

# Governance Structure of SBP

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The State Bank of Pakistan (SBP) is governed under *the State Bank of Pakistan Act, 1956*, which gives the Bank the authority to function as the central bank of the country. The Act mandates the Bank to regulate the monetary and credit system of Pakistan to foster economic growth in the best national interest, secure monetary stability, and ensure fuller utilization of the country's productive resources.

## Central Board of Directors

The State Bank of Pakistan is governed by an independent Board of Directors, which is responsible for the general superintendence and direction of the affairs of the Bank. The Board is chaired by the Governor SBP and comprises eight non-executive Directors and Federal Secretary Finance. The Governor is also the Chief Executive Officer and manages the affairs of the Bank. Brief profile of the members of the Board is given on pages 6-7. Ten meetings of the Central Board were held during FY15. During the year, Mr. Shahid Ahmed Khan resigned from the SBP Central Board, whereas Mirza Qamar Beg completed his second term as Director on May 25, 2015. Mirza Qamar Beg made valuable contributions over the course of 6 years as Board member and was the Chairman of the HR Committee and member of the Board Committees on Audit, Publications Review, Enterprise Risk Management, Financial Law Reform as well as the Advisory Committee on Monetary Policy.

Some of the noteworthy decisions of the Board during FY15 include constitution of the Advisory Committee on Monetary Policy (ACMP) to assist the Board in formulating Monetary Policy, initiating public disclosure of summary minutes of the meetings of the ACMP and the Board related to Monetary Policy decisions on the SBP website, constitution of the Financial Law Reform Committee to review the legal framework for the financial sector and the SBP, approving a new set of HR Policies in addition to approving SBP's Vision 2020, the Strategic Plan for the next 5 years.

## The Governor

The Governor is appointed by the President of Pakistan for a term of three years which is renewable once. Mr. Ashraf Mahmood Wathra was appointed as Governor, SBP with effect from April 29, 2014, for a period of three years. Prior to assuming charge as the Governor, he was working as Deputy Governor (Banking) since March 11, 2013. He also served as Acting Governor from January 31, 2014 to April 28, 2014.

## Deputy Governors

The Governor is supported by one or more Deputy Governors and Executive Directors/Chief Economic Advisers (Organogram is placed at **Annexure-C**).

During FY15 Mr. Riaz Riazuddin was appointed as Deputy Governor with effect from March 28, 2015 while Mr. Saeed Ahmad and Mr. Kazi Abdul Muktadir<sup>1</sup> were already working as Deputy Governors since January 21, 2014, and July 6, 2012 respectively. Mr. Riazuddin was previously working as Chief Economic Adviser - Monetary Policy.

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<sup>1</sup> Kazi Abdul Muktadir completed his term as Deputy Governor SBP, on July 5, 2015.

## Central Board of Directors<sup>2</sup>



**Mr. Ashraf Mahmood Wathra**, Governor/Chairman

Governor and Chairman since April 29, 2014, Mr. Wathra brings 35 years of commercial and investment banking experience to the Bank. He has worked in eight regulatory regimes in South East and Far East Asia including Singapore, Hong Kong, and Australia. He has also served on the Board of Directors of several Financial Institutions.



**Dr. Waqar Masood Khan** (Member, SBP Board since April 16, 2013) Secretary, Finance Division, Government of Pakistan and ex-officio member of the Board of Directors of SBP. He has served as Special Secretary to the Prime Minister, Secretary, Economic Affairs Division, and Additional Secretary, Prime Minister's Secretariat.



**Mr. M. Nawaz Tiwana** (Member, SBP Board since February 26, 2013) Former Managing Director, Pakistan International Airlines. He has served at key positions in leading public and private enterprises. He is serving on the Board of Directors of leading organizations. He is also Fellow of Chartered Institute of Transport, UK, Royal Aeronautical Society, UK, and has been Chairman of Chartered Institute of Logistics & Transport, Pakistan.



**Mr. Khawaja Iqbal Hassan** (Member, SBP Board since February 26, 2013) A seasoned banker who established a commercial bank and a leading investment banking firm. He is serving on the Board of Directors of prominent public and private enterprises. He has also served on many Task Forces established by the Government of Pakistan. Mr. Hassan was awarded the Sitara-i-Imtiaz for his meritorious contributions to national interest.



**Mr. Mehmood Mandviwalla** (Member, SBP Board since February 26, 2013) Founding and Senior Partner of the law firm Mandviwalla & Zafar. With professional experience of over 30 years, he has contributed in drafting various statutes and regulatory framework of the country. He is also the founder member of SAARC LAW and is currently serving as a member of its Executive Council.

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<sup>2</sup> Board Composition is as of June 30, 2015.



**Mr. Iskander Mohammed Khan** (Member, SBP Board since February 26, 2013)  
Director of Premier Group of Companies. He has served as Chairman of several industrial bodies and was twice elected as Chairman of the Pakistan Sugar Mills Association. He has also served on the Board of Directors of Pakistan State Oil, Oil & Gas Development Company, Zarai Taraqiati Bank and Islamabad Stock Exchange. Mr. Khan is qualified in accountancy and also holds a law degree (LLB).



**Mr. Muhammad Hidayatullah** (Member, SBP Board since March 15, 2013)  
A chartered accountant by profession and a Senior Partner of M. Hidayatullah & Company (MHCO). He has extensive experience of 35 years in providing consultancy services for privatization, dis-investment, merger and acquisitions of top-notch public and private sector institutions involving local and overseas clientele.



**Mr. Zafar Masud** (Member, SBP Board since March 16, 2013)  
Director and Co-Founder of Burj Capital, a leading private equity firm. He has served at several senior level positions with international financial institutions in their domestic and international operations and served on their key management committees. Presently, he is serving on the Board of Directors of leading public sector organizations.

### **Corporate Secretary**

The Corporate Secretary is the Secretary to the Central Board and the Committees of the Board and acts as a focal person for communication between the Board and the management. The Corporate Secretary is responsible for recording the proceedings of the meetings of the Board and its Committees and also ensures compliance with statutory and regulatory requirements for effective implementation of the Board's decisions.

The Corporate Secretary is also responsible for ensuring effective Corporate Governance standards and availability of relevant information to the Board members to facilitate informed decision-making. In addition to the responsibilities of organizing meetings of the Central Board and its Committees, the Corporate Secretary also interfaces with the Federal Government on matters related to the Governor, Deputy Governors and Directors of the Board.

### **Committees of the Central Board**

Committees of the Central Board extend the oversight function of the Board in certain specialized areas. The details of the Committees of the SBP Board are summarized as under:

#### **Committee on Audit**

The Committee assists the Central Board in reviewing SBP's financial statements, auditing, accounting and related reporting processes, the system of internal controls, governance, business practices and conduct established by the management and the Central Board. The Committee met nine times during the year. Committee on Audit is chaired by Mr. Muhammad Hidayatullah, with Messieurs Khawaja Iqbal Hassan and Iskandar M. Khan as members.

### **Committee on Investment**

The Committee assists, and recommends to the Board, the strategy and policy for investment and management of the foreign exchange reserves. The Committee also approves operational guidelines for investment of the reserves and appointment of asset managers, custodians, investment consultants and the broad investment framework for the Bank. It also reviews the performance of the reserves managed in-house and externally, and the appropriateness of the approved investment policy, its benchmarks, and guidelines on an annual basis or as warranted by the global market conditions. The Committee met twice during the year. Committee on Investment is chaired by Dr. Waqar Masood Khan, with Messieurs Khawaja Iqbal Hassan, Iskandar M. Khan and Zafar Masud as members.

### **Committee on Human Resources**

The Committee assists the Central Board in reviewing and approving HR policies prepared by the management. It reviews all the proposals requiring approval of the Central Board on formulation, revision, modification or interpretation of HR policies, and submits its recommendations to the Central Board. The Committee also reviews the terms and conditions of employment of senior level Bank officers including those reporting directly to the Governor, other than Deputy Governors. The Committee met 13 times during the year. Committee on Human Resources is chaired by Mr. Mehmood Mandviwalla<sup>3</sup>, with Messieurs M. Nawaz Tiwana and Zafar Masud as members. Notably, the Committee was chaired by Mirza Qamar Beg until the completion of his second term as Board member on May 25, 2015.

### **Publications Review Committee**

Publications Review Committee of the Board assists the Central Board in the review and approval of the Annual and Quarterly Reports on the State of the Economy. The Committee deliberates on the draft reports and reviews them for the consideration and final approval of the Board. The Committee met six times during the year. Publications Review Committee is chaired by Mr. Zafar Masud, with Messieurs Muhammad Hidayatullah and M. Nawaz Tiwana<sup>4</sup> as members.

### **Enterprise Risk Management Committee**

The Committee assists the Central Board in ensuring that an effective Enterprise Risk Management Framework exists in the Bank to identify, assess, monitor, and mitigate all the key risks the Bank is exposed to. The Committee also coordinates with the ERM Committee of the Management and with other Committees of the Board on need basis. The Committee is also mandated to oversee risks emerging from the subsidiaries, i.e., SBP-BSC and NIBAF until such time that the subsidiaries set up their own ERM framework and committees. The Committee met five times during the year. Enterprise Risk Management Committee is chaired by Mr. Khawaja Iqbal Hassan, with Messieurs Muhammad Hidayatullah and Zafar Masud as members.

### **Financial Law Reform Committee**

The Board constituted the Financial Law Reform Committee on May 2, 2015 to assist the Board in proposing a cohesive and comprehensive legal framework, reflecting the principles of financial regulatory authorities as practiced globally and applicable in the domestic environment. To formulate its recommendations regarding amendments in the legal framework, the Committee will also take into account comments and observations of the various departments on inconsistencies and anomalies in the legal framework, where they exist. The Committee was constituted on May 2, 2015 as a revival of the SBP Act Review Committee which was tasked to formulate recommendations on amending the

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<sup>3</sup> Mr. Mehmood Mandviwalla was nominated as Chairman HR Committee subsequent to the completion of Mirza Qamar Beg's second term on the SBP Board.

<sup>4</sup> Mr. Nawaz Tiwana was nominated as a PRC member by the Board on July 4, 2015.

*SBP Act, 1956*. The Committee met once since its constitution until the end of the year on June 30, 2015. Committee on Financial Law Reforms is chaired by Mr. Mehmood Mandviwalla, with Messieurs Khawaja Iqbal Hassan, Muhammad Hidayatullah and Zafar Masud as members.

#### **Advisory Committee on Monetary Policy (ACMP)**

The ACMP was constituted by the Board on July 19, 2014 as an interim body which is expected to be replaced by the statutory Monetary Policy Committee, as envisaged under the proposed amendments in the *SBP Act, 1956* submitted to the Parliament on April 1, 2014. National Assembly has approved these amendments and these are under consideration of the Senate.

In its role to assist the Board, the Committee formulates, supports and recommends the monetary policy stance. The Board approves and takes the final decision on the recommendations of the Committee. The Committee met five times during the year.

Advisory Committee on Monetary Policy is chaired by Mr. Ashraf Mahmood Wathra , with Messieurs Khawaja Iqbal Hassan, Muhammad Hidayatullah, Zafar Masud, Chief Economic Adviser (Monetary Policy)<sup>5</sup>, Chief Economic Advisor (Policy Development)<sup>6</sup>, Director (FMRM), Dr. Asad Zaman (External Economist), Dr. Qazi Masood Ahmad (External Economist) as members.

#### **Corporate Management Team (CMT) and CMT-HoDs forum**

The Corporate Management Team (CMT) serves as the principal forum for debates and consultations on critical policy and operational issues. It facilitates decision making and their implementation, especially in matters where several departments are involved. The CMT is headed by the Governor and consists of Deputy Governors and Executive Directors including MD SBP-BSC and MD NIBAF. In addition to the CMT, combined meetings of the CMT and the Heads of Departments (HoDs) provide a wider platform to deliberate issues of wider implications. Depending on the agenda, HoDs of SBP-BSC are also invited in the meetings of the CMT-HoD forum.

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<sup>5</sup> Mr. Riaz Riazuddin, Deputy Governor-Policy was working as CEA-MP till May 2, 2015.

<sup>6</sup> Positions of CEA (MP) and CEA (PD) have been merged as Chief Economic Adviser since July 25, 2015.

### Corporate Management Team<sup>7</sup>



Mr. Ashraf Mahmood Wathra, Governor



Mr. Kazi Abdul Muktadir<sup>8</sup>  
Deputy Governor (Operations)



Mr. Saeed Ahmad  
Deputy Governor (FM, IB & SI)



Mr. Riaz Riazuddin  
Deputy Governor (Policy)



Mr. Jameel Ahmad  
Executive Director (Operations)



Mr. Amer Aziz  
Managing Director (NIBAF)



Mr. Noman Ahmed Qureshi  
Executive Director (FRM)



Mr. Qasim Nawaz  
Managing Director (SBP-BSC)



Mr. Muhammad Ashraf Khan  
Executive Director (BPRG)



Syed Samar Hasnain  
Executive Director (DFG)



Syed Irfan Ali  
Executive Director (BSG)



Ms. Sahar Z. Babar  
Director OCS / Corporate Secretary

<sup>7</sup> CMT Composition is as of June 30, 2015.

<sup>8</sup> Kazi Abdul Muktadir completed his term as Deputy Governor on July 5, 2015.



## Management Committees

In addition to the CMT, following are the major management committees which assist the Governor in making decisions and in formulation of various policies:

- Banking Policy Committee
- Budget Committee of Management
- Business Continuity Planning Committee
- Data Warehouse Committee
- Derivatives Approval & Review Team
- Enterprise Risk Management Committee
- Investment Committee of Management
- Library Committee
- Management Committee on Information Technology
- Management Committee on Properties and Equipment
- Payment Systems Committee
- Publications Review Committee
- Refund Committee (Export Refund Committee)
- Sports Committee

## SBP Subsidiaries

The *SBP Act, 1956* (as amended) provides for the establishment of subsidiaries for handling the functions of receipt, supply, and exchange of currency notes and related operational functions and for catering to the training needs of its employees. In line with these provisions, two subsidiaries of the Bank exist namely: State Bank of Pakistan-Banking Services Corporation (SBP-BSC), and National Institute of Banking and Finance (NIBAF).

### SBP-BSC

Established under the *SBP-BSC Ordinance 2001*, SBP-BSC is a fully owned subsidiary of SBP and is entrusted to perform tasks such as currency management, facilitating the inter-bank settlement system, and sale/purchase of savings instruments of the Government on behalf of National Savings Organization. SBP-BSC also collects revenue and makes payments for and on behalf of the Government. It also carries out operational work relating to development finance, management of public debt, foreign exchange operations and export refinance. The Board of Directors of SBP-BSC, chaired by the Governor SBP, comprises all members of the Central Board of SBP and the Managing Director of SBP-BSC.

### NIBAF

National Institute of Banking and Finance (NIBAF) is the training arm of SBP, providing executive development trainings to new inductees and various levels of SBP employees. The subsidiary also conducts international courses on central and commercial banking in collaboration with the Federal Government. Further, NIBAF, offers training to SBP-BSC and other financial institutions.