

9 National Institute of Banking & Finance

9.1 Overview

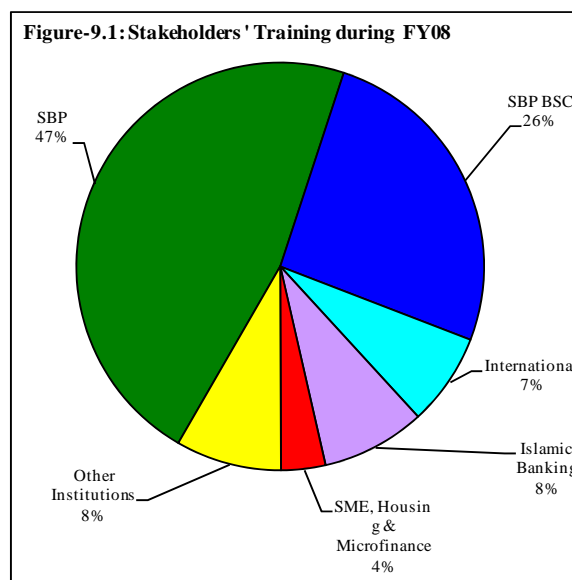
National Institute of Banking & Finance (NIBAF) is a subsidiary of the State Bank of Pakistan housing training programs for banking and financial sector. The institute has been entrusted with the task of capacity building and human resource development. SBP Banking Services Corporation (Bank), the banking sector in Pakistan and other financial institutions are also offered trainings to enhance professional knowledge and soft skills and improve their performance. During FY08 training and development activities continued to grow having a multiplier effect on the performance of the institute. The achievements were realized by unwavering commitment to provide untiring support to its stakeholders through needs based training. This kept NIBAF busy with multitude of training programs ranging from post induction including State Bank Officers Training Scheme (batch -13), Analyst Training Program (batch-4), Statistical Officers Training Program (batch-2) and various skills up gradation programs. During FY08 a number of new training programs were designed and offered to cope with the growing training needs and requirements of SBP and SBPBSC. The programs included Decision Making & Problem Solving, Presentation Skills, Basel II, Financial Derivatives, Treasury Management, Risk Management/VAR Models, Exchange Rate Determination & Analysis, IS Audit, Micro Finance, SME Finance, Housing Finance, Currency Management & Operation and Islamic banking. The programs were aimed at enhancing the skills and improving job performance through best practices and practical insights from experts and seasoned trainers/resource person that further added value to the overall goals and objective, holding conferences, workshops and evening/dinner talks on current economic issues.

The institute continued to offer and host international trainings both in central and commercial banking through the collaboration of State Bank of Pakistan and Ministry of Economic Affairs. NIBAF also organized an international training for securities market professionals in collaboration with South Asian Federation of Exchanges. A fast track training for Afghan officers as part of institutional arrangements with Islamic Development Bank and Directorate of Training & Research, Federal Board of Revenue also marked the year at NIBAF. SAARCFINANCE Seminar on Basel- II implementation in South Asia-FY08 proved yet another accomplishment.

To strengthen strategic partnerships, a number of initiative were taken that helped boost collaboration/partnership with some of the renowned academic and training networks like HR Forum, South Asian federation of Exchanges, Directorate General Training & Research, Federal Board of Revenue, International Islamic University, Islamabad and Microfinance Management Institute.

9.2 Composition of Trainings & Development

During FY08, 125.6 weeks of training were planned in consultation with the Training & Development Department, SBP and SBPBSC to address specific needs and requirements of all clusters/departments. During FY08,



against the target of 125.6 weeks, 131 weeks training were delivered.

In addition, efforts were made to rationalize duration of some of the training programs without compromising on the quality and contents. **Figure 9.1** provides percentage share in the training weeks delivered to different stakeholders as part of the NIBAF business plan for FY08.

9.3 Training Delivery and Participation

9.3.1 State Bank of Pakistan

As training arm of SBP, NIBAF continued to focus mainly on training & developments needs and requirements of State Bank of Pakistan by contributing to the efforts focused on upgrading and strengthening its monetary management and regulatory capabilities. In consultation with the Training & Development Departments of SBP, 64 weeks of training were planned including 44 weeks for Post Induction and 20 weeks for skills up-gradation level during FY08. Against the target, 61.2 weeks were delivered including 53.2 weeks of Post Induction i.e., SBOTS, ATP/SOTP and 8 weeks of skills up-gradation. Detail breakdown of the training weeks delivered against the target during FY08 by stakeholders is given in **Table 9.1**.

Table-9.1: Training Delivery during FY 2007-08 (in Weeks)

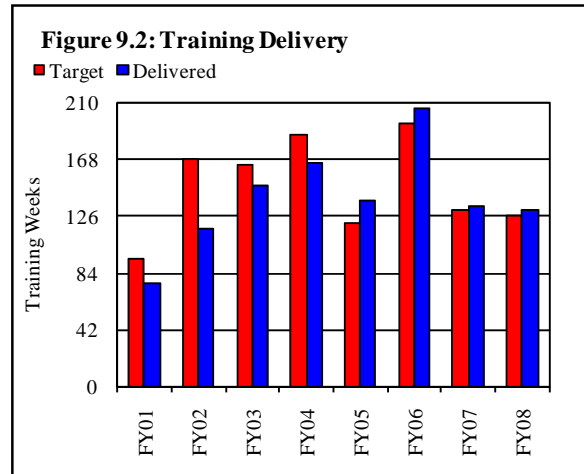
Training Programs	Target			Delivered			Excess/ shortfall
	ISD	KHI	Total	ISD	KHI	Total	
A SBP (1+2)	44	20	64	53.4	7.8	61.2	-2.8
1. Post Induction (a+b)	44	-	44	53.2	-	53.2	9.2
a) SBOTS	22	-	22	27.6	-	27.6	5.6
b) ATP/SOTP	22	-	22	25.6	-	25.6	3.6
2. Skill up-gradation	-	20	20	0.2	7.8	8	-12
B BSC	15.4	15.2	30.6	16.2	17.6	33.8	3.2
C International	8	-	8	9.6	-	9.6	1.6
D Priority sectors-certification	11	3	14	8.2	7.2	15.4	1.4
a) Rural finance/microfinance/Agri	5	-	5	3	-	3	-2
b) SME financing	-	-	-	0.6	-	0.6	0.6
c) Housing finance	-	-	-	1	-	1	1
d) Islamic Banking	6	3	9	3.6	7.2	10.8	1.8
E Training program-others	9	-	9	11	-	11	2
Total training weeks	87.4	38.2	125.6	98.4	32.6	131	5.4

ISD=Islamabad, KHI=Karachi Campus

To address the specific needs of SBP as part of the capacity building by meeting job challenges, NIBAF under renewed efforts introduced some new training programs of short duration in the area of management and central banking that included Presentation Skills, Decision Making & Problem Solving, Introduction to Basel II Accord, Advanced version of Basel II, Financial Derivatives, Treasury Management, Risk Management/VAR Models, Exchange Rate Determination & Analysis, IS Audit beside priority sectors like Micro Finance, SME Finance and Mortgage Training Program

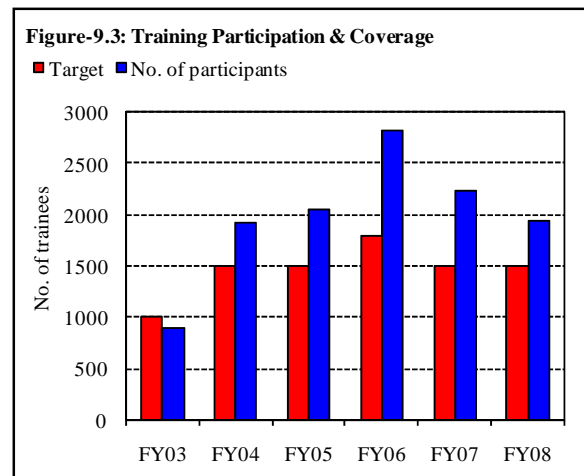
on Housing Finance, etc. **Figure 9.2** provides details on the actual training delivery against the target for the last few years.

- A training program is being designed for the newly inductees (AD & above) of SBP based on the earlier experience of JDTP wherein all lateral entrants and promotees in JD and JJD cadre had to undergo this training giving them insights about the working of central bank and preparing them to take higher position in the days to come.
- A business planning workshop was organized at NIBAF Islamabad which was attended by Director Training & Development, State Bank of Pakistan and Director Training & Development, BSC, MD NIBAF, Head NIBAF Karachi beside training managers and facilitators aimed reviewing last year programs and seeking inputs for NIBAF Business Plan FY08.



9.3.2 SBP BSC (Bank)

During FY08, NIBAF continued to cater to the specific needs and requirements of SBPBSC and accordingly 30.6 weeks of training were planned including 15.4 weeks at Islamabad and 15.2 weeks at Karachi. Against the target of 30.6 weeks, 33.8 training weeks were delivered: 16.2 weeks at NIBAF Islamabad and 17.6 weeks at Karachi campus. It is pertinent to mention that in view of the increasing demand for management level/soft skills and functions specific courses NIBAF introduced and offered new training programs during 2007-08, like Customer Services, Coaching and Counseling, Leadership & Effective Team Building, Currency Management & Operations (Intermediate level) and Micro Finance, SME Credit Analysis, etc which were well received by the participants. Around 1045 persons from SBPBSC different offices and departments participated in various training courses offered at NIBAF during FY08. Furthermore, five PMS Workshops for OG4 & OG5 level officers of SBPBSC were also conducted including 2 at NIBAF Karachi Campus and 3 at NIBAF Islamabad. **Figure 9.3** shows total number of trainees participated in various training programs and events held at NIBAF.



9.3.3 International Training

9.3.3.1 Pakistan Technical Assistance Program

International Central Banking Course and International Commercial Banking Course are the two major programs at NIBAF offered annually in collaboration with State Bank of Pakistan and Economic Affairs Division, government of Pakistan as part of Pakistan Technical Assistance Program. NIBAF successfully organized and hosted international trainings in Central and Commercial Banking each of 4-week duration attended by 39 participants representing 22 countries including Kyrgyz Republic, Sri Lanka, Myanmar, Bhutan, Maldives, Gambia, Kenya, Mauritius, Sierra Leone, Sudan, Syria, Thailand, Vietnam, Zimbabwe, Bangladesh, Turkey, Indonesia, Lao

PDR, Oman, Afghanistan and Pakistan. Seven participants including five from Central Bank of Sri Lanka and two participants from Afghanistan International Bank participated under self-finance scheme. Four local commercial bankers also participated through self finance scheme. In addition to the classroom training, study visits were also arranged to Chamber of Commerce in Lahore, Sialkot and Faisalabad, Commercial banks, SBP, Stock Exchanges and export oriented industries of Pakistan. A course on General Banking was especially designed for bankers of CAR countries with focus on soft skills and business communication.

9.3.3.2 SAARCFINANCE Seminar

State Bank of Pakistan hosted three days Seminar on Basel-II implementation in South Asia at NIBAF Islamabad. Forty one delegates participated representing SAARC countries including Afghanistan, Bangladesh, India, Maldives, Nepal, Sri Lanka and Pakistan. The Seminar was aimed at dissemination of information and enhancing knowledge base regarding Basel II implementation in South Asia besides creating synergies between member countries on the subject through sharing experiences/papers. Eminent experts and speakers from BIS and US Department of Treasury beside SBP and local commercial banks were invited to the seminar that provided valuable insights on the topic.

9.3.3.3 International Training for Securities Market Professionals

NIBAF and South Asian Federation of Exchanges (SAFE) in collaboration with BSE Training Institute India organized a five days international training program for Securities Market Professionals.. The training was attended by 68 delegates representing Bangladesh, India, Sri Lanka, Maldives, Nepal, Oman, Nigeria, Mauritius and Pakistan. The program focused on capacity building of executives associated with securities markets of South Asia and fund managers, bankers, investors and financial sector practitioners to bring together people from different capital markets of regions, promoting interpersonal contacts and learning. The training highlighted the basics of securities markets and related entities; derivatives securities, investment analysis and financial planning. Members were taken on cultural and social trips including a visit to historic Salt Mines Khewra, and Lahore Stock Exchange to have exposure to real economy.

9.3.3.4 Fast Track Training for Afghan Officials

As part of institutional arrangements with Islamic Development Bank (IDB), NIBAF prepared and carried out a Fast Track Training for Afghan Customs Officials in collaboration with Directorate General Training & Research, Federal Board of Revenue aimed at capacity building of Afghan Customs Officials. A 10-weeks program was attended by 25 Afghan Customs officials. The participants were imparted an intensive training in the areas: English Language Skills, Management Skills, and Information Technology/Computer Skills besides Customs Laws and Procedure. Moreover, as part of the training program field visit to dry port, customs house Karachi including PACCS and Karachi Port were also made.

Da Afghanistan Bank approached NIBAF for possibility of any assistance in arranging a four weeks training for the DAB RMMG Risk Managers. NIBAF successfully designed a 4-week training program which was highly appreciated. DAB Officials will visit NIBAF in September, 2008 for finalizing rest of the modalities of the program.

9.4 Priority Sectors-Certification

9.4.1 Rural Finance Resource Centre (RFRC)

State Bank of Pakistan's efforts to expand outreach of microfinance, promote financial literacy and help in capacity building of Microfinance Service providers, a number of programs were initiated by Rural Finance Resource Centre (RFRC), established under NIBAF. It is tasked with building capacity

of the human resource of commercial banks/micro finance institutions and to enhance their skills through trainings in rural finance and microfinance.

(i) As part of capacity building initiatives on the part of RFRC NIBAF, a weeklong orientation training program titled Microfinance Regulatory Framework & Microfinance Banking was designed and offered to the National Rural Support Program (NRSP). Twenty seven regional managers/GMs of NRSP from different regions across Pakistan attended the program. The program focused mainly on core banking functions, bank funding structure and deposit mobilization, borrower, proposal analysis, currency operation and management. It also highlighted prudential regulations and development in microfinance banking helping NRSP transforming into a microfinance bank.

(ii) The second phase of the training “Making Microfinance: Managing for Improved Performance” was held at RFRC, NIBAF under the tutelage of ILO trainers organized in collaboration with PMN attended by eight participants selected from Khushali Bank, Damen, Kashf Foundation, Asasah, Sarhad Rural Support Program and NIBAF. The program aimed at preparing local trainers in the area of microfinance while having understanding of the adult learning principles through class room activities, skill practices, exercises and case studies beside exposure to experiences of other countries.

(iii) During FY08, RFRC NIBAF took part in worldwide competition launched by Microfinance Management Institute (MFMI)- a joint venture of CGAP and OSI recruiting training and academic organization to develop financial system for the poor and was selected as member of its global network. MFMI has placed NIBAF on its WEB which provides details on its trainings and development activities. This will further help in accelerating the pace of training activities and access to MFMI trainers in particular in Microfinance & management.

(iv)A module about general banking of three weeks duration is developed for the officers of Khushali bank to enhance their skills level along with detail orientation in banking products and practices.

9.4.2 SME Finance

NIBAF in collaboration with SMED SBP chalked out a capacity development program for banks by designing and developing training program in SME financing to improve human resource skills level at banks currently involved in SME finance. The program received an overwhelming response from the banking sector in terms of nominations. About 82 bankers representing 20 banks, financial institutions participated including ABN Amro, ABL, Arif Habib Bank, Askaribank, Bank Al Habib, Bank Alfalah, Bank of Punjab, First Women Bank, HBL, Habib Metropolitan Bank, MCB Bank, Meezan Bank, Mybank, NBP, NIB Bank, Soneri Bank, Standard Chartered, UBL and SBP. The program was offered in two phases, i.e., Foundation Phase and Executive phase. In the foundation phase different aspects of SME finance were covered including regulatory framework for SME, SME lending practices like cash flow based lending, collateral and program based lending beside issues in SME demand and supply side. While executive phase focused on recent developments in the area of SME like credit scoring- concepts, applications and risk mitigation beside regulatory and policy environment for SMEs in Pakistan.

9.4.3 Mortgage Training Program

NIBAF organized “SBP Mortgage Training Program on Housing Finance” in collaboration with Infrastructure and Housing Finance Department of SBP, to enhance the lending skills of employees associated with mortgage lending institutions and other stakeholders of housing finance sector. Training Modules developed by Canadian Mortgage and Housing Corporation (CMHC) were

delivered by master trainers trained by CMHC & IFC. The trainers imparted the training in consonance with international best practices adopted in mortgage lending business. The training program was attended by 38 participants including 8 from SBP.

9.4.4 Islamic Banking Certificate Course

During 2007-08, 9th, 10th, and 11th batches of Islamic Banking certificate courses were conducted wherein 127 trainees of various banks participated. NIBAF has imparted training to about 446 persons out of which 430 successfully completed their certification with details shown in **Annex-I**. The target groups were mostly the Islamic Banks, Commercial banks with Islamic branches and other financial institutions.

NIBAF recently prepared some new courses of short duration on specific topics of Islamic Banking in collaboration with International Islamic University Islamabad. A special course is being developed for shariah advisers and coordinators to impart training on banking and accounting concepts with technical inputs from Mr. Omar of Ford Rold Sidat Haider (Co.). Moreover, a short course was also designed specifically for NBKR of Krgyzstan that is communicated to IBD SBP for their input and feedback.

9.4.5 Other activities in Islamic Banking

As part of MoU/agreement, NIBAF facilitated International Centre for Education in Islamic Finance (INCEIF), Malaysia by conducting the Certified Islamic Finance Professional Exam- Part I & Part II simultaneously held at NIBAF Karachi and Islamabad. NIBAF also participated in meetings of IFSB held in Hong Kong and Kuala Lumpur.

9.4.6 Training Program for ABL Compliance Officers

As part of its charter to contribute to the development of human resources of other financial institutions a 4-day need based training program was designed and delivered for the ABL Compliance officers.. Sixteen regional compliance officers representing ABL different regions participated. Eminent bankers/practitioners were hired for the program that provided valuable insights.

9.5 NIBAF Linkages with Other Institutions

NIBAF continued to establish and promote linkages in academic development and, training with professional organizations. A MoU was signed with Directorate General Training & Research, Federal Board of Revenue, Government of Pakistan thereby formally entering into partnership for sharing knowledge and expertise by facilitating and strengthening cooperation between NIBAF and DGTR. A detailed presentations to create awareness and highlight the role of State Bank of Pakistan in economy with particular reference to the conduct of monetary policy and oversight of the banking sector were also arranged for the students and faculty members of different academic organizations including Bahauddin Zakaria University, Multan, Bahria University, Islamabad and International Islamic university, Islamabad.

9.6 Evening Talks/Lectures Series Program

An evening talk program was arranged at NIBAF Islamabad with Mr. Henri Lorie, IMF Country Representative for Pakistan on important topic "Structural adjustments and stabilization program- Pakistan experience". Participants of SBOTS-13, ATP-4, and SOTP-2 attended the program besides faculty members.

A special lecture by a seasoned Banker and Trainer Mr. Clive Farrand, Senior Faculty London Metropolitan University was arranged at Islamabad and Karachi. The presentations mainly focused on Recent Changes in Financial Markets: Threats and Opportunities and he shared with the audience the

experience of Derivates trading in UK. Further, an orientation session was also arranged on monetary policy and currencies for the staff of NIBAF, Islamabad.

NIBAF facilitate monthly meeting of the HR Forum held at Islamabad Campus-an opportunity for HR people to liaise with professionals at different levels, disciplines and organization dealing mainly with human resource development and capacity building.; a knowledge sharing experience in overall professional competence and skills through strategic exchange of information, experiences, best practices and resources.

9.6.1 Outsourced Training Programs and Activities

As part of the commitment to contribute to the human resource development and capacity building of the financial sector of Pakistan and to have optimum utilization of the facilities available, NIBAF also facilitated other institutions by extending its facility and support for holding a number of training programs/events both at Karachi and Islamabad campuses. During FY08, 129 training weeks were facilitated wherein 3144 trainees were imparted training both post induction and skill-up gradation program at various levels.. The major stakeholders who availed NIBAF facilities during FY08 for different training purposes included ABL, Askari bank, UBL, Khushali Bank, Pak Oman Microfinance Bank, Meezan bank, Faysal Bank, NIT, FINCON Inc. IBP, NIT, COMSATS, National Accountability Bureau, Finance Division Government of Pakistan, Pakistan Planning & Management Institute Islamabad, Al Huda Center of Islamic Banking & Economics, NTS, Asia Foundation and Federal Board of Revenue government of Pakistan.