategic direction of the Bank. The directors of the Central Board hold office for three years, and are eligible for re-nomination on the expiry of their tenure.

As provided in the State Bank of Pakistan Act, 1956, the Central Board formulates and monitors Monetary and Credit Policy, determines and enforces the limits on borrowing from the central bank by the federal and provincial governments. It also tenders advice to the federal government on interaction of monetary and fiscal exchange rate policy, analyzes and advises on the impact of various policies on the state of the economy and discharges such other functions as may be necessary for formulating monetary policy and regulating the monetary system of the country.

The Central Board of Directors took various policy decisions in nine meetings held during the year. The Board discussed and took decisions on Annual Report on the State of Economy, Corporate Governance, Annual Performance Review, Financial Stability Report, Financial Statements of SBP and its Subsidiaries, Monetary Policy Measures, Annual Budget, HR Policies, Compensation Package and Review of Banking System.

Members of the Central Board of Directors



Dr. Shamshad Akhtar, Chairperson



Mr. Farrakh Qayyum¹



Mr. Abdul Razak Dawood



Mr. Mohsin Aziz



Mr. Kamran Y. Mirza



Mr. Iftikhar A. Allawala



Mr. Zaffar A. Khan



Sardar Mohammad Ali
Jogezi



Mr. Tariq Sayeed Saigol

The Governor

The governor of the Bank is the chief executive officer and, on behalf of the Central Board, conducts the business, controls the functions and manages the affairs of the Bank. The governor is appointed by the president of Pakistan for a term of three years and can be re-appointed for another term.

Corporate Secretary

Corporate secretary plays a key role to ensure timely provision of relevant information to all the directors for review before meetings. Corporate secretary also records important discussions and all decision taken by the Central Board for compliance. Other key functions of the corporate secretary include interfacing with the federal government regarding parliamentary and other queries, facilitating the Board's constituted committees and assisting the governor in exercising good governance in the institution.

Committees of the Central Board

The Central Board has constituted five specific committees comprising directors and representatives from the management to carry out comprehensive review and analysis of various proposals before these are taken up by the Central Board. The composition and functions of various committees are given below:

¹ During the year under review, Mr. Nawid Ahsan, Mr. Ahmed Waqar and Dr. Waqar Masood were also directors of the Central Board as Finance Secretary

i) Committee on Audit

Mr. Kamran Y. Mirza	Chairman
Mr. Iftikhar A. Allawala	Member
Syed Mohammad Shabbar Zaidi ²	Member
Director, Internal Audit & Compliance ³	Member
Corporate Secretary	Secretary

The committee assists the Board in fulfilling its responsibilities relating to SBP's financial statements, auditing, accounting, reporting processes, the systems of internal controls and corporate governance. The committee met six times during the period under review.

ii) Committee on Investment

Dr. Shamshad Akhtar	Chairperson
Secretary Finance	Member & Vice-Chairman
Mr. Abdul Razak Dawood	Member
Mr. Iftikhar A. Allawala	Member
Executive Director, FMRM	Member
Director, International Markets & Investments	Member
Corporate Secretary	Secretary

The purpose of the committee is to assist the Board in performing its responsibilities of investing and managing foreign exchange reserves. The mandate of the committee includes recommending, for Board's approval, the strategy and policy for investment of the foreign exchange reserves and approving operational guidelines. The committee also reviews the performance of the reserves managed in-house and externally, and also approves appointment of asset managers, custodians, investment consultants and broad risk tolerance within which the Bank should operate in the area of investments. Similarly, the committee performs reviews on continued appropriateness of the approved investment policy and its benchmarks and guidelines. The committee met twice during the period under review.

iii) Committee on Building Projects

Mr. Mohsin Aziz	Chairman
Sardar Mohammad Ali Jomezai	Member
Deputy Governor (Corporate Services)	Member
Managing Director (SBP-BSC)	Member
Director Engineering	Member
Corporate Secretary	Secretary

The committee provides assistance to the Board in fulfilling its responsibilities relating to monetary approvals for construction of Bank's buildings, their maintenance and matters pertaining to acquisition/disposal of assets. The committee is also empowered to approve projects up to a limit of Rs. 50 million and, in case of projects involving a total cost of more than Rs.50 million, the committee's recommendations are placed before the Board for approval. The committee held five meetings during the year.

² During the year under review, Mr. Mujahid Eshai also served as a member of Audit Committee.

³ Promoted as Executive Director in April 2008.

iv) ***Committee on Human Resources***

Mr. Zaffar A. Khan	Chairman
Secretary Finance	Member
Mr. Kamran Y. Mirza	Member
Deputy Governor (Corporate Services)	Member
Corporate Secretary	Secretary

The committee assists the Board in management of human resources. It reviews all the proposals requiring the approval of the Central Board regarding revision, modification or interpretation of HR policies and accordingly submits its recommendation to the Board. The committee met four times during the year.

v) ***Committee on Monetary and Credit Policies***

Mr. Abdul Razak Dawood	Chairman
Mr. Iftikhar A. Allawala	Member
Mr. Kamran Y. Mirza	Member
Economic Adviser	Member
Director Monetary Policy	Member
Corporate Secretary	Secretary

The committee assists the Board in carrying out its responsibilities relating to monetary and credit policies especially review of Monetary Policy Statements before approval by the Board. The committee met twice during the period under review.

Management Structure

Governor: The governor, being the chief executive officer, directs and controls all affairs of the Bank.

Heads of Clusters: After restructuring and reorganization of State Bank of Pakistan, four separate clusters were formed, which are:

- Banking Cluster
- Monetary Policy & Research Cluster
- Financial Market & Reserve Management Cluster
- Corporate Services Cluster

Each of these clusters is headed either by a deputy governor or an executive director/adviser, who is in-charge of the management of day-to-day affairs. In addition to the office of the corporate secretary, following specialized offices are also reporting directly to the governor.

- External Relations Department
- General Counsel's Office
- Risk Management and Compliance Department
- Internal Audit & Compliance Department

The Corporate Management Team (CMT) acts as the principal forum for debate and decision on critical operational issues affecting the quality of work at the institutional level. The CMT is headed by the governor and consists of deputy governors, corporate secretary, economic adviser, executive directors, director HRD and managing director, SBP Banking Services Corporation. Combined meetings of CMT and HODs under the chairpersonship of the governor are a major coordination forum where the participants share recent developments in their respective areas and decisions are taken to remove impediments. The governor also provides feedback on issues affecting the overall organizational functions.

The Corporate Management Team



Dr. Shamshad Akhtar, Governor



Mr. Mansur-ur-Rehman Khan
Deputy Governor



Mr. Yaseen Anwar
Deputy Governor (CS)



Mr. Riaz Riazuddin
Economic Adviser



Mr. Jameel Ahmad
Executive Director (BPR)



Mr. Muhammad Kamran
Shehzad, MD (SBP-BSC)



Mr. Aftab Mustafa Khan,
Corporate Secretary



Mr. Amer Aziz (Banking
Supervision)



Mr. Asad Qureshi
Executive Director (FMRM)



Mr. Ahsan Kamal
Director Human Resources

Other Major Management Committees: In addition to above discussed committees of the board, the following committees have been also established to further strengthen management of the Bank:

1. Monetary Policy Committee
2. Investment Committee
3. Banking Policy Committee
4. Business Continuation Plan Committee

SBP Subsidiaries

Banking Services Corporation (BSC)

A total of 16 offices of SBP-BSC are operating across the country. These are located as two at Karachi and one each at Islamabad, Lahore, Peshawar, Quetta, Muzaffarabad, Rawalpindi, Faisalabad, Bahawalpur, Multan, Gujranwala, Sialkot, Hyderabad, Sukkur and D. I. Khan. BSC is the operational arm of SBP for currency management, facilitating inter-bank settlement systems, dealing in savings instruments of the government, collecting revenue and making payments for and on behalf of the government and operational work relating to management of debt and foreign exchange and supports services relating to development finance. The Board of SBP-BSC comprises all the members from the Central Board of SBP and the managing director of SBP-BSC.

National Institute of Banking and Finance (NIBAF)

NIBAF is the training arm of SBP and is responsible for development, delivery, and evaluation of training programs in central banking. NIBAF is located in sector H-8 of Islamabad earmarked for educational institutions and is known for peaceful and serene environment, highly congenial for academic pursuits.

The governor SBP is the chairperson of Boards of both the subsidiaries.