

# 8 SBP Banking Services Corporation (SBP BSC)

## 8.1 Overview

During FY09, the BSC continued to pursue the change management plans to transform the organization into a modern professional corporation to deliver its mandate more effectively. The four pronged strategy namely; a) promoting and inculcating performance and merit based culture by adopting appropriate HR policies; b) restructuring and reorganizing business processes to eliminate redundancies and promote cross functional synergies; c) improving IT systems utilization and mechanization of routine operations; and d) providing congenial working and physical environment, has started bearing fruits. The restructuring and realignment of functions has allowed BSC to achieve cross functional synergies by capitalizing on core competency in each function, provided focus in improving service standards, and act efficiently as an operational arm of State Bank of Pakistan. Similarly creation of new departments has helped develop close network with key stakeholders; enhance the outreach and awareness of SBP and BSC policies and programs, improve reputational capital of SBP and BSC by proactively taking remedial measures in the delivery of services in existing and new areas of operations like currency management, development finance, banking services, etc.

## 8.2 Currency Management

The BSC, during the year, continued its efforts to ensure availability of adequate amount of good quality currency notes and coins across the country. A number of initiatives were taken during the year to improve efficiency in handling of receipt, supply and exchange of banknotes and coins. A Master Circular was issued covering revised and updated instructions on; a) note exchange facility; b) annual verification of currency notes; c) destruction of soiled notes under normal/ special procedure; d) inspection of NBP chests/ sub-chests; and e) operations of verification branch, examination halls and special procedure examination hall. A Task Force comprising officials from Police, FIA, NAB, SBP and SBP BSC was also constituted during the year to check counterfeiting of currency notes and develop mechanism for expeditious settlement of large number of cases pending in different courts. The process of issuance of new series of bank notes of eight denominations (Rs5/-, Rs10/-, Rs20/-, Rs50/-, Rs100/-, Rs500/-, Rs1000/- and Rs5000/-), started in 2005, was completed during the year with the re-launching of Rs5/- new note. A commemorative coin of Rs10 bearing portrait of Mohtarma Benazir Bhutto Shaheed was also issued on December 26, 2008<sup>1</sup>, on the eve of first death anniversary of Mohtarma; by June30, 2009 a total of 380,034 coins were purchased by general public from all offices of BSC.

The Currency Management Department also arrange training and capacity building programs for banks, business community, law enforcement agencies, general public, and BSC officials to create awareness about security features of Currency Notes and thus improve the system capacity to check counterfeiting of currency notes. A number of such trainings/ programs were arranged during the year for BSC officials; besides 229 special outreach programs arranged for banks, business community and general public. Besides above, the following initiatives were also undertaken during the year to improve the overall currency management function:

### Fresh Currency Notes Issuance

The BSC makes special arrangements in collaboration with commercial banks for issuance of fresh notes especially of smaller denominations to general public during the month of Ramadan and on the eve of Eid-UI-Azha when the demand for fresh notes increases manifolds. Under the arrangement general public is allowed to take fresh notes of Rs5 and Rs10 (one packet each) submitting a copy of

---

<sup>1</sup> In pursuance of decision of the government of Pakistan.

CNIC, from BSC counters as well as commercial banks' branches. As a result, over three hundred thousand people obtained fresh notes (one packet each of Rs5 and Rs10) from BSC counters in 16 field offices during the month of Ramadan 2008<sup>2</sup>. Whereas during FY09, around 1,656 million pieces of fresh banknotes of various denominations valuing Rs306 billion were issued from the BSC counters across Pakistan to different stakeholders, mainly banks. **Table 8.1** gives denomination wise breakup of fresh currency notes issued during FY09 and FY08.

Likewise, a total of 228.5 million coins of Rs1, Rs2 and Rs5 valuing Rs523.3 million were issued during FY 09 as against 367 million coins valuing Rs798.8 million issued during FY 08. The reduction is attributable to re-launching of Rs5/- bank note in July 2008 which dented the demand for Rs5 coin by almost 30 percent. At end -June 2009, coins, including decimal coins valuing Rs5,657 million were in circulation as against Rs5,432 million on end June 2008.

**Table 8.1: Issuance of Fresh Banknotes during FY09 and FY08**  
million rupees

million rupees									
Year	Denomination								Total
	5	10	20	50	100	500	1000	5000	
FY09	454	437	160	170	194	98	124	19	1,656
Value	2,270	4,370	3,200	8,500	19,400	49,000	124,000	95,000	305,740
FY08	-	640	159	13	310	121	143	20	1,406
Value	-	6400	3,180	650	31,000	60,500	143,000	100,000	344,730

### Mechanization of Currency Operations

The Clean Note Policy (CNP) being propagated by BSC since last 4-5 years requires regular injection of fresh notes in and lifting of soiled notes from the market. This is however not possible without optimum use of technology and mechanization of currency operations. Encouragingly ever since the introduction of CNP, the BSC has largely been able to promote mechanization of currency operations particularly in the banks of domestic origin; the branches of international banks operating in Pakistan were by and large already having mechanized currency operations. Efforts have also been made to mechanize the currency operations within BSC by introducing modern technology based solutions for currency counting, banding, shredding, etc. The process of destruction of cancelled notes has also been mechanized at the field offices, where verification process exists, besides strengthening and reinforcing the internal controls.

### Monitoring NBP Chest Branches

To provide and manage general banking business of federal, provincial and local governments, 226 branches of National Bank of Pakistan at different places across the country have been designated as chests/ sub-chests branches. The BSC field offices supply fresh/ re-issuable banknotes to the chests/ sub-chest on periodic basis and withdraw soiled and defective notes for destruction. The activities of the chests/ sub-chests are monitored on daily basis through Issue Circles of BSC established at all provincial head quarters as per agreement between SBP and NBP. During the year under review, the BSC field offices carried out on-site examination of 38 chests/ sub-chests in the area of their jurisdiction, and punitive actions were taken where irregularities were found.

### CNP Implementation

To check implementation of CNP by commercial banks in its true spirit, the BSC has been monitoring issuance of fresh/ good quality currency notes to general public/ account holders. The banks monitoring is intensified during the month of Ramadan. During FY09 the cash monitoring teams of the field offices conducted on-site examination of 5,670 branches of commercial banks as compared to 3,620 branches in the preceding year, and imposed/ recovered penalties amounting to

<sup>2</sup> And many time more from commercial banks.

Rs3,885,000/- on account of violation of various instructions as compared to fine of Rs2,395,500/- recovered during the preceding year.

### Prize Bond and NSS Schemes

Under an agency arrangement with Central Directorate of National Savings (CDNS), the government of Pakistan, BSC also manages sale, purchase and draws etc of prize bonds on behalf of CDNS. During the year under review, the aggregate sale and encashment of National Prize Bonds was Rs105.891 billion and Rs91.241 billion as compared to Rs106.699 billion and Rs98.422 billion in FY08. The total value of the prize bonds by investors as on June 30, 2009 was Rs196.585 billion as compared to Rs181.935 billion as on June 30, 2008 showing an increase of 8 percent. During FY 09, the field offices of BSC settled 979,413 cases of prize money and paid prizes of Rs14.016 billion as compared to 830,146 cases involving prize money of Rs10.820 billion processed during FY08.

Besides National Prize Bonds, the BSC is also engaged in sale, encashment and profit payment of other national savings instruments namely SSCs and DSCs. A total of 135,000 cases relating to sale, encashment and profit payment of Special Savings Certificates and Defense Savings Certificates were handled by BSC field offices during FY09. Further, following headways were also achieved in management of National Saving Schemes during the year:

- To get maximum utility of automation and business processing, daily manual reporting by offices to the respective Public Debt Office (PDO) at SBP BSC Karachi and Lahore has since been replaced with the system based access to the respective PDOs.
- Sixteen new hand operated draw machines have been manufactured from Heavy Mechanical Complex Taxila, a state owned enterprise and supplied to the respective offices to ensure smooth and uninterrupted continuity of draw process.
- To provide improved and timely services to the general public, time line for settlement of prize money claims has been revised as given in

**Table 8.2.**

**Table 8.2: Time Line for Prize Money Claims**

Prize money up to Rs18,500/-	same day (30 <sup>th</sup> draw onwards)
Prize money up to Rs185,000/-	10 working days
Prize money up to Rs500,000/-	15 working days
Prize money of above Rs500,000/-	20 working days

### 8.3 Banking Services to the Government

As a banker to the government, the BSC is extending banking services through its 16 field offices to the federal, provincial and local governments across the country. It includes revenue collection and expenditure payments on behalf of government departments. Further, agency agreement has also been signed (by Finance Department SBP) with NBP to work as agent to facilitate government departments in collection of different levies, payment of expenditure and obtaining other banking facilities. The consolidation and reporting of federal, provincial and district governments including Zakat accounts are one of the core function of BSC Accounts Department. The data pertaining to Government transactions carried in various Accounts is reported to Accountant General of provinces, Accountant General Pakistan Revenue, Pakistan Railways and other departments on daily/ periodic basis. The daily position of Government balances are also provided to the Finance Department SBP for onward submission to other stakeholders.

During FY 09, the BSC offices handled 2.75 million transactions pertaining to government receipts and 3.28 million transactions pertaining to government payments as compared to 3.19 million transactions in the same period last year. Maintenance of Zakat account, its collection, disbursement, consolidation, and reporting to concerned quarters are also the responsibilities of BSC. During the year total Zakat collection was Rs5.54 billion as compared to Rs4.9 billion collected last year.

The tax revenue collected by SBP BSC offices and the network of NBP branches on behalf of the government is credited to the relevant accounts and reported on a daily basis to FBR. During the year, as part of the Collection Automation Project (CAP), this information was also communicated to FBR electronically on daily basis.

#### **8.4 Payment System**

The BSC continued to assist SBP in maintaining a sound and efficient payment and settlement system through a network of its field offices. BSC offices oversee the automated processing of financial instruments carried out by the National Institutional Facilitation Technologies (NIFT) in their areas. NIFT has opened centers at 15 cities where BSC offices are located and five other major cities. Besides these cities NIFT is dealing with 164 satellite cities and providing services to 1,043 branches of commercial banks located in these satellite cities. More than 5,571 bank branches of 40 banks in 185 cities avail NIFT clearing services across the country. Besides NIFT, National Bank of Pakistan is also providing clearing and settlement services at all those places where neither BSC offices are located nor covered by NIFT. The clearing service provided by NIFT includes Overnight clearing, same day - high value clearing, intercity clearing and local US dollar clearing. After discontinuation of manual clearing, the instruments are required to be standardized. For this purpose NIFT has established image based clearing systems by introducing high speed MICR Reader/ Sorter equipment from NCR, for efficient electronic clearing. In first phase all instruments relating to commercial banks and other financial institutions are being standardized and made machine readable. Whereas in the second phase government departments would be pursued to standardize their payment instruments, the process has already started. During FY09 the total number of instruments cleared through NIFT was 73,604,570. The BSC offices are also playing a proactive role in strengthening of Real Time Gross Settlement (RTGS) system by deputing a number of experienced officers with the project team to provide logistic support and relevant information besides providing inter-bank settlement facilities to financial institutions through their current accounts maintained at each office.

#### **8.5 Foreign Exchange Operations and Adjudication**

The Foreign Exchange Operations Department (FEOD) of BSC, during the year, continued to facilitate and serve its stakeholders in managing foreign exchange operations. It remained actively engaged in routing commercial and private remittances, project payments, travel permits, etc. It also handled payment of various subsidies to different sectors like textile/ PTA/ Fertilizer/ Motorcycle industry.

FY09 remained a turbulent period with regard to R&D support for textile and other sectors mainly due to budgetary sanction and constraints at government level. A series of meetings were held at Ministry of Finance to discuss the issues like validity of SROs, time barred cases and quantum of eligible cases. The issue finally resolved in February, 2009 when the Federal Cabinet decided to release Rs4 billion to pay the R&D claims of textile exporters. Since February 2009 to June 2009, about 42,642 R & D claims were received from banks in different BSC offices, out of which 40,138 were found eligible and a disbursement of Rs2.3 billion was made.

In March, 2008 the exporters of motorcycle industry were also allowed to avail R&D support at the rate of US\$ 50 (in PKR) for every completely build up unit of motorcycle exported. Despite late release of Budget, i.e., in May 2009, the FEOD disbursed Rs24 million against 43 out of 44 cases during the year under review.

During FY09, the disbursement of compensatory support @ 7.5 percent to Pure Terephthalic Acid (PTA) users also remained a vital area for FEOD. The disbursement of freight subsidy on import of fertilizer was another regular business at FEOD during FY09. A total amount of Rs7,622.6 million was disbursed to the importers as freight subsidy on import of fertilizer during the year under review. Office-wise breakup of the payments made during the year under review is given in **Table 8.3**.

During FY09, Foreign Exchange Adjudication Department (FEAD) continued its drive for realization of the overdue export proceeds. The department received 694 cases in respect of delinquent exporters on a country wide basis during the year as compared to 905 cases received in the preceding year. It disposed of 804 cases including those of previous years. Despite numerous difficulties and economic slowdown, the department managed realization of sizeable overdue export proceeds equivalent to US\$ 12.22 million as compared to US\$ 12.32 million in the preceding year, showing a negligible decrease of US\$ 0.1 million or 0.8 percent. The details of amount realized by the Adjudicating Courts at Karachi, Lahore, Sialkot, Faisalabad and Multan, are given in **Table 8.4**.

The department also arranged one week training program at Federal Judicial Academy, Islamabad for the officials engaged in foreign exchange operations and adjudication to familiarize them with the overall adjudication process. Further, to strengthen the system of inflow of complaints, the Office of Administrative Office (Courts) has been established initially at HOK level. The office would ensure that all the pre-adjudication formalities have been fulfilled by the complainant and thus would help in timely disposal of the cases.

### 8.6 Development Finance Support Services

The establishment of Development Finance Support Department (DFSD) and its 13 field units (DFSUs) are aimed at providing field presence to DFG of SBP for dissemination and implementation of its policies and initiatives at grassroots level and collection of feedback on the policies and initiatives.

During FY09, the DFSD continued its efforts to support DFG-SBP in dissemination and implementation of its policies. Major initiatives taken during the year included; holding Focus Groups meetings, arranging awareness programs, organizing agriculture/SME/Microfinance Melas in different regions, conducting Agricultural and SME surveys, preparation of Development Finance Review and arranging capacity building programs for DFSUs' staff and commercial bankers.

The Focus Group for Agri-finance, SME finance and Micro finance established in 13 field offices of BSC, meet on quarterly basis to discuss the issues faced by their respective sector and evolve local level operational strategies for addressing the issues and increasing the outreach of financial services in their respective sectors/regions. The groups have provided us a platform for dissemination of SBP and financial sector policies and receive feedback. They have also been instrumental in harnessing greater ownership of the policy initiatives being taken by SBP for broadening and deepening of the financial system. A total of 114 Focus Group meetings including 38 on Agri-finance, 39 on SME and 37 on Microfinance were held during FY09.

Further, to create mass awareness of SBP policies and banks' products and services, 14 Agri, SME & MF Melas (Fairs) were arranged during the year in different regions across the country. The Melas being arranged by DFSUs in collaboration with banks have also been instrumental in promoting partnerships between stakeholders for tapping synergies in their initiatives for the sector. Moreover,

**Table 8.3: Disbursement of Freight Subsidy on Import of Fertilizer**

weight in million Kg, amount in million rupees		
Office	Weight	Amount
Karachi	293.3	6,482.5
Lahore	25.9	1,140.2
<b>Total</b>	<b>319.2</b>	<b>7,622.7</b>

**Table 8.4: Amount Realized by the Adjudication Courts**

repatriation in million US dollar, change in percent				
Adjudication courts		Amount realized		
Location	Number	FY08	FY09	Change
Karachi	3	5.5	5.4	-1.6
Lahore	2	3.5	1.6	-53.2
Faisalabad	1	2.4	3.5	49.0
Multan	1	0.4	0.2	-43.6
Sialkot	2	0.6	1.5	129.6
<b>Total</b>	<b>9</b>	<b>12.3</b>	<b>12.2</b>	<b>-0.8</b>

eight workshops and seminars were organized in collaboration with local chambers and farmers and traders' associations to discuss the issues faced by them. The recommendations of these seminars were forwarded to respective SBP Departments as feedback for policy review, etc. A number of training programs on Development Finance were arranged for the DFSUs and credit officers of Commercial banks during the year to enhance their understanding of the Agri/SME and Microfinance sectors.

The DFSD also continued its efforts to improve coordination with provincial agricultural, livestock and revenue departments with the objective of sharing and disseminating provincial governments' initiatives for farming communities. In this regard, the second Interprovincial Agricultural Workshop was held in May 2009 that enabled the banks and the relevant government departments to better appreciate their stance and initiatives for the agriculture sector. The workshop concluded with the resolve to promote partnerships between banks and the agricultural/livestock departments for achieving sustained rise in flow of financial services to the agriculture and livestock sectors. The Punjab Livestock Department offered banks to use its network of about 3600 outlets across the province for extending financial services to livestock managers.

Lack of understanding of SME/Agri sectors' dynamics among banks has also been a major reason for banks' reluctance to enter the SME/agri market. To address the issue, the DFSD has initiated research studies and surveys to improve stakeholders', particularly banks' understanding of these sectors. During the year the agriculture and SME surveys of Sukkur and Gujranwala districts were prepared and disseminated to the stakeholders. The survey reports have also been placed on SBP website for wider dissemination. The survey of cotton belt in Southern Punjab was also initiated during the year to explore the rural markets and economy of the area. A comprehensive questionnaire was developed for the survey through extensive consultation with all key stakeholders including banks, agricultural departments, central cotton committee, the educational and research institutes, etc. Similarly the sample selection and survey teams' formation and the information collection methodology were carefully designed to ensure quality of data collection. The field work for the survey has already been completed and the survey report is likely to be finalized during second quarter of FY10. These surveys are part of BSC's efforts to explore the agricultural/ SME markets and thus facilitate the stakeholders, particularly the banks to have better understanding of the business dynamics of these markets. Such initiatives would enable the banks to comfortably enter the emerging DF markets and design market responsive products and services.

The preparation of industrial Cluster Studies is another initiative of the DF Units and so far nine industrial clusters have been identified, which would be studied during the current year. Moreover, as part of developing linkages and enhancing coordination with all key stakeholders, the DFSUs at most of the field offices completed development profiles of Commercial banks and database of key stakeholders in their respective regions during the reporting year.

To supplement the growth of development finance, adequate supply of trained and expert human resource is essential. The DFSD thus has given special emphasis on establishing linkages with educational institutions to orient the academia about the emerging DF market in the country. Some of the DF Field Units and CMs addressed seminars and workshops organized by educational institutions in their regions and also invited relevant faculty members in their meetings to update them about latest development in the sector. A total of 34 on-site visits/ meetings to/ with educational and vocational institutes were made by the DFSUs during the year.

The DFSD also compiled a comprehensive Development Finance Review (DFR) during the year that took stock of SBP and other financial sector participants' initiatives for increasing the depth and breadth of financial system and their impact on the outreach levels. The DFR discussed the trends in

outreach levels, their regional dispersion and reasons for inter-provincial and intra-provincial disparities in the flow of financial services.

### 8.7 Internal Audit and Controls

Internal audit and control is a critically important function for large and operations intensive organizations like BSC. It involves an objective and independent review of business processes, the control systems in place, and the compliance environment in various organs and departments of BSC. The BSC's Internal Audit Department went through major restructuring exercise during the year. The Internal Audit Units (IAUs) operative at the BSC offices have been abolished as they had lost their effectiveness due to overlapping/ duplication of work between IMUs and IAUs, automation of business processes and administrative problems in supervision of IAUs at field offices. The IAUs have been replaced by two Audit Hubs at Lahore and Karachi. The Audit Hubs to be headed by an officer of not less than joint director level will functionally and administratively report to Director IAD of BSC. Each of the two Hubs has been allocated the departments of HOK and field offices as given in **Table 8.5** to periodically carry out audit, enforcement, and other functions as assigned to them from time to time. The Audit Hubs are likely to improve efficacy of internal controls, remove duplications and increase administrative efficiency in the internal audit and control function of the BSC.

**Table 8.5: Location of Audit Hub with Allocated Departments/ Offices**

S No.	Location	Allocation of departments/ offices
1	Audit Hub Karachi	HOK Departments, Karachi, North Nazimabad, Hyderabad, Sukkur, Quetta, Bahawalpur and Multan Offices
2	Audit Hub Lahore	Lahore, Faisalabad, Gujranwala, Sialkot, Rawalpindi, Islamabad, Muzaffarabad, Peshawar and Dera Ismail Khan Offices

Risks Register for 22 business processes of field offices including Deposit Accounts, Public Accounts, Export Refinance and Treasury Cash Units were developed during the year. The Risks Register will identify the processes' risks, their ranking as high, medium or low risk and their mitigating controls.

On operational side, annual financial/operational audit of 16 field offices and 4 HOK departments was carried out and the Audit Briefs containing major observations was submitted to Deputy Governor/ Managing Director. A compliance officer attached with each Audit Team ensures compliance of the Audit Reports and timely resolution of issues highlighted in Audit Briefs. IT Audit of 15 field offices of BSC was also carried out and the internal controls weaknesses in the system highlighted in the IT audit reports were sent to ISTD of SBP. Further, the system audit of Globus System, Oracle and HRIS was also conducted to assess the risk exposures and control weaknesses, etc. and the report was shared with ISTD.

The Off-site Surveillance Wing (OSW) of IAD monitors the adequacy and effectiveness of internal control systems, operational efficiency and adherence to relevant policies and procedures based on the reports/ monthly returns of IAUs. During FY09, 286 significant irregularities were reported by IAUs in their monthly returns. The OSW analyzed the irregularities in depth and categorized 188 of them as major irregularities. These irregularities along with the IAD's recommendations were sent to respective chief manager and head of department for initiating necessary corrective and/or preventive measures.

The Audit Sub-committee of BSC Board also monitors the performance of IAD; the committee met twice during the year to discuss the management letter issued by the External Auditors, Business Plan of IAD and quarterly progress report on Audit Briefs of BSC.

### 8.8 Human Resource Management

Human resources make things happen in organizations. Therefore maintaining a motivated and capable HR has remained a big challenge for the management during FY09. While on the forefront of change management, Personnel Management Department has continued to revamp existing HR



policies and programs and introduce new policies in line with international best practices and the management's vision of becoming top- notch organization. The key initiatives implemented during the year under review were as follows:

**Right sizing.** As part of the strategic change management plan, the drive for rightsizing continued during the year in view of automation, business process reengineering and mechanization of currency operations. During the year under report, the working strength of BSC reduced from 4,666 on June 30, 2008 to 4,551 on June 30, 2009 (see **Table 8.6**) on account of regular retirements on

**Table 8.6: Working Strength of SBP BSC**

Sr. No.	Side	As on end June					
		FY08			FY09		
		HOK	Field offices	Total	HOK	Field offices	Total
1	On secondment from SBP	25	11	36	30	21	51
2	On deputation to government departments	-	7	7	-	7	7
3	General side	408	2,073	2,481	410	1,993	2,403
4	Cash side	0	1,739	1,739	0	1,694	1,694
5	Engineering side	86	90	176	82	90	172
6	Other technical/ex-cadre etc.	98	129	227	95	129	224
	<b>Total</b>	<b>617</b>	<b>4,049</b>	<b>4,666</b>	<b>617</b>	<b>3,934</b>	<b>4,551</b>

superannuation, early retirement under Staff Regulation and resignation, etc.

**Management Forums.** The management forums like Heads of Departments (HODs) Forum and Chief Managers' Conference were revamped and revived. The mandate of the HODs Forum was enlarged to deliberate upon policy matters and strategic issues affecting the organization. Similarly the forum of Chief Managers' Conference was also made more strategic and policy oriented besides using it as a platform for seeking first hand feedback and input on various policies. With the regular assembly of these forums, the sense of belonging and participation, the quality of input in the decision making process and implementation of policies has improved significantly.

**Performance Management and Improvement System.** Effective from FY 2007-08, the competency based Performance Management and improvement System (PMIS) was implemented for middle managers (OG-4 & above). From FY 09, the employees up to Officers Grade 2 have been brought under the umbrella of new PMIS. Accordingly 37 performance planning and 42 performance appraisal workshops were conducted by a team of in-house trainers and facilitators across the country for the target audience. The focus of the workshops was the alignment of the performance goals with the overall strategic objectives of the organization widely reflected in the business plans, and to enable the officers to effectively plan and manage their performance. On-spot facilitation at field offices was provided through a dedicated team of PMS facilitators. Consequently the appraisal process under the system has been completed successfully.

**Succession and Management Development.** The succession and management development of existing talent to occupy senior positions has been the corner stone of human resource management of SBP BSC. During FY 09, the function specific and management training programs have been designed and delivered for target group of officers. Recently, two batches of newly promoted OG-4 and one batch of OG-3 have graduated comprehensive 20-days Middle Management Training Program at NIBAF Islamabad, the first of its kind in SBP-BSC history. The development program covered soft skills module and the core operational activities of Bank so as to sharpen their analytical, decision making capabilities, and leadership qualities.



Likewise a formal job rotation policy is religiously followed to groom future managers in different capacities and assignments. Depending on performance, job enrichment and enlargement is tailored to suit high performing managers.

**Continuous HR Policy Improvements.** The creation of new position in the salary scale of Officer Grade -6 was a landmark in the history of SBP BSC. Not only did it open windows of opportunities for middle level managers in SBP BSC, but also allowed the management to build a pool of talented managers to rise to senior level of responsibility in future. Equally, the growth opportunities window has been provided to the treasury officers working on cash side to get their services transferred to general side through a competitive process. Six officers have availed this opportunity. Besides the career and talent development, the management has put in place the Cash Award policy to provide adequate incentives to the employees to acquire higher professional qualifications from the HEC recognized universities. Resultantly employees in different field offices and head office have graduated from business and management schools. Moreover, to brand SBP and SBP BSC as a prospective employer of choice and create awareness of their role in socio-economic development among university business students, the internship program of different duration has been introduced and being implemented at field offices across the country. A reasonable amount as a stipend is paid to internees.

The rates for performance based annual merit increase were enhanced. The improvements in compensation and employees benefits like hard area allowance, overtime and conveyance charges, salary of security guards on contract, extension of rest & recreation facility to support staff and leave encashment for dependents of employees died during service helped raise the motivation and performance of employees.

### **8.9 Organizational Development/ Change Management Project**

To provide impetus to the management's efforts to transform SBP BSC, an Organizational Development/ Change Management process was initiated with the hiring of external consultants – Sidat Hyder Morshed Associates– to undertake a diagnostic study of the organization in the context of internal and external environments and suggest OD/Change management plan to bring cultural and attitudinal changes in the organization to make it a quality conscious service organization. The study has culminated in different tangible reports on existing state of affairs in the organization, future OD/Change management action plan, monitoring and evaluation mechanism and anticipated expenditures on implementation of proposed change management plan. The outcomes of this study will be presented to the Governor/Board soon.

**Future Plans.** The management plans to continue with existing HR and change management plan with necessary changes, if so necessitated. The Management Trainee Officers Scheme is planned to be launched in the near future to meet the organizational needs in existing and emerging business areas. The scheme would help fill the void arose for want of regular recruitment in the SBP BSC for the last decade. Besides regular hiring, cash officers will be hired on contract basis to meet organizational requirements in some of the field offices situated in the far flung areas.

The existing promotion policy is being revised to recognize and reward high performers on the basis of demonstrated performance and continuous professional development. The Change Management/Strategic Management Conference is expected to be convened in the coming months to formulate the change management plan in the light of Diagnostic Study conducted by Sidat Hyder Morshed Associates and also develop next 5 years strategic plan.

### **8.10 Training and Development**

Initiated in the backdrop of organizational development and change management program, this has been the second year of promoting structured training in SBP BSC. While underlying objective of the training is to bring overall improvement in the skills set of BSC's human resources, special focus, during the year, remained on plugging the competency gaps particularly in customer services, conflict resolution, strategic thinking, and IT skills. The coverage and contents of the earlier training programs were also reviewed and revisions where necessary were made to align the training programs with the critical competency gaps. Moreover, management development programs were introduced at all important hierarchy levels.

The number of officers trained during FY09 were more than doubled, which is attributable to introduction of a number of new programs during the year including the Middle-level Management Training Program (MMTP), Skill Development Program (SDP), Customer Services module and TOT on Globus, Oracle and MS Office, PMS related training, etc.

While continuing the focus on 'customer care' and expanding the coverage of the above programs, new initiatives would be launched during FY10 to enhance 'Desk-Top Efficiency' through improvement in personnel management and 'critical group' function specific training. Soft-skills modules on 'Motivation for Excellence in Performance', 'Problem Solving and Decision Making', 'Stress and Time Management' will also be introduced to bring the critically needed attitudinal changes in BSC.