

Governance Structure

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 and to foster its economic growth in the best national interest with a view to securing monetary stability and to fully maximize utilization of the country's productive resources.

Board of Directors

The SBP is governed by a Board of Directors, which is responsible for the general supervision and direction of the affairs of the Bank. The Board is chaired by the Governor SBP and comprises of eight non-executive Directors and Federal Secretary Finance. Non-executive members of the Board are appointed by the Federal Government for a period of 3 years, under Section 9(2) (c) of the SBP Act, 1956 (as amended). The Governor is also the Chief Executive Officer and manages the affairs of the Bank. Nine meetings of the Board were held during FY16.

In the first half of March FY16, Mr. Mehmood Mandviwalla, Mr. M. Nawaz Tiwana, Mr. Iskander Mohammed Khan, Mr. Khawaja Iqbal Hassan, Mr. Muhammad Hidayatullah and Mr. Zafar Masud completed their three years' tenure as Director of the Board. The positions vacated by Mirza Qamar Beg and Mr. Shahid Ahmed Khan in FY15 were already vacant. Accordingly, the Federal Government appointed Dr. Tariq Hassan, Hafiz Mohammad Yousaf, Mr. Zubyr Soomro, Mr. Khawaja Iqbal Hassan, Mr. Zafar Masud, Mr. Ardeshir Khursheed Marker, Mr. Mohammad Riaz and Mr. Sarmad Amin as member of the SBP Board on March 22, 2016.

In November 2015, amendments in the SBP Act, 1956 were promulgated, the most significant among which was the establishment of the independent Monetary Policy Committee (MPC). The first meeting of the MPC was held in January, FY16. MPC meetings are regularly held once every other month

Executive Management

The Governor being the Chief Executive heads the executive management. He is assisted by one or more Deputy Governors. In addition to the Governor and Deputy Governors, the management hierarchy includes Executive Directors, Chief Economic Advisor, and Directors of various departments. (Organogram is placed at **Annexure-B**).

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 has been the Governor, SBP from April 29, 2014.

Deputy Governors

The Governor is assisted by one or more Deputy Governors appointed by the Federal Government for a period not exceeding five years. Presently, Mr. Saeed Ahmad and Mr. Riaz Riazuddin are serving as Deputy Governors since their appointment on January 21, 2014 and March 30, 2015 respectively.

Board of Directors¹



Mr. Ashraf Mahmood Wathra, Governor; Chairman Board of Directors and Chairman Monetary Policy Committee

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 SBP Board. Dr. Khan has served as Special Secretary to the Prime Minister, Secretary, Economic Affairs Division, and Additional Secretary, Prime Minister's Secretariat. He did his PhD in Economics from Boston University, USA.



Dr. Tariq Hassan (Member, SBP Board since March 22, 2016)
Attorney and advocate, Supreme Court of Pakistan. Dr. Hassan is a former Chairman, Securities and Exchange Commission of Pakistan, who had previously been advisor to the Finance Minister of Pakistan. He has also been associated as legal Counsel with the World Bank in Washington, DC, International Fund for Agriculture Development in Rome, and Shearman & Sterling in New York. In addition to practicing law, he has been teaching law as an adjunct professor at George Washington University and Fletcher School of Law & Diplomacy, USA; and Departments of Law at LUMS University and International Islamic University, Pakistan. He did his PhD in Juridical Science from Harvard University, USA.



Hafiz Mohammad Yousaf (Member, SBP Board since March 22, 2016)
A Chartered Accountant by profession with professional experience of over 30 years. Presently, he is also serving as Member SECP Board and is the President of the Institute of Chartered Accountants of Pakistan, besides holding other important responsibilities. He is Fellow member of Institute of Chartered Accountants of Pakistan (FCA).

¹ Board Composition is as of June 30, 2016.



Mr. Zubyr Soomro (Member, SBP Board since March 22, 2016)

Educated at the London School of Economics and SOAS, Zubyr Soomro has been a career international banker with over 40 years at Citibank with assignments in the Middle East, Turkey, UK and Pakistan. In 1997 he was appointed as Chairman and President of United Bank and tasked with restructuring it for Privatization after which he stayed on to head Citibank's Pakistan franchise. He has been Chairman / President of Pakistan Banks Association, American Business Council and OICCI. Currently he is the Chairman of the Pakistan Microfinance Investment Company and on the Boards of Acumen, Grameen Foundation USA, LRBT and Aitchison College and a Member of the Finance Minister's Economic Advisory Council.



Mr. Khawaja Iqbal Hassan (Member, SBP Board since March 22, 2016)

A seasoned banker who established a commercial bank and a leading investment banking firm, with 35 years' experience in the financial sector. He is serving on the Boards 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. Zafar Masud (Member, SBP Board since March 22 - August 24, 2016)²

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 Boards of leading public sector organizations. He holds an MBA degree from the Institute of Business Administration (IBA), Karachi.



Mr. Ardeshir Khursheed Marker (Member, SBP Board since March 22, 2016)

A businessman by profession, Mr. Ardeshir Khursheed Marker is partner and Director at Green Bean Coffee Company Ltd. He is also a partner in Merck Marker Pvt. Ltd. and manages its financial and business development areas. Mr. Marker holds a Master Degree in Economics from the London School of Economics.



Mr. Mohammad Riaz (Member, SBP Board since March 22, 2016)

A public servant of long standing, Mr. Mohammad Riaz has served as Secretary, National Assembly of Pakistan. He has successfully undertaken various assignments at the Federal Board of Revenue in the capacity as Member, Director General and Head of the Customs & Excise. Mr. Riaz has also served as Counsel General of Pakistan at Turkey and Commercial and Economic Counselor at Embassy of Pakistan in France. He holds a Masters Degree in Development Economics from Williams College, USA.

² Pursuant to his appointment as Director General, Central Directorate of National Savings (CDNS), Mr. Zafar Masud resigned from the SBP Board on August 24, 2016, in line with Section 13(1)(b) of the SBP Act, 1956 (as amended).



Mr. Sarmad Amin (Member, SBP Board since March 22, 2016)

A progressive entrepreneur and a businessman, Mr. Sarmad Amin is a member of Lahore Chamber of Commerce and Industry (LCCI) and All Pakistan Textile Mills Association (APTMA). He has remained Vice President of LCCI and member Executive Committee of APTMA. Presently, Mr. Amin is Chairman of Samin Textiles Limited besides being member of the Boards of several conglomerates. He is also honorary Consul of the Republic of Austria for Pakistan. He graduated from the University of the Punjab, Lahore.

Corporate Secretary

The Corporate Secretary is the Secretary to the Board and the Committees of the Board and acts as a focal person for communication between the Board and the management. The position 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 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.

Monetary Policy Committee (MPC)

The Monetary Policy Committee is an independent, statutory body responsible for formulating the Monetary Policy. The MPC consists of ten members, with the Governor as Chairman, three members of the Board nominated by the SBP Board, three senior executives of the SBP nominated by the Governor, and three External Members (economists) appointed by the Federal Government on the recommendation of the SBP Board. The External Members are appointed for a term of three years.

Present composition of the MPC includes Mr. Ashraf Mahmood Wathra, Governor SBP as Chairman MPC, Mr. Khawaja Iqbal Hassan, Mr. Mohammad Riaz and Mr. Ardeshir Khursheed Marker, members SBP Board. Dr. Asad Zaman, Dr. Qazi Masood Ahmad and Dr. Aliya Hashmi Khan are the three external members on the MPC whereas Mr. Saeed Ahmad Deputy Governor (FM, IB & SI), Mr. Riaz Riazuddin Deputy Governor (Policy) and Mr. Jamil Ahmad Executive Director (FS & BSG) are the three executive members of MPC.

Brief profiles of external members of the MPC are as follows:



Dr. Asad Zaman (Member, MPC since January 25, 2016)

[BS Math MIT (1974), Ph.D. Econ Stanford (1978)] has taught at leading universities like Columbia, U. Penn., Johns Hopkins, Cal. Tech. and Bilkent University, Ankara. Currently he is Vice Chancellor of Pakistan Institute of Development Economics. His textbook Statistical Foundations of Econometric Techniques (Academic Press, NY, 1996) is widely used as a reference in advanced graduate courses. He is managing editor of International Econometric Review and Pakistan Development Review. His publications in top ranked journals like Annals of Statistics, Journal of Econometrics, Econometric Theory, Journal of Labor Economics, etc. have over 900 citations as per Google Scholar.



Dr. Qazi Masood Ahmed (Member, MPC since January 25, 2016)

Professor and the Director, Centre for Business and Economic Research, Institute of Business Administration (IBA), earlier also served the institute as the Chairperson, Centre for Executive Education (CEE). Other current assignment includes member Tax Advisory Council, the Federal Board of Revenue, Government of Pakistan. Dr Qazi also served Government of Sindh as its Chief Economist for two years. His research and teaching experience spread over 25 years and published over 50 papers in international and national journals. Also served the Social Policy and Development Centre for more than seven years as its Technical Adviser.



Dr. Aliya Hashmi Khan (Member, MPC since March 22, 2016)

Professor of Economics and Dean Faculty of Social Sciences at Quaid e Azam University. Dr. Aliya Hashmi Khan has research interests in the areas of Macro Economics, Labor Economics and HR Development. She has been contributing as Director/ Member on Boards of several organizations and advisory bodies. She has been awarded the President's Medal in 2010 for services rendered in the economic empowerment of women.

Committees of the Board³

Committees of the 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 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 Board. The Committee met six times during the year. It is chaired by Hafiz Mohammad Yousaf, with M/s Khawaja Iqbal Hassan, Ardeshir Khursheed Marker and Sarmad Amin as members since April 2, 2016. Previous Audit Committee was chaired by Mr. Muhammad Hidayatullah, with M/s Khawaja Iqbal Hassan and Iskander Mohammed Khan as members⁴.

Committee on Investment

The Committee assists the Board in fulfilling its oversight responsibilities relating to management of foreign exchange reserves. Besides reviewing the strategy and policy for management of the reserves, it also approves operational guidelines for investment, appointment of asset managers, custodians, investment consultants and the broad investment framework for the Bank. It also reviews the performance of the foreign exchange 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 five times during the year. It is chaired by Dr. Waqar Masood Khan, with M/s Khawaja Iqbal Hassan and Sarmad Amin as members since April 2, 2016. Previous Investment Committee was chaired by Dr. Waqar Masood Khan, with M/s Khawaja Iqbal Hassan, Iskander Mohammed Khan and Zafar Masud as members.

³ The Composition of the Committees has been updated to reflect Mr. Zafar Masud's resignation from the SBP Board of Directors.

⁴ After appointment of new members on the Board on March 22, 2016, the Board met on April 2, 2016 where the Board Committees were reconstituted.

Committee on Human Resources

The Committee assists the Board in reviewing and approving HR policies prepared by the management. It reviews all the proposals requiring approval of the Board on formulation, revision, modification or interpretation of HR policies, and submits its recommendations to the Board. The Committee also reviews the terms and conditions of employment of senior level Bank officers including those reporting directly to the Governor. The Committee met five times during the year. It is chaired by Mr. Zubyr Soomro, with Mr. Mohammad Riaz as members since April 2, 2016. Previous HR Committee was chaired by Mr. Mehmood Mandviwalla with M/s M. Nawaz Tiwana and Zafar Masud as its members.

Publications Review Committee (PRC)

Publications Review Committee of the Board assists the 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 four times during the year. Its members include M/s Ardeshir Khursheed Marker and Mohammad Riaz since April 2, 2016. Previous PRC was chaired by Mr. Zafar Masud with M/s Muhammad Hidayatullah and M. Nawaz Tiwana as its members.

Enterprise Risk Management Committee

The Committee assists the 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 when required with the ERM Committee of the Management and with other Committees of the Board. 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. The Committee met six times during the year. It is chaired by Mr. Khawaja Iqbal Hassan, with Mr. Zubyr Soomro and Dr. Tariq Hassan as members since April 2, 2016. Previous ERM Committee was chaired by Mr. Khawaja Iqbal Hassan with M/s Muhammad Hidayatullah and Zafar Masud as members.

Financial Law Reform Committee (FLRC)

The Committee assists 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 also takes into account comments and observations of the various departments on inconsistencies and anomalies in the legal framework, where they exist. The Committee met seven times during the year. It is chaired by Dr. Tariq Hassan, with M/s Hafiz Mohammad Yousaf as member since April 2, 2016. Previous FLRC was chaired by Mr. Mehmood Mandviwalla with M/s Khawaja Iqbal Hassan, Muhammad Hidayatullah and Zafar Masud as members.

Corporate Management Team (CMT) and CMT-HoDs forum

The Corporate Management Team (CMT) serves as the principal forum for discussion and consultation 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 Chief Economic Adviser, 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.

Corporate Management Team



Mr. Ashraf Mahmood Wathra
Governor



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



Mr. Riaz Riazuddin
Deputy Governor (Policy)



Mr. Jameel Ahmad
Executive Director (FS & BSG)



Mr. Amer Aziz
Managing Director (NIBAF)



Mr. Qasim Nawaz
Managing Director (SBP-BSC)



Mr. Inayat Hussain
Executive Director
(Operations)



Mr. Muhammad Haroon
Rasheed Malik
Executive Director (FRM)



Syed Samar Hasnain
Executive Director (DFG)



Syed Irfan Ali
Executive Director (BPRG)



Dr. Saeed Ahmed
Chief Economic Advisor



Mr. Amjad Manzoor
Executive Director (HR)



Mr. Muhammad Ali Malik
Executive Director (FMRM)



Ms. Sahar Z. Babar
Corporate Secretary

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
- Monetary Operations Committee
- Budget Committee of Management
- Business Continuity Planning Committee
- Data Warehouse Committee
- Derivatives Approval & Review Team
- Strategic Plan Steering Committee
- 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 are: 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 SBP Board and the Managing Director of SBP-BSC.

NIBAF

National Institute of Banking and Finance (NIBAF) is the training arm of SBP with the mandate to develop, design and conduct training and capacity building programs for the employees of SBP and SBP BSC. The subsidiary also conducts international courses on central and commercial banking in collaboration with the Federal Government. Further, NIBAF also conducts training programs for banks and financial institutions.