

Governance Structure

The State Bank of Pakistan (SBP) is governed under the *SBP 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 economic growth in the best national interest with a view to securing monetary stability and to 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, other than the functions assigned to the Monetary Policy Committee. The ten-member Board is chaired by the Governor SBP and comprising of eight non-executive Directors and the 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*. The Governor is also the Chief Executive Officer and manages the affairs of the Bank. Seven meetings of the Board were held during FY17. One vacant position on the Board emerged consequent to resignation of Mr. Zafar Masud in August 2016.

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 departmental heads. (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. During the year, Mr. Ashraf Mahmood Wathra completed his 3 year term as Governor on April 28, 2017 and Mr. Riaz Riazuddin, Deputy Governor (Policy) was appointed as Acting Governor till appointment of the Governor. Subsequently, Mr. Tariq Bajwa, the present Governor, was appointed on July 7, 2017 for a 3 year term.

Deputy Governors

The Governor is assisted by one or more Deputy Governors (DGs) appointed by the Federal Government for a period not exceeding five years. Presently, Mr. Riaz Riazuddin and Mr. Jameel Ahmad are serving as Deputy Governors since March 30, 2015 and April 11, 2017 respectively. Mr. Jameel Ahmad was serving as Executive Director (Banking Supervision Group) before assuming responsibilities as DG. Earlier, Mr. Saeed Ahmad remained Deputy Governor till March 2017. He was reappointed after completing his first term as DG on January 21, 2017, but he resigned after his appointment to another government institution.

Board of Directors¹



Mr. Tariq Bajwa, Governor, Chairman Board of Directors and Chairman Monetary Policy Committee

A career civil servant by profession, Mr. Bajwa joined the Civil Service of Pakistan in 1981 and assumed various Secretariat, Field and Staff assignments, including, among others, General Manager PIA, Head of Pakistan's Trade Mission in Los Angeles, and Advisor Finance to the United Nations Development Program (UNDP). Mr. Bajwa also served as Chairman, FBR for over 2 years till October, 2015 before his appointment as Secretary, Economic Affairs Division. His last assignment as Civil Servant was Secretary Finance from where he retired on June 18, 2017. He holds a Master's degree in Public Administration from Kennedy School of Government, Harvard University, where he was awarded the prestigious *Littauer* Fellowship, and an LLB from the University of the Punjab, Lahore.



Mr. Shahid Mahmood (Member, SBP Board since June 19, 2017)

Secretary, Finance Division, Government of Pakistan and ex-officio member of the SBP Board. Mr. Mahmood has served as Additional Secretary (External Finance)/ Special Assistant to Finance Minister, Special Secretary, Finance Division, and Principal Secretary to the Chief Minister, Punjab. He holds a Master's degree in English Literature from Government College, Lahore, and a Bachelor's degree in Economics & Statistics from the same institution.



Dr. Tariq Hassan (Member, SBP Board since March 22, 2016)

Attorney and Advocate, Supreme Court of Pakistan and Chairman, Audit Oversight Board. Dr. Hassan is a former Chairman, Securities and Exchange Commission of Pakistan, and previously has also served as 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. He has served as Member SECP Board and President, 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, 2017.



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 30 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 Privatisation 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, EFG Hermes, LRBT and Aitchison College and a Member of the Finance Minister’s Economic Advisory Council.



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. 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 Masters 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.



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, Committees of the Board and the Monetary Policy Committee (MPC) 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

its Committees and MPC and ensuring 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 and MPC members to facilitate informed decision-making. In addition to the responsibilities of organizing meetings of the Board, its Committees and MPC, the Corporate Secretary interfaces with the Federal Government on matters related to the Governor, Deputy Governors, Directors of the Board and External Members of the MPC.

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. Tariq Bajwa, 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 whereas Mr. Riaz Riazuddin Deputy Governor (Policy), Mr. Jameel Ahmad Deputy Governor (Banking & FMRM) and Mr. Inayat Hussain - Executive Director (FS & BSG) are the three executive members of MPC. The Committee met six times during FY17.

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) are 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 1000 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 and member, Board of Governor, Sindh Education Foundation. Dr Qazi also served Government of Sindh as its Chief Economist for two years. His research and teaching experience is spread over 25 years and he has published over 50 papers in international and national journals. Additionally, he also served the Applied Economics Research Centre, University of Karachi and Social Policy and Development Centre for more than fifteen years.



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

Ex-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 Board

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 standards of conduct established by the management and the Board. The Committee met seven 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.

Committee on Investment

The Committee assists the Board in fulfilling its oversight responsibilities relating to management of foreign exchange reserves. It reviews the strategy and policy for management of the reserves; and approves operational guidelines for investment, appointment of asset managers, custodians, investment consultants, among other matters. 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 three times during the year. It is chaired by Mr. Shahid Mahmood, with M/s Khawaja Iqbal Hassan and Sarmad Amin as members.

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 four times during the year. It is chaired by Mr. Zubyr Soomro, with Mr. Mohammad Riaz as member.

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 Pakistan Economy, Annual Performance Review of SBP, and the Financial Stability Review. The Committee deliberates on the said draft reports and reviews them for the consideration and final approval of the Board. The Committee met six times during the year. It is chaired by Mr. Ardeshir Khursheed Marker, with Mr. Mohammad Riaz as member.

Enterprise Risk Management Committee

The Committee assists the Board in fulfilling the oversight responsibilities with respect to risk management in the Bank. The Committee also reviews and approves Bank's risk management policy, provides an ongoing input to management, monitors the Bank's risk profile and its potential exposure

to different risks. 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 until such time that the subsidiaries set up their own ERM framework. The Committee met four times during the year. It is chaired by Khawaja Iqbal Hassan, with Mr. Zubyr Soomro and Dr. Tariq Hassan 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. Besides formulating 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. The Committee met eight times during the year. It is chaired by Dr. Tariq Hassan, with Hafiz Mohammad Yousaf as member.

Corporate Management Team (CMT) and CMT-HoDs forum

The Corporate Management Team (CMT) serves as the principal forum for discussion and consultation on critical management 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 comprising of Deputy Governors and Executive Directors, as well as Managing Directors of the SBP subsidiaries i.e. SBP-BSC, NIBAF, PSPC and DPC. In addition to the CMT, combined meetings of the CMT and the Heads of Departments (HoDs) provide a broader platform to deliberate issues of wider implications. Depending on the agenda, HoDs of SBP-BSC are also invited to attend the meetings.

Corporate Management Team (CMT)²



Mr. Tariq Bajwa
Governor



Mr. Riaz Riazuddin
Deputy Governor
(Policy)



Mr. Jameel Ahmad
Deputy Governor
(Banking & FMRM)



Syed Irfan Ali
Executive Director (BPRG)



Mr. Inayat Hussain
Executive Director (FRM, FS & BSG)



Syed Samar Hasnain
Executive Director (DFG)



Mr. Muhammad Ali
Malik Executive Director
(FMRM)



Dr. Saeed Ahmed
Executive Director (MPRG &
HR)/
Chief Economist



Mr. Amjad Manzoor
Executive Director/CIO



Mr. Mohammad Mansoor Ali
Director OCS/ Corporate
Secretary



Mr. Amer Aziz
Managing Director
(NIBAF)



Mr. Qasim Nawaz
Managing Director (SBP-BSC)



Mr. Muhammad Haroon
Rasheed Malik
Managing Director (PSPC)



Ms. Lubna Farooq
Managing Director (DPC)

² CMT Composition as of September 29, 2017

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 Policy Committee
- Publications Review Committee
- Refund Committee (Export Refund Committee)
- Financial Stability Executive Committee
- Sports Committee

SBP Subsidiaries

The *SBP Act, 1956* (as amended) provides for the establishment of subsidiaries for managing functions like receipt, supply, and exchange of currency notes and related operational functions, to protect small depositors in case a bank cease to be a going concern and for training and development needs of its employees etc. In line with these provisions, SBP holds four subsidiaries, including the State Bank of Pakistan-Banking Services Corporation (SBP-BSC), National Institute of Banking and Finance (NIBAF), Pakistan Security Printing Corporation (PSPC) and Deposit Protection Corporation (DPC).

SBP-BSC

Established under the *SBP-BSC Ordinance 2001*, SBP-BSC is a fully owned subsidiary of SBP with the mandate 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. Additionally, SBP-BSC collects revenue and makes payments for and on behalf of the Government as well as carrying 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.

Pakistan Security Printing Corporation (PSPC)

The PSPC is a new addition in the SBP family. It was acquired during the year from the Federal Government to have full control over the full spectrum of banknote printing function. The core mandate and function of PSPC is to print banknotes and prize bonds as per the indent raised by SBP. The Bank during the year constituted its Board and appointed its Managing Director. The Governor is the Chairman of PSPC Board, whereas DG (Policy), MD BSC and ED Financial Resource Management, JS Internal Finance are the Board members.

Deposit Protection Corporation (DPC)

DPC has been established under the *Deposit Protection Corporation Act of 2016* as a wholly owned subsidiary of State Bank of Pakistan. It will provide the much needed “safety net” to the small depositors and thus plug a major gap in our financial stability regime. The DPC will initiate an explicit deposit insurance scheme, the membership of which shall be mandatory for all banking companies operating in the country including Islamic banks. The insurance premium to be collected from banking companies shall be the major source of fund for DPC to protect/payback small depositors in case of failure of their bank. While the appointment of the DPC Board is under process with the Federal Government, the Bank has appointed its MD. The DPC will be made operational after constitution of its Board.