

9 National Institute of Banking and Finance (NIBAF)

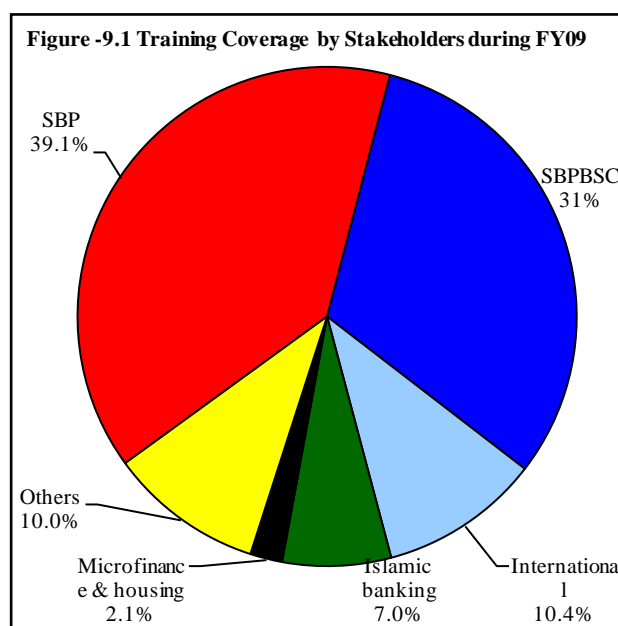
9.1 Overview

National Institute of Banking and Finance functions as a specialized institute with focus on human resource development in the field of banking and finance. The very purpose of the institute is to train and develop human resources of State Bank of Pakistan and its subsidiaries. The institute also helps assist other national and international banks, financial institutions and governments in their training and capacity building endeavours. During FY09, while capitalizing on its strength of having state-of-the-art facilities and strong trainer-base, NIBAF continued to expand the horizon and scope of training and development activities. NIBAF outpaced the annual training targets, organizing various training programs for different levels. It conducted three post induction trainings, i.e., State Bank Officers Training Scheme (Batch -14), Analyst Training Program (Batch-5), Statistical Officers Training Program (Batch-3). As part of skill up gradation, some new programs in the areas of management, banking and economics were also launched. These included project management, the art of motivating and engaging people, leadership skills, negotiation skills, communication skills, problem solving, decision making, report writing, time and stress management, risk management, anti-money laundering, Basel II accord, financial derivatives, monetary management, treasury operations, customer services, and skill development programs.

NIBAF continued to strengthen its stakeholder base both locally and abroad. The institute continued to offer and host international trainings both in central and commercial banking in collaboration with State Bank of Pakistan and Ministry of Economic Affairs. The objective of the training under Pakistan Technical Assistance Program (PTAP) is to create and foster goodwill, strengthen bilateral relations, and to share expertise and knowledge in the field of banking and finance. For the last three decades the programs is in high demand. A large number of bankers, government functionaries and officials of almost 105 developing countries have benefited from this program.

The second international training program for securities’ ‘market managers and compliance officers’ was launched in collaboration with South Asian Federation of Exchanges (SAFE), and Futures and Options Association (FOA) of UK at NIBAF Islamabad. A 13-week general banking training program for the officers of Afghanistan International Bank was also organized.

To encourage and facilitate intellectual discussion, NIBAF coordinated holding workshops, seminars, and evening talks on different issues, jointly with some of the key stakeholders like IFC, HR Forum, LMDA, MFMI, HBL, and Shifa International Hospital. Eminent academicians, practitioners, central bankers, industry experts, donors, and community activists participated in these events. Such forums help not only build individual capacities to improve on job performance leading to change in mindset and professional dynamism, but establish linkages and share knowledge across institutions. Moreover, NIBAF also arranged customized trainings for



Bank of Khyber, Allied Bank and Planning and Development Department, government of Baluchistan. The percentage share of the training shows that about 70 percent of the overall trainings were delivered to SBP and SBP BSC. This shows that trainings of SBP and SBP BSC officials remained central to the institute's overall goal and strategy. While international training programs and training in Islamic banking had 11 percent and 7 percent of the training programs, microfinance and housing finance training programs were having 2 percent share. The remaining 10 percent was delivered to other financial institutions and public sector organizations as shown in **Figure.9.1**.

9.2 Composition of Trainings and Development

As part of the business planning for FY09, 128 weeks of training were planned in consultation with key stakeholders, including training and development departments, to address specific needs and requirements of SBP and SBP BSC. During FY09 the overall training activities have been very encouraging; especially as against the targets of 128 weeks, 153.6 weeks training were delivered. The participation has also increased to 2690 participants compared to 1961 last year. Apart from three post induction trainings including SBOTS-14, ATP-5 and SOTP-3, the skill up gradation programs for drew a wide range of SBP and SBPBSC staff participation during FY09. Skills up gradation programs are mostly of short duration, designed for middle level and operational level employees.

9.3 Training Delivery and Participation

9.3.1 State Bank of Pakistan

To prepare officers of SBP for effective role as central bankers, NIBAF continued to conduct post induction skills up gradation programs for them. NIBAF particularly focused on the training and development needs of State Bank of Pakistan to help strengthen its monetary management and regulatory capabilities besides improving managerial skills. In consultation with the Training and Development Department of SBP, 58 weeks of training were planned including 44 weeks for post induction and 14 weeks for skills up gradation during FY09. As against the target, 60 weeks were delivered including 52.8 weeks of post induction and 7.2 weeks of skills up gradation. NIBAF successfully delivered three post induction training programs for SBP, i.e., SBOT-14, ATP-5 and SOTP-3. Detail breakdown of the training weeks is given in **Table 9.1**(on the facing page). SBP trainings are categorized broadly into post induction and skill up gradation. The post induction program, spread on 22 weeks prepares fresh entrants for central bankers' role. The trainees are tasked with different assignments, case studies, and exercises. Best and seasoned trainers/management experts and academicians are engaged to conduct training, and the sessions remain highly participative and interactive. Excursion trips for various groups are arranged to cultural and historic places.

Some new programs in the areas of management, banking and economics were also launched for SBP employees. These included project management, art of motivating and engaging people, risk management, and introductory econometrics. In addition, short duration programs delivered to SBP included anti-money laundering, Basel II accord, communication skills, financial derivatives, leadership skills, monetary management, negotiation skills, problem solving and decision making, report writing, and time and stress management. A program on treasury operations with broad objectives to enhance participants' skills by equipping them with necessary tools and techniques was offered. Other programs included understanding financial derivatives and their relative leverage in eliminating the diversifiable risk, and exposure to econometric forecasting methods and analysis of time series data. The objective has also been to help inspire and keep employees motivated and encourage them to take new projects and assignments by applying the knowledge gained from these trainings.

During FY09, a total of 244 officers from various cluster/departments of SBP were given skills up-gradation training. However, there was a shortfall of 6.8 week in skill up gradation training vis-a-vis the annual target of 14 week. This can be attributed mainly to the lack of nominations from SBP for some of the training programs. Resultantly some of the trainings were deferred. **Figure 9.2** provides details on the actual training delivery against the target for the last few years. Other initiatives by NIBAF during FY09 included:

Business Planning Review meeting

During FY09, NIBAF held business planning meeting/workshop. The business planning workshop focused mainly on soliciting inputs from SBP, SBP BSC (Bank), and other stakeholders on their annual training requirements. The meeting also reviewed performance on training targets of the last fiscal year. The workshop also deliberated on devising methods for further improvements in training standards and procedures to help streamline matters keeping in view SBP forward-looking strategies

Table-9.1: Training Delivery during FY09 (in weeks)

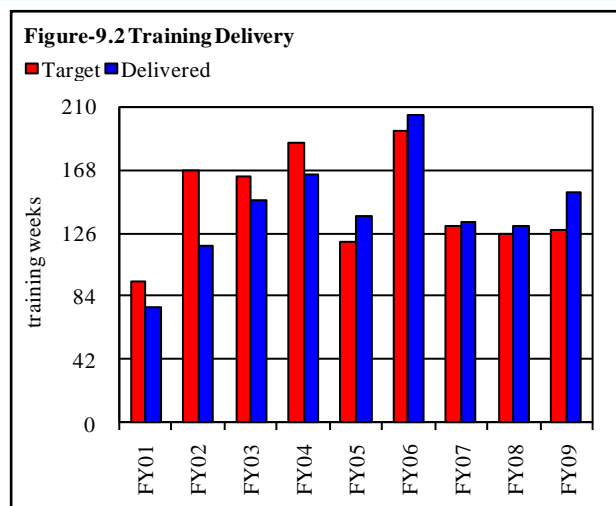
Training programs	Planned			Delivered			Excess/shortfall		
	Venue		Total weeks	Venue		Total weeks	Venue		Total weeks
	ISD	KHI		ISD	KHI		ISD	KHI	
A SBP (1+2)	48.0	10.0	58.0	52.8	7.2	60.0	4.8	(2.8)	2.0
1. Post induction (a+b)	44.0	-	44.0	52.8	-	52.8	8.8	-	8.8
a) SBOTS	22.0	-	22.0	16.4	-	16.4	(5.6)	-	(5.6)
b) ATP/SOTP	22.0	-	22.0	36.4	-	36.4	14.4	-	14.4
2. Skill up gradation	4.0	10.0	14.0	-	7.2	7.2	(4.0)	(2.8)	(6.8)
B SBPBSC(Bank)	14.8	18.2	33.0	31.6	16.6	48.2	16.8	(1.6)	15.2
C International	12.0	-	12.0	16.0	-	16.0	4.0	-	4.0
D Certificate programs (a+b+c+d)	10.0	9.0	19.0	9.4	4.6	14.0	(0.6)	(4.4)	(5.0)
a) Rural finance/Microfinance/Agri	2.0	2.0	4.0	2.2	-	2.2	0.2	(2.0)	(1.8)
b) SME financing	3.0	1.0	4.0	-	-	-	(3.0)	(1.0)	(4.0)
c) Housing finance	2.0	-	2.0	-	1.0	1.0	(2.0)	1.0	(1.0)
d) Islamic finance	3.0	6.0	9.0	7.2	3.6	10.8	4.2	(2.4)	1.8
E Misc events				1.4	1.4	2.8	1.4	1.4	2.8
F Other training programs	6.0	-	6.0	12.6	-	12.6	6.6	-	6.6
Total weeks (A+B+C+D+E)	90.8	37.2	128.0	123.8	29.8	153.6	33.0	(7.4)	25.6

ISD=Islamabad and KHI =Karachi

on HR development and capacity building. Representative of T&DD SBP and T&DD SBPBSC along with NIBAF officials both from Islamabad and Karachi campus participated in the workshops. The draft business plan formulated in the workshop was circulated to all EDs and head of departments in liaison with HR/T&DD SBP and T&DD SBPBSC (Bank) before submitting to Board of Directors NIBAF for approval.

DTCs Meeting

A meeting was arranged at SBP Karachi with departmental training coordinators (DTCs). It



helped strengthen the institutional mechanism and getting feedback on pre and post training events at NIBAF.

Workshop on Microfinance Product Innovations in Challenging Times

NIBAF in collaboration with State Bank of Pakistan's Microfinance Department organized a two-day workshop during FY09 at Islamabad. Drawing on the expertise of professionals from commercial banks, MF banks, and non-governmental organizations, the workshop mainly focused on 'developing' new microfinance services/products. Eminent experts, microfinance service providers as well as clients/community activists from different MFIs/ organizations also participated and shared their experiences and suggestions. About 30 participants representing mainly Tameer Micro Finance Bank, Institute of Management Sciences, NRSP, FMB, Department for International Development (DFID), Kashf Microfinance Bank, ASASAH, SAFWCO, and Centre for Women Cooperative Development, Khushali Bank, and donors benefitted from the proceedings through active participation and group work. With two days deliberations and discussions, and intense brainstorming sessions, the workshop made certain recommendations on new products which were reviewed and fine tuned by experts from the industry.

9.3.2 SBP BSC (Bank)

NIBAF, as a training arm of SBP has been proactive in playing its role during the transformational process of change in SBP BSC. NIBAF also continued to cater to the specific needs and requirements of SBPBSC. During FY09, NIBAF delivered 48.2 training weeks against the target of 33.0 weeks. It conducted 241 training programs where 1726 officers from different offices and departments of SBP BSC were trained. A number of new courses were also conducted in FY09 including two programs on customer services for supervisors, documentation for international trade and finance, foreign exchange and financing of foreign trade, international trade and regulatory regimes in Pakistan, understanding statement of affairs-SBP balance sheet, internal auditing- process and procedure, adapting international accounting standards, information system audit and values and shared behavior.

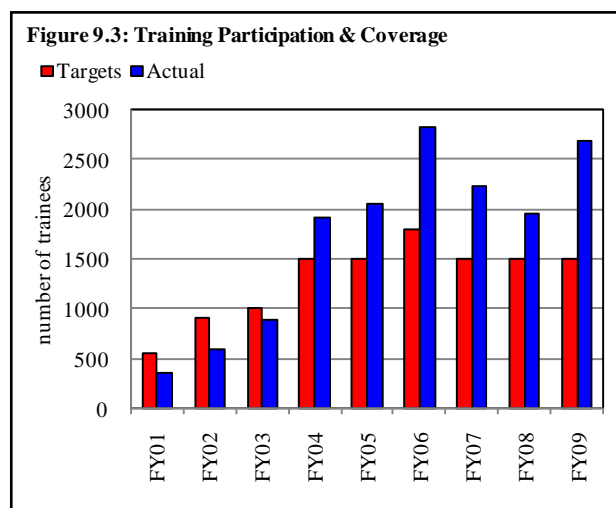
NIBAF continued to focus on organizing and facilitating training programs for SBP BSC (Bank) under developmental initiatives during FY09. NIBAF and T&DD BSC while working very closely have conducted two 'middle level management training program' of three weeks duration each for OG-4 and 5 of SBP BSC. One training program titled 'skill development program' for newly promoted OG-3 was also conducted. It aimed at enabling the newly promoted officers to face the new challenges associated with higher responsibilities.

NIBAF and T&DD BSC initiated some new training programs besides strengthening the existing training arrangements. NIBAF effectively planned and implemented 22 training programs of soft skills like 'customer services' each of two day duration at selected SBPBSC field offices at Peshawar, Quetta, Multan, Lahore, Faisalabad, Bahawalpur, Hyderabad, Sukkur and NIBAF Islamabad. About 533 officers from BSC offices participated in the programs. There was a marked improvement in the perception of customer service among the trainees in post-training phase. Majority of the participants admitted that despite years of experience, they now stood better informed, educated and more aware of customer service protocols after receiving the training. This positive change was reflected in pre and post evaluation questionnaires. On aggregate the training base expanded for BSC substantially as its share increased from 26 percent to 31 percent in overall trainings. NIBAF also arranged two workshops on development finance at Islamabad campus during FY09 in collaboration with Development Finance Support Department, SBPBSC. The workshops were aimed at facilitating the development of an inclusive financial system in the country through effective monitoring of banks, awareness and information dissemination on the program, conducting targeted surveys and establishing linkages with key stakeholders including commercial banks, microfinance banks and public sector organizations. The main idea of holding the workshops was also

sharing experiences on the concepts and issues pertaining to financial inclusion in Pakistan and effective implementation of the operational strategy. While drawing mainly on the expertise of the subject specialists, seasoned bankers, various issues that hinder agriculture sector growth and financial outreach including SMEs finance models, pattern and growth of micro financing and Islamic banking were deliberated.

NIBAF also facilitated T&DD SBP BSC in effectively organizing other skills up-gradation programs in specialized areas like one-week TOT on ERP-Oracle, one-week ToT on MS Office, two-week ToT on Globus, one-day training on FBR tax collection Automation Project, one-week training course for adjudication/foreign exchange officers at Federal Judicial Academy, Islamabad, business planning and budgeting meeting and hosting chief managers training conference.

Figure 9.3 shows total number of trainees participated in various trainings.



9.3.3 International Training

Pakistan Technical Assistance Program

NIBAF offers international trainings annually. These are jointly sponsored by the government of Pakistan and State Bank of Pakistan under the Pakistan Technical Assistance Program (PTAP). The training programs are fully funded and are available to the nominees of friendly developing countries. The objectives of the training program are to create and foster goodwill, strengthen bilateral relations, and to share expertise, knowledge in the field of banking and finance. For the last three decades the programs are in high demand and large number of bankers, government functionaries and officials of almost 105 developing countries have benefited from the program. Despite political turbulence NIBAF organized and hosted international trainings both in central and commercial banking each of four -week duration that were attended by 38 participants from about 19 developing countries. These countries included Bangladesh, Sri Lanka, Cambodia, Jordan, Nepal, Senegal, Thailand, Uzbekistan, Maldives, Sudan, Iran, Malawi, Myanmar, Senegal, Vietnam, Fiji, Afghanistan, Indonesia, and Pakistan. Due to increasing outreach of the program, and consequent demand for participation in the international training programs, the institute also accommodates participants on self-finance basis. Four participants from the central bank of Sri Lanka participated in 40th international banking program under self finance scheme. Three local commercial bankers from National Bank of Pakistan also participated in the 39th international commercial banking program through self finance scheme. The course mainly aims at providing a broad understanding of the macro economic framework, inter-sectoral linkages with prime focus on monetary and external sector management by the central bank besides developing the financial supervisory and regulatory skills of the central bankers through exchange of cross country experiences and expertise.

After completing three-week theoretical training at NIBAF, the course participants had a one-week study-cum observation tour to countryside where they availed opportunity of visiting chamber of commerce Sialkot, Gujranwala, Commercial banks, SBP and some export oriented industries of Pakistan. They also met some senior bankers and officials. A course on general banking was especially designed for bankers of Central Asian Republics (CAR) with focus on soft skills and business communication, however, that could not be held because of lack of nominations during FY09.

Second International Training program for Securities Market Managers and Compliance Officers

During FY09, the second international training program for securities market managers and compliance officers was launched in collaboration with South Asian Federation of Exchanges (SAFE) and Futures and Options Association (FOA) of UK at NIBAF Islamabad. This week long international training mainly focused on international standards for the operation and management of securities and derivatives exchanges by covering in particular high level exchange management issues like conflict of interest management, trading practices and procedures, identification and prevention of market manipulation, market supervision and enforcement and clearing and settlement procedures. Wide range of delegates, both national and international, representing Bangladesh, Sri Lanka, Bhutan and Pakistan participated. Inaugural ceremony of the program was attended by UK Deputy High Commissioner to Pakistan, MD Karachi Stock Exchange. Lead Trainer Mr. Trevor Norwood, M/S FOA UK, conducted the training. The program also included a number of cultural and social trips to give the participants a complete country orientation to make the event memorable. The participants were taken to Taxila, Salt Mines Khewra and Murree hills. SAFE is an association of 13 securities exchanges and 6 securities depositories and clearing companies of South Asian countries including Bhutan, India, Maldives, Mauritius, Nepal, Pakistan, and Sri Lanka.

NIBAF also facilitated holding Financial Round Table Conference at its Islamabad campus, attended by the Boards of Directors of the three stock exchanges, i.e., Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange, and FOA trainers and Secretary General South Asian Federation of Exchanges.

General Banking Training Program for Afghanistan International Bank (AIB)

NIBAF designed and developed a customized training in general banking for AIB under self finance scheme. In this program 19 officers from AIB participated. The overall program was designed for 13 weeks with a focus on core banking activities with specific reference to general banking. It was modular based training encompassing areas like presentation and communication skills, business etiquettes and mannerism, financial management and accounting, general banking deposit mobilization, lending practices and methodologies, documentary credit, foreign exchange and treasury operation, consumer banking, risk management, regulatory and legal environment and development in Islamic banking and finance. Out of 13 weeks, 7 weeks were delivered during FY09 covering modules included interpersonal and communication skills, etiquettes and mannerism, customer services and financial accounting and financial management. A team of experts with substantially multi-disciplinary background like communication skills, report writing, accounting, banking, auditing with strong thinking, creativity and real world experiences was booked who conducted the training in an effective and practical manner by assigning exercises, role play and presentation. Such programs are to help promote long term relationship with external institutions, and are a good source of foreign exchanges/revenues for Pakistan. Another distinct aspect of such international training is the reporting assignment at the end that seeks and encourages creativity and promotes group dynamics, enhancing trainees' presentation/communication skills. Further as part of trainees' learning, visits to some places of cultural and historic importance were arranged.

9.4 Priority Sectors-Certification

9.4.1 Rural Finance Resource Centre (RFRC)

A Rural Finance Resource Centre (RFRC) established under NIBAF is tasked with the responsibility of building capacity of the human resource of commercial banks/micro finance institutions, and to enhance their skills through trainings in rural finance and micro finance. This is to support State Bank of Pakistan's efforts to expand outreach of microfinance, promote financial literacy, and help in capacity building of Microfinance service providers. The centre has been promoting awareness and commitment to Microfinance best practices in Pakistan by organizing various programs, seminars, workshops. And several such were held during FY09. RFRC NIBAF as part of Microfinance

Management Institutes (MFMI) global network participated in three conferences that were held through Voice over Internet Protocol at NIBAF Islamabad. These mainly aimed at sharing experiences in the management, scheduling and marketing of microfinance training course through using the global network of microfinance services providers and academics.

Furthermore, RFRC NIBAF facilitated Centre of Excellence in Microfinance which is a specialized centre of the Institute of Management Sciences in research and development and capacity building in the field of microfinance. Under the arrangement, a three days training on financial management for microfinance practitioner was organized. Fifteen participants from different Microfinance institutions and banks attended the program.

9.4.2 Mortgage Training Program on Housing Finance

NIBAF in collaboration with Infrastructure and Housing Finance Department of SBP organized one week SBP Mortgage Training Program on Housing Finance at NIBAF Karachi campus. The program mainly aimed at enhancing the lending skills of employees associated with mortgage lending institutions and other stakeholders of housing finance sector. The program received an overwhelming response as about 45 nominees representing various banks and financial institutions participated. Best trainers were engaged who conducted the program successfully.

9.4.3 Islamic Banking Certificate Course

NIBAF arranged Islamic Banking Certificate course for 12th, 13th and 14th batches during FY09 in which 78 trainees of various banks participated. So far NIBAF has imparted training to about 524 industry professionals/bankers. The target groups were mostly the Islamic banks, Commercial banks with Islamic branches and other financial institutions. Individual/students, seeking career in Islamic banking, were also accommodated under self finance scheme.

NIBAF has also 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 that is planned to be rolled-out next year.

9.4.4 Other Activities in Islamic Banking

During FY09, NIBAF continued to facilitate International Centre for Education in Islamic Finance (INCEIF) Malaysia by conducting the Certified Islamic Finance Professional Examination- Part I and Part II that were simultaneously held both at NIBAF Karachi and Islamabad.

9.5 Other Training Programs/Services

Training Program for ABL Compliance Officers

Based on earlier experience a four -day need based training program was delivered for the second Batch of ABL compliance officers under self finance scheme. Eighteen compliance officers representing ABL different regions participated. Eminent bankers/practitioners were engaged as trainers/resource persons who provided valuable insights.

Training Program for Bank of Khyber

NIBAF also arranged a short duration customized training on Internal Audit and Compliance Mechanism for Bank of Khyber (BoK) during FY09. Nineteen officers representing BoK branch network and main office participated in the program. The program was very well received. This arrangement has to go along way as BoK has shown keen interest in other training programs also.

HBFCL and SME Bank also approached NIBAF seeking support for arranging training to their officers in the areas including Financial Accounting, Risk Management and Financial Management,

Auditing Documentation, Information Technology: MS-Office and Presentation Skills Interviewing, Skill-Workshops, MIS besides general banking for the officers of SME Bank. In this regard, proposal has been prepared and submitted to both the organizations.

A general aptitude test/quiz paper was prepared for Khushali bank seeking new recruitment at branch level.

9.6 Public Sector Capacity Development Program

Planning and Development Department government of Baluchistan approached NIBAF for organizing training for various cadre/officers on self-finance basis in different areas like communication and presentation skills, project planning and management, Secretariat service and office management, Database Design and Administration Oracle 9i, Training on research techniques and tools using SPSS beside design of small dams and quantity survey, etc. About 110 officials representing different departments of the government of Baluchistan participated in these trainings held at NIBAF Islamabad and spreading over 1-2 week duration. Apart from concepts/theoretical understanding of the modules like Oracle, SPSS and project planning, IT softwares were arranged for hands-on/practical experience. Further, trainees were assigned different case studies including flow of funds account data, public sector employees data beside company-wise foreign trade data of balance of payment and understanding PC-1 to PC-5 formats. A number of working/field visits were also arranged to Planning Commission, government of Pakistan, PIDE, Federal Bureau of Statistics (FBS), Pakistan Planning and Management Institute, National Commission for Rural Development, irrigation department and also different sites.

9.7 NIBAF Linkages with Other Institutions

NIBAF continued to establish and promote linkages in academic development and training with professional organizations. Some more institutions joined hands with NIBAF for collaborative arrangements including Leadership and Development Associates (LMDA), AIB Afghanistan, and NRSP to formally enter into partnership for sharing knowledge and expertise. Under collaborative arrangements with LMDA, a number of training programs were arranged that included work stress and its management, balance score card and project planning and management.

Detailed presentations to create awareness and highlight the role of State Bank of Pakistan and NIBAF were also arranged for various internees, students and faculty members of different academic organizations at Islamabad.

9.8 Evening Talks/Lectures Series Program

Evening, dinner talks/programs on important issues/topics of vital interest continued to be the integral part of NIBAF's activities. These programs were attended by the resident trainees/participants and local stakeholders. As part of developmental initiatives, a number of events were organized with detail as under:

Sensitization of Corporate Governance

NIBAF in collaboration with the International Finance Corporation (IFC) arranged an evening talk on Sensitization of Corporate Governance at Islamabad that attracted large number of audience including participants of SBOTS-14, ATP-5, and SOTP-3. Faculty members and resident trainees, senior HR managers and Board members of some companies also attended. The audience benefitted from the presentation and discussion that mainly focused on concepts, significance, and basic tools of corporate governance beside exposure to the broad principles of corporate governance.

Mannerism and Professional Etiquettes

NIBAF Islamabad arranged a special session on promoting mannerism and etiquettes targeting SBP inductees, i.e., SBOTS, ATP and SOTP and other resident trainees.

HR Forum Meeting

NIBAF continued to facilitate holding monthly meeting of the HR Forum at Islamabad campus. This provided an opportunity for HR professionals to liaise with others at different levels, disciplines and organizations dealing mainly with human resource development and capacity building. The forum brings together experiences, best practices, and resources wherein seasoned market experts are engaged who deliver presentation on different topics pertaining to organization and development, change management, etc. Large numbers of H R professionals representing various organizations attend these meetings.

9.9 Outsourced Training Programs and Activities at NIBAF

NIBAF continued to provide support and cooperation by facilitating other institutions in their training and development endeavors. Under the arrangements during FY09, a number of training programs/events both at NIBAF Karachi and Islamabad campuses were held. NIBAF accommodated a number of financial institutions by hosting 105 training weeks during FY 09 with wide range of participation of about 5900 professionals in these trainings/events. The major stakeholders who availed NIBAF facilities during FY09 for different training purposes/activities included Askari bank, Khushali Bank, Meezan bank, NBP, HBL, UBL, M/S FINCON Inc., Bank Al Habib, IBP, LMDA, COMSATS, Finance Division Government of Pakistan, NTS, Asia Foundation, M/S Shifa College of Medicine, M/S Sidat Hyder Morshed Associates, M/S Event Management, Leadership and Management Development Associates, MDI and M/S Sycomp, etc. The network helps to strengthen mechanism for future collaborative programs of mutual gains and benefits including sharing of information on training design and delivery through access to trainers and training/academic materials, etc.