

# 8 Strategic Planning

## 8.1 Background

Strategic planning exercise at the State Bank of Pakistan (SBP) was initiated with the Strategic Plan (SP) of 2005-10. SP 2005-10 was intended to provide guidance and direction to the departments in carrying out the reforms program during the next five years. SP 2005-10 was built around functional and management strategies. The functional strategies enabled the SBP to ensure soundness of the financial sector, improve monetary management, have prudent management of exchange rate and reserves, and develop efficient and sound payment systems. The management strategies were linked up with the functional strategies to ensure that the supportive infrastructure was available to effectively implement the strategic plan.

## 8.2 Strategic Plan 2011-15

With the assistance of the Asian Development Bank (ADB), services of Promontory Financial Group Australasia were commissioned to assist the SBP to review its Strategic Objectives and devise a Strategic Plan for 2011-2015. As a result, Dr. Jeff Carmichael (of Promontory Financial Group Australasia) leading a two member team, visited SBP thrice in March 2010 to facilitate the senior management of the Bank in the following three areas of SP:

1. Goal Setting
2. Cultural Transformation
3. Organizational Restructuring

Findings of Dr. Carmichael included the unanimity on updating and sharpening the vision statement of SBP in the current context. The new Vision proposed for SBP by senior management was:

*To be an independent and credible central bank that achieves monetary and financial stability and inclusive financial sector development for the long-term benefit of the people of Pakistan.*

Further, it was also agreed to update our Values to better align these with the new Vision. The new Values proposed for SBP by senior management were:

1. Integrity
2. Accountability
3. Teamwork
4. Courage
5. Excellence
6. Result-oriented

To further work on the strategic plan of SBP, M/s. Asif Anjum Shahid & Associates (AASA), a consultancy, conducted a two-day interactive workshop during June 17-18, 2010 for the management of SBP. The consultants' main responsibility was to facilitate the Bank in cascading strategic goals of the Bank to the action plans of the groups. Out of these action plans, development projects, HR needs, IT requirements and budget allocation would follow. Also, during the exercise, two more strategic goals were added to the initial five goals which were identified in the workshops conducted by Dr. Carmichael.

1. Improve the formulation and effectiveness of monetary policy
2. Develop a financial stability framework (macro prudential)
3. Improve the soundness/efficiency of the financial system

4. Strengthen prudential standing of banks
5. Address development needs of the financial system, including broadening access to financial services
6. Strengthening Exchange, Market and Reserve Management
7. Management Strategies for Improving Corporate Governance and Institutional Strengthening of SBP & Its Subsidiaries

The Central Board in its meeting held on July 30, 2010 approved State Bank's Strategic Plan for 2011-2015. The Strategic Plan includes 45 sub-goals identified to realize the 7 Strategic Goals of SBP. These are the sub-goals of Strategic Plan, wherefrom the next level action plans on cluster basis will be devised by the management leading towards development projects, HR needs, IT requirements and budget allocation with a continuous rolling plan of annual reviews.

The SP 2011-15 is a rolling plan, which will be reviewed periodically and changes will be made accordingly in it to achieve Strategic Goals of the Bank. Implementation of Annual Business Plans of the departments and groups - based on Action Plans and sub-goals- will be assessed quarterly and annually. As this will be the first year of the current SP, we intend to conduct a midyear review in December 2010 through Strategic Management Review Conference to iron out any issues not anticipated at the inception.

# **SBP Subsidiaries**

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- 9. State Bank of Pakistan Banking Services Corporation (Bank)**
- 10. National Institute of Banking & Finance (NIBAF)**