

# B-1 Business Continuity Management

The Business Continuity Plan of the State Bank ensures continuity of critical functions of SBP and SBP BSC and to prevent any major disruption in financial system of the country in the face of a catastrophe caused either by natural disaster, fire, civil strife, sabotage or an act of war. The size, complexity and geographically dispersed nature of the operations of SBP made the implementation of BCP in SBP even more challenging. However, SBP has further improved its level of preparedness and readiness to an unprecedented level by establishing State of the Art Data Recovery Site and fully equipped Backup Site(s) for critical time sensitive functions. To increase the level of readiness, following initiatives were taken:

***Crisis Communication Setup at SBP:*** The most challenging part during a crisis situation is communication with the employees in general and critical staff in particular. Crisis communication is reacting with the right response, quickly and efficiently. To develop a crisis communication system, a Short Messaging System (SMS) based broadcast system was deployed with masking features. This system can also be used from the backup site through web. Through this capability, SBP can reach out to its employees directly on their hand held devices.

***Establishment of Command & Control Center:*** A command and control center has been established at the Backup site to coordinate all BCP related activities to effectively manage a crisis situation. It will be responsible for all logistical, administrative and security functions during the disaster period. This center will help in coordinating all information and resources for making real time decisions.

***Access Control Mechanism:*** Keeping in view the present security situation of the country, a project was proposed to improve the access control mechanism at the backup site. For this purpose, IP cameras are installed for round the clock monitoring by IBSD control room. Furthermore, an access control system which operates through thumb impression has been successfully installed at the backup site.

***Scenario Based Testing:*** Apart from the routine testing from the backup site, scenario based tastings were conducted from the backup site where different scenarios were proposed, documented and conducted successfully from the backup site.

***Combined Staff Relocation exercises:*** To stress test the networks, equipments, services and other allied facilities, four combined mock exercises were successfully conducted from the backup site during the year. Around 50 persons from critical (time sensitive) departments participated in the combined mock exercises on each occasion.

***Monitoring of BCP Exercises:*** Continuous testing and exercising the BCP enhances readiness of employees to cope with a disaster. To streamline the testing procedure at SBP and SBP BSC and to facilitate the departments/offices to conduct their tests and rehearsals smoothly, an annual test plan was compiled in coordination with the critical departments and field offices where all critical departments/field offices had planned to conduct quarterly table top exercise (total 88), half yearly mock exercise (total 54) and annual rehearsals (total 22).

***Updation of BCP Communication Cards:*** The BCP Communication Cards are designed to ensure that, in the event of a disaster, where people are at times unable to act in a planned manner, are able to contact key persons. These cards clearly elaborate the responsibilities of various committees for managing the situation under crisis, a brief on what-to-do and the information on the activation levels. These cards are updated regularly to incorporate any changes in the BCP personnel of all concerned

departments and field offices. The BCP Cards were updated twice during the year to incorporate changes necessitated due to transfer/postings.

## **B-2 Risk Based Auditing Approach**

Internal Audit & Compliance Department (IA&CD) at State Bank of Pakistan conducts financial, operational and information technology (IT) based post event audits of SBP operations on annual basis.

The following milestones were achieved by the department during FY14:

- Continuous updation was made in the Audit Universe (Database) of auditable business processes with the feedback of auditee departments. This database has been developed by IA&CD using its own prepared risk scoring model based on IIA Research Foundation. Risk Based Annual Audit Plan of the Department was based and developed on the updated content of Audit Universe.
- Successfully accomplished audit assignments as per approved Audit Plan FY14 consisting of 29 Annual Risk Based Audits and 11 Compliance Audits. IA&CD also carried out 11 special audit assignments on the advice of Audit Committee and higher management of SBP. The significant findings were regularly reported to Audit Committee of Central Board and Honorable Governor.
- To bring the concept of Self Risk Assessment by business departments, IA&CD is facilitating different Departments of SBP in developing their Risk Registers. In this regard, two more risk registers were developed in FY14, making a total of 16 risk registers. Further, continuous improvements were made in Risk Registers already developed by the Departments during audit engagements in FY14.
- Capacity Building is an important element in an Audit Department. In this regard, senior level professional resources have been recruited externally as well as professional education / certifications pertaining to field of audit have also been acquired by audit officers.
- Parallel run phase of new enhancements / up gradation made within AuditWare (a tailor made application developed by IT Audit Division of IA&CD) was successfully completed and all audit engagements are being carried out using newly improved features of AuditWare application that also maintains electronic working papers.
- Close coordination with External and Govt. Auditors was made and Audit Reports of various departments duly audited by IA&CD were reviewed by both of them.

## **B-3 Legal Services**

The Legal Services extend support and expert advice with regard to various functions of SBP and its subsidiaries to mitigate legal risks.

During FY14, LSD received around 3000 references from various departments of SBP, SBP-BSC and NIBAF which included legal opinion, court notices and corporate nature cases. All these references were disposed off in accordance with the relevant laws, case laws and the applicable policies of SBP and its subsidiaries.

The department also contributed in drafting amendments in the SBP Act, 1956 and BCO 1962 as well as developing various regulations for effective banking regulatory functions. In addition, necessary support is provided in the adjudication process undertaken by the Bank under Foreign Exchange Regulation Act, 1947 and in petitions where the courts pass specific Orders to decide the petition and issue a Speaking Order.

LSD organizes various training sessions which are facilitated through its officers as well as through external experts. A training session on “Criminal Procedure Code with reference to BCO – 1962 and FERA – 1947” was arranged for officers of SBP. Prominent advocate facilitated the lecture on the subject to the officers of the concerned departments of SBP and SBP BSC.

### **Cases under Litigation**

LSD provides support in the litigation proceedings initiated by and against the Bank and its subsidiaries in various Courts of Law in consultation with the external Advocates. The current status of pending litigation in various departments of SBP, SBP-BSC and NIBAF during FY14 is 787 cases in various Courts of Law throughout the country. Of these, 645 cases under litigation are associated with the SBP and the remaining 142 cases are of subsidiaries of the Bank. Further break-up of the cases revealed that 81 percent cases under litigation are relating to banking and financial matters while the remaining 19 percent cases are related with Human Resources / Internal matters. Moreover, 69 cases have been disposed of by various Courts of Law during the year.

## B-4 Library Services

During FY14, Library kept on contributing with its supportive role towards research promotion and knowledge management at SBP besides improving financial literacy through its quality information dissemination services.

Library enriched its print resources with 1,810 new books, 110 journals, and 38 newspapers while augmenting electronic resources with 2 new databases, namely: 1) Project Muse, and 2) IET Digital Library, besides renewing previous year's subscriptions to 17 databases.

Library catalogue was loaded with 8,736 bibliographic records comprising 1,948 books, 2,719 periodical issues and 4,069 journal articles. All bibliographic management operations, like: accessioning, classification, cataloguing, indexing, etc. were processed timely yet with utmost care to ensure accuracy and efficiency in information retrieval. To update library users with new acquisitions, publishing of monthly Fresh Arrivals Bulletin and Current Contents Bulletin on SBP website and Electronic Board remained regular feature of the Library. Furthermore, an information flyer, titled: "Featured Books of the Month", containing summaries of selected new books was compiled and disseminated among the higher management of SBP & BSC on monthly basis to keep the executives abreast of the latest happenings and issues in socioeconomic arena world-wide.

A special development project featuring on-campus demonstrations for faculty members, research scholars and students at 10 major business schools of Karachi was also successfully completed. Library attracted 249 new members that included 106 SBP employees, 76 internees and 62 friend members. The record of 23,749 visitors and 28,055 books loaned are indicative of sustained usage of library resources during FY14. **Table B-4.1** describes five year's performance of the Library against five major operational areas:

Table B-4.1: SBP Library Services at a Glance (FY10-FY14) (numbers)							
Operational Areas			FY10	FY11	FY12	FY13	FY14
Procurement	Books	Purchased	2,093	1,821	2,124	2,061	1,560
		Complimentarily Acquired	402	405	192	253	250
	Periodical Issues		4,402	3,598	3,291	2,649	2,719
Technical Processing	Books Catalogued		2,497	2,183	2,460	2,401	1,948
	Articles Indexed		8,455	8,047	4,697	3,561	4,069
Circulation (Books Loaned)	The SBP Employees (Active + Retired)		26,049	27,139	16,612	26,653	25,844
	General Public (Friends + Internees)		2,620	2,242	2,175	2,146	2,211
Membership	The SBP Employees (Active + Retired)		104	125	45	60	106
	General Public (Friends + Internees)		273	160	184	180	138
Visitation	The SBP Employees (Friends + Internees)		14,915	17,522	17,874	17,703	16,693
	General Public (Friends + Internees + Casual visitors)		12,129	9,007	8,873	7,619	7,056

Note: Library's total collection comprise 89,500 books; 29,550 volumes of research journals; archives of annual reports of 75 central banks / IFIs, 46 local commercial banks/NBFIs, over 500 national / multinational companies, back files of 5 leading national dailies and sizeable audio-visual materials as on end June 2014.

## **B-5 External Relations**

External Relations Department (ERD) of the State Bank of Pakistan communicates and disseminates SBP's policies, regulations, directives, initiatives, future strategies, data and other information to the public and other stakeholders through media. It ensures that SBP's point of view is presented to the general public through media without any distortion of facts.

The department issued 118 Press Releases to media from July 2013 to June 2014. The Department also handled 615 queries from print and electronic media and coordinated with cross sections of SBP for an early reply to these queries.

A media moot with representatives of electronic and print media on the 20<sup>th</sup> May and the 21<sup>st</sup> May 2014 respectively was arranged to get media representatives acquainted with SBP's point of view on different sensitive issues. Large number of media representatives covering the beat of State Bank of Pakistan attended the meetings. Journalists from print and electronic media floated invaluable suggestions for further improving flow of information which was duly noted down.

ERD arranged electronic media monitoring of monetary policy announced by the State Bank of Pakistan on the 17th May 2014. The event was accorded extraordinary coverage by electronic and print media and all major channels ran tickers/breaking news regarding monetary policy announcement and repeated the same in their hourly bulletins. External Relations Department arranged for the tracking of 13 channels including *Samaa TV, ARY News, Aaj News, Business Plus, Jaag TV, Dunya News, Express News, Geo News, PTV, ATV, Abbtak News, Dawn News and Waqt News* from 4:00 pm to 10:00 pm on the 17th May, 2014. Thereafter, it distributed DVD copies to CMT, executive directors and directors. The feedback received was quite positive and encouraging.

## **B-6 Information System and Technology Developments**

Since its inception in 2005, the SBP Data Warehouse has come a long way, as it now hosts a number of subject areas built upon diverse datasets. The “Data Warehouse Knowledge Center” has been successfully designed and built. It provides an easy-to-use interface for browsing available datasets, including regulatory/statutory and other statistical statements acquired.

The successful implementation and testing of the New RTGS Certificate Authority and PKI Infrastructure at all SBP sites and 45+ Participants (Main, DR, and BCP) sites at zero cost was another big achievement during the year. This activity included generation of more than 1000 Digital Certificates and comprehensive testing at about 600 Participants PC Systems. The upgrade of the Core Banking System, Globus to Temenos T24 has been initiated. When the upgrade is complete, the users would have access to the latest features and applications.

This year the major infrastructure project was the replacement of the main network core switches and upgrade of Fiber Optic. The Fiber Optics channeling specifications and layouts were revisited and enhanced and the project has been planned to replace the core switches with compatible 10-Gbps fiber backbones. Further, SBP has initiated the procurement process to acquire Next Generation Intrusion Detection and Prevention Systems to protect the hardware and software resources from advance malware threats and zero day attacks. The new IDP system is being implemented at all data centers, including the BCP site, as well as in Lahore and Islamabad.

The UPS systems installed at SBP BSC offices under the Automation Project had become obsolete and the OEM had declared End of Support. To provide reliable and continuous power to desktop equipment at all SBP BSC offices, old UPS systems are being replaced with the latest state-of-the-art and enhanced capacity ones as per UPS strategy.

To better facilitate international payments, end-to-end upgrade of SWIFT Servers at Primary, Backup and DR sites was successfully completed. Further, to strengthen the corporate infrastructure, countrywide email servers were upgraded to cater to high availability, data storage enhancement and performance requirements of the end users all over Pakistan. Another achievement in the area of Windows System administration was the implementation of Transport Layer Security (TLS) for Email Security across financial institutes in Pakistan.

For smooth functioning of Corporate Business Applications, i.e., Globus & Oracle, old desktop equipment (Desktop PCs, Desktop Laser Printers, Network Laser Printers, Scanners) which have gone out of warranty and maintenance at all SBP & SBP BSC Offices, are being replaced with new equipment as per Desktop Equipment Replacement and Disposal Plan.

# B-7 Museum & Art Gallery

## Overview

Monetary and Archives Museums are necessary adjuncts of Central Banks. Pakistan is one of the very few places in the world where currency developed from its very rudimentary form to the advanced level of coinage. To document this interesting history, the idea of establishment of Money Museum was developed, where educational activities and outreach program for the general public especially for the students and children were planned to be arranged.

The SBP Museum was inaugurated on 1<sup>st</sup> July 2011. The Museum has Coin Galleries, Stamp Gallery, Currency Gallery, History of State Bank, Governors' Gallery, Sadequain Gallery and Contemporary Art Gallery. The coin galleries depicting coinage from its evolution till contemporary period, Stamps which were used as Currency in the interim period between Coinage to Currency, and the Currency Gallery from very early time period to present Polymer Notes.

History of SBP and Governors' Gallery are depicting the History of SBP from its establishment since 1948, and the Governors' Gallery has brief profiles of the Ex-Governors of State Bank with their photograph, also the original photographic history of Inauguration of State Bank by Mr. Muhammad Ali Jinnah, Quaid-i-Azam on 1<sup>st</sup> July 1948. The State Bank Museum has the honor to be first museum of Pakistan to be member of International Council of Museums. The Museum also has the honor to be only museum of Pakistan which is wheelchair friendly and provides services to physically challenged visitors.

## Visitors Flow and Souvenir Shop

Over 5300 people visited SBP Museum in FY14. The special occasions also provided a chance to a large numbers of visitors to visit the Museum.

## Activities

To Support the Museum's mission of imparting money information and education to the youth and common man, different activities were arranged by SBP Museum.

**Calligraphy Workshop:** The Calligraphy Workshop for 10 to 15 years age children of the SBP and BSC employees was held from 15<sup>th</sup> to 19<sup>th</sup> July, 2013 in the State Bank Museum. The workshop focused on the basic training & practice of calligraphy, including traditional & contemporary techniques & drawing motifs with text.

**Souvenir Making Workshop:** A Souvenir Making Workshop for 8 to 15 years old kids of SBP and BSC employees was held from 22<sup>nd</sup> to 26<sup>th</sup> July, 2013. The participating children learned different techniques of making souvenir from the technical staff of the Museum and prepared their own unique souvenirs to take home.

**Universal Children Day:** United Nations' (UN) Universal Children's Day is an occasion to promote the welfare of children and an understanding between children all over the world. It is held on November 20 of each year. SBP Museum also celebrated this day with children from SOS village. Children played different games, talent show, musical chairs, etc

**International Museum Day:** International Museum Day is celebrated globally on May 18 since 1977 to raise awareness about the importance of the museums in the development of society. The State Bank Museum is also celebrating this day for the last four years. As per its tradition, to mark this occasion SBP Museum along with all the Museums globally organized two days program on 17<sup>th</sup> & 18<sup>th</sup> May, 2014.