

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*. Under the provisions of *SBP Act, 1956*, the general superintendence, direction of the affairs, and business of the bank rests with the Central Board of Directors. The Governor is the chairman 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 members. To assist the Central Board, various committees of the Central Board have been constituted comprising non-executive directors, representatives from the management, and independent experts as required. These committees review and analyze various proposals before these are placed before the Central Board. To further improve the governance and legal framework of the Bank, major work has been completed, for the consideration of the legislator, on SBP Act and Banking Act. The Corporate Management Team (CMT) headed by the Governor and having senior executives of the Bank as members is the principal forum for debates and decisions on critical operational issues.

Authority and Accountability

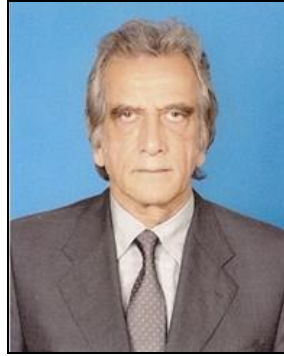
The State Bank of Pakistan Act, 1956, empowers SBP as central bank of the country. The Bank is owned by the government to the extent of 99.9 percent. The Central Board of the Bank submits a quarterly report to the Parliament on the state of economy with special reference to economic growth, money supply, credit, balance of payments, and price developments. The Bank also release annual audited accounts, and report on working of the Bank, to the public and federal government.

Central Board of Directors

The State Bank of Pakistan Act, 1956, provides for an independent Central Board of Directors, comprising the Governor, Secretary Finance, and seven non-executive directors nominated by the federal government. The directors, one from each province, bring a wide range of experience from agriculture, banking, and industrial sectors to the deliberations of the Board. The collective wisdom, an appropriate balance of expertise and views, steer well the strategic direction of SBP. The directors of the Central Board hold office for three years, and are eligible for re-nomination on completion of term.

The Central Board of Directors is the apex decision making body of the Bank. The decisions are taken by majority of the members present voting with the provision that in the event of equal votes, the Governor may exercise a vote. Eleven meetings of the Central Board were held during FY 2008-09, and various decisions were taken including approval of *Annual Report on the State of Economy*, *Monetary Policy Statements*, *Financial Stability Review*, *Review of Banking System*, *Annual Performance Review*, Financial Statements of SBP and its Subsidiaries, Annual Budget, Corporate Governance and HR Policies. A list of decisions is attached at annexure B-1.

Central Board of Directors



Syed Salim Raza, Governor/Chairman



Mr. Salman Siddique¹



Mr. Abdul Razak Dawood



Mr. Mohsin Aziz



Mr. Kamran Y. Mirza



Mr. Iftikhar A. Allawala



Mr. Zaffar A. Khan



Mr. Tariq Sayeed Saigol



Mirza Qamar Beg²

The Governor

The Governor of the State Bank of Pakistan is appointed by the president of Pakistan for a term of three years and may be re-appointed for another term. The present Governor, Syed Salim Raza assumed the office on January 2, 2009 after completion of a term by Dr. Shamshad Akhtar. The departing governor presented the Progress and Performance Report (Jan 2006–Dec 2008) to the Central Board.

Corporate Secretary

The Corporate Secretary organizes meetings of the Central Board and provides timely information to all directors for review before meetings. Corporate Secretary records important discussions and reports to the Board regarding implementation of decisions. Corporate Secretary also keeps interfacing with the federal government regarding parliamentary and other queries. He also facilitates the Board's constituted committees and assists the Governor in exercising good governance in the institution including coordination of the business plan of the Bank.

¹ Mr. Salman Siddique was preceded by Dr. Waqar Masood and Mr. Furrukh Qayyum, both served as Secretary Finance up to February 2, 2009 and August 31, 2009.

² Mirza Qamar Beg was designated as Director Central Board, SBP on May 27, 2009 in place of Sardar Muhammad Ali Jogezi.

Committees of the Central Board

The Central Board oversees the functioning of the Bank through its committees. These include members of the Central Board, representatives of the management, and independent experts, where appropriate. The functions and composition of the committees are as under:

Committee on Audit

The committee assists the Central Board in reviewing SBP's financial statements, auditing, accounting and relating reporting processes, the systems of internal controls, governance, business practices, and conduct established by the management and the Central Board.

The committee comprises three voting members, including two directors of the Central Board and one independent reputable and qualified accounting expert nominated by the Governor. Executive Director, Internal Audit & Compliance Department is a non- voting member of the committee whereas Corporate Secretary acts as secretary to the committee. The committee met 11 times during the year and has these members:

Mr. Kamran Y. Mirza	Chairman
Mr. Iftikhar A. Allawala	Member
Syed Mohammad Shabbar Zaidi	Member (independent accounting expert)
ED ³ , Internal Audit & Compliance	Member (non-voting)

Committee on Investment

The committee assists the Central Board in management of foreign exchange reserves. The mandate of the committee includes recommending, for Board's approval, the strategy and policy for investment and foreign exchange regarding management of foreign exchange reserves and approving operational guidelines for the investment of the reserves. 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 review appropriateness of the approved investment policy, its benchmarks, and guidelines, on an annual basis.

The committee has Secretary Finance as its Chairman. Two other members of the Central Board, Executive Director Financial Markets and Reserve Management (FMRM), and Director International Markets & Investments (IMID) are its members. The Corporate Secretary is secretary to the committee. The committee met two times and its composition is as follows:

Secretary Finance	Chairman
Mr. Abdul Razak Dawood	Member ⁴
Mr. Iftikhar A. Allawala	Member
Executive Director (FMRM)	Member
Director (IMID)	Member

³ ED=Executive Director

⁴ Mr. Abdul Razaq Dawood will retire on August 20, 2009.

Committee on Monetary and Credit Policies

The committee assists the Central Board in reviewing monetary and credit policies. It reviews *Monetary Policy Statements* (MPS) before approval of the Central Board.

The committee includes three members of the Central Board, including Chairman of the subcommittee. Economic Adviser and Director MPD are also its members. Corporate Secretary plays secretary to the committee. The committee met three times in FY09. Following are its members:

Mr. Abdul Razak Dawood	Chairman ⁵
Mr. Iftikhar A. Allawala	Member
Mr. Kamran Y. Mirza	Member
Economic Adviser	Member
Director Monetary Policy Department	Member

The Central Board in its meeting held on May 21, 2009 approved to expand the committee to include two external economic experts. Mirza Qamar Beg has been nominated as Chairman of the committee after retirement of Mr. Abdul Razak Dawood on August 20, 2009. Mr. Tariq Sayeed Saigol has also been nominated as member from July 25, 2009. He has replaced Mr. Iftikhar A. Allawala.

Committee on Human Resources

The committee assists the Central Board in management of human resources. It reviews all the proposals requiring the approval of the Central Board regarding revision, modification or interpretation of human resource policies, and accordingly submits its recommendations to the Central Board.

The committee has three members of the Central Board. Deputy Governor Corporate services (CS) is its member and Corporate Secretary remains secretary to the committee. The committee met seven times and has this composition:

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

Committee on Building Projects

The committee assists the Central Board in matters relating to monetary approvals for construction of Bank's buildings, their maintenance, and matters pertaining to acquisition/disposal of assets, both movable and immovable. The committee has two members of the Central Board, including the chairman of the subcommittee. The Deputy Governor (CS), Managing Director SBP-BSC, and Director Engineering SBP-BSC are its members. Corporate Secretary works as secretary to the committee. The committee met five times and has the following members:

Mr. Mohsin Aziz	Chairman
Mr. Iftikhar A. Allawala	Member ⁶
Deputy Governor (CS)	Member

⁵ Mr. Abdul Razaq Dawood will retire on August 20, 2009.

⁶ Mr. Iftikhar A. Allawala replaced Sardar Muhammad Ali Jogezi as member of the committee on July 25, 2009.

Managing Director (SBP-BSC)	Member
Director Engineering	Member

Committee on Information Technology

The Central Board in its meeting held on July 25, 2009, decided to form a committee on Information Technology to assist the Board in information systems and technology area. The committee comprises two members of the Central Board including its chairman, a co-opted external information technology expert, and a non-voting member from the management, if required. Current membership of the committee is:

Mr. Iftikhar A. Allawala	Chairman
Mr. Mohsin Aziz	Member

Management Structure

The Governor is the chief executive officer, and on behalf of the Central Board directs and controls the affairs of the Bank on day-to-day basis. The Governor has the authority to conduct the business, control the functions, and manage the affairs of the bank except in matters required to be looked into specifically by the Central Board. The Governor is assisted by two Deputy Governors (DGs) and Executive Directors / Economic Adviser. The Governor has constituted a Task Force to review the organizational structure and major human resource policies of the Bank to further enhance the organizational effectiveness of the Bank.

Corporate Management Team

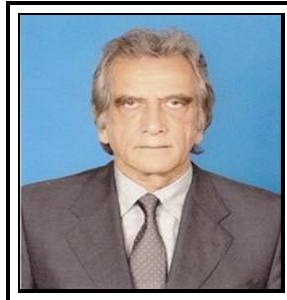
The Corporate Management Team (CMT) acts as principal forum for debates and decisions on critical operational issues affecting the quality of work at institutional level. CMT is headed by the Governor and presently consists of Deputy Governors, Executive Directors, Economic Adviser, Managing Director SBP - Banking Services Corporation, Head HRD and Corporate Secretary.

Other Major Committees

The following management committees assist the Governor in making decisions, and in formulation of various policies:

1. Monetary Policy Committee
2. Banking Policy Committee
3. BCP Committee
4. Investment Committee
5. HR-Task Force
6. Enterprise Risk Management Committee

Corporate Management Team



Syed Salim Raza, Governor



Mr. Yaseen Anwar
DG-(BS&CS)



Mr. Muhammad Kamran Shehzad⁷,
DG-(BPR&DF)



Mr. Riaz Riazuddin
Economic Adviser



Mr. Jameel Ahmad⁸
ED (BPR&DF)



Mr. Aftab Mustafa Khan,
Corporate Secretary



Mr. Amer Aziz
ED (BS&HR)



Mr. Asad Qureshi
ED (FMRM)



Mr. Syed Wasimuddin⁹
Chief Spokesman



Mr. Zafar Iqbal¹⁰
Head HRD

SBP Subsidiaries

There are two subsidiaries of SBP, namely State Bank of Pakistan-Banking Services Corporation (SBP-BSC), and National Institute of Banking and Finance (NIBAF), both owned by the Bank. SBP-

⁷ Mr. Muhammad Kamran Shehzad was appointed as Deputy Governor in March 2009 on the completion of term of Mr. Mansur-ur-Rehman as Deputy Governor.

⁸ Mr. Jameel Ahmed ED-(BPR&DF) is presently on deputation with Saudi Arabian Monetary Agency (SAMA) from July 2009.

⁹ Syed Wasimuddin, Chief Spokesman was appointed as member of CMT in April 2009.

¹⁰ Mr. Zafar Iqbal, Head HRD was appointed member CMT in June 2009 in place of Mr. Ahsan Kamal, Director HRD on his transfer as Director Training & Development Department.

BSC is the operational arm of SBP for currency and credit management, facilitating inter-bank settlement system, dealing in savings instruments of the government, collecting revenue and making payments for and on behalf of the government and operational work relating to development finance, management of debt and foreign exchange. SBP-BSC Board comprises all the members from the Central Board of SBP and the Managing Director of SBP-BSC. On the other hand, NIBAF is the training arm, and is responsible for design, development, delivery, and evaluation of trainings. The Governor SBP is chairperson of Boards for both the subsidiaries.