

Management Strategy of SBP

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6 Human Resources Development

6.1 Overview

In FY 2007, Human Resources Department of SBP continued its efforts for achieving excellence as a major department of the Bank as well as in assisting other departments to function optimally in a highly challenging human resource environment. A major restructuring of the department in FY 2007 has led to improved service standards, increased consultations with line department, greater accessibility, open communication and attaining of goals and targets.

During last year, the primary focus of HR policies and procedures has been to institute a performance based culture in the Bank which will lead to greater productivity and achievement of higher standards. In this regard, emphasis has been on strengthening, implementation and introduction of new HR policies and practices. Efforts have been made to improve communication of these policies to all stake holders, as we believe this is crucial for better understanding and participation of all stakeholders. The major achievements of FY 2007 includes the launch of New Compensation and Benefits Structure (NCBS) for officers in OG-2 and above, (including employees in SSSSP; and Voluntary Separation Scheme (VSS) for employees in OG-1 and below of the SBP and the BSC.

Efforts are also being made towards achievement of objectives in other strategic areas such as succession planning and complete utilization of Oracle based self service menu.

Table 6.1: Human Resource Profile of SBP		
Regular Salary Structure	FY 06	FY 07
SG-1	3	3
OG-8		8
OG-7	8	20
OG-6	39	27
OG-5	108	100
OG-4	120	143
OG-3	302	469
OG-2	234	171
OG-1	213	195
Support Staff	208	182
Specialized Salary Structure		
EL-1	40	0
HL-1	1	0
ML-1	5	0
M-1	4	0
Total	1285	1318
Contract Staff	54	22
Grand Total	1339	1340

6.2 HR Profile

After implementation of the NCBS from 1st June, 2007, the grade wise position of SBP officers changed, resulting in an increase in the head count of OG-3. While the decrease in the number of support staff in OG-1 and below, reflects the post implementation effect of the Voluntary Separation Scheme. HR Profile of SBP is displayed in **Table 6.1** where as the gender wise profile of employees is displayed in **Table 6.2**.

Table 6.2: Gender profile of SBP Employees		
Female	107	8%
Male	1233	92%
Grand Total	1340	100%

6.3 Recruitment Challenges

Due to their professional competence and experience gained at the Bank, SBP officers are in great demand in the financial sector and this poses a phenomenal challenge to HRD in acquiring, motivating and retaining professionals at the SBP. Similarly, due to the excellent knowledge base, the SBP employees have secured various competitive scholarships for higher studies abroad offered by HEC, British Council and other international institutions.

With regard to the fresh appointment, the recruitment for two SBOTS batches was dropped because the candidates did not meet the required standard which hampered the inflow of young officers at the entry level. However, after the restructuring of the Bank in September last year, a lot of specialized positions were identified and it was a challenge for HRD to fill these specialized positions on urgent basis, which was met effectively. A consolidated recruitment position from 2000 to 2007 is depicted in **Table 6.3**.

Table 6.3: Consolidated Recruitment Position from 2000 to 2007										
Number of Employees										
Year	OG-2				OG-3	OG-4	OG-5	OG-6	OG-7	Total
	Analysts	Statistic Officers	Asst. Librarians	SBOTS						
2000	0	0	-	0	0	0	0	0	-	00
2001	0	0	-	41	0	0	31	4	-	76
2002	24	12	-	46	0	3	2	1	-	88
2003	20	1	-	67	2	1	20	0	-	111
2004	0	0	-	28	1	0	0	0	-	29
2005	0	0	-	44	1	0	0	0	-	45
2006	07	0	-	41	1	4	18	0	-	71
2007	10	06	03	34	51	25	04	04	05	142
Total	61	19	03	301	56	33	75	09	05	562

As per budget, there were 327 positions identified for recruitment ranging from OG-2 to OG-8 and also of Advisors positions. HRD has been able to take on board 142 officers while 64 officers have been selected under SBOTS-13th batch that are undergoing the “Applied Focused Theoretical Training” at NIBAF.

It has been the prime objective of the HRD to hire right person for the job in the shortest possible time. Resultantly, the recruitment and selection process time has significantly been shortened which can be judged from the fact that SBOTS-13th batch has been hired in record time of just 4.5 months as against its previous recruitment time of 10 months to 13 months.

6.3.1 Contractual Recruitments

In addition to the permanent recruitments, 18 professionals were also hired in various managerial and non-managerial positions on contractual basis to meet the short term needs of the Bank in specialized areas (**Table 6.4**).

6.3.2 Online Recruitment

The image of the Bank, its outreach and effectiveness has been enhanced through the quality and content of advertisements, increased liaison with students & educational institutions through internship programs, participation in job fairs and exhibitions such as ITCN, NIMS etc, placing job advertisements on international job search engines such as Bayt.com and engaging the services of renowned Executive Search Firms. Additionally, efforts are being made to design and develop SBP online recruitment system to make the staffing process more accessible, user friendly and transparent.

6.3.3 Employee Turnover

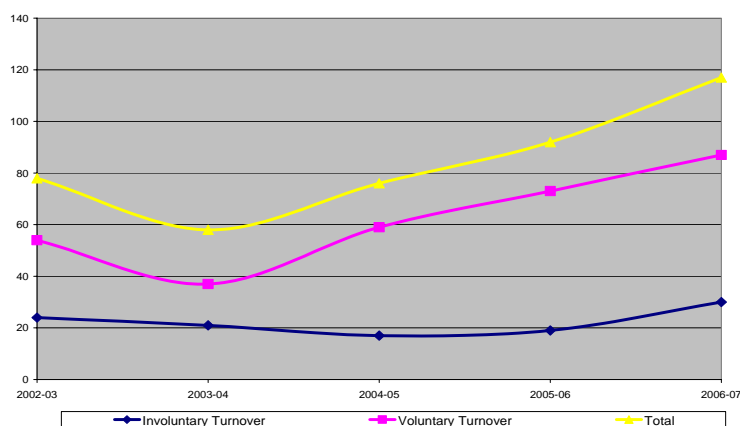
A surge in employee turnover is primarily due to voluntary separation of 30 employees in OG-1 and below in SBP. The voluntary employee turnover has in fact dropped by 21% from last year (**Table 6.5 & Figure 6.1**). After the launch of the NCBS it is expected that the employee turnover will decrease.

6.4 Performance Management System (PMS)

The year under review was the second year of implementation of the automated version of Performance Management System. During the year, two training workshops were conducted for newly recruited officers to assist them for planning process on Self Service Module.

Table: 6.4 Specialized Recruitment on Contractual Basis			
Year	Managerial Positions	Non-Managerial Positions	IT Professionals
2000	10	28	13
2001	06	00	44
2002	10	01	17
2003	05	04	09
2004	03	00	56
2005	01	00	00
2006	04	03	00
2007	05	13	-
Total	44	49	139

Table 6.5: Employee Turnover			
	Involuntary Turnover ¹	Voluntary Turnover ²	Total
2002-03	24	54	78
2003-04	21	37	58
2004-05	17	59	76
2005-06	19	73	92
2006-07	30	87	117



¹ Includes Retired/contract expired, Dismissed and Expired employees

² Includes Resigned employees and Early retirements

As a recent development, all employees including those hired under SSSSP and on contractual basis, OG-8 officers, Advisors, DGs who were not previously covered under the PMS, were brought in the fold of PMS. That will help SBP in implementation of PMS in a uniform manner.

6.4.1 Bell Curve

The Bell curves for the year 2005-06 were finalized based on the new percentages of Bell curve categories (**Table 6.6**). The A, B+ and B categories were shifted from 15%, 25% and 60% to 10%, 15% and 50% respectively. The proportion of C category was increased to 15% against 10% of previous year and a new category as “D” was also introduced with the proportion of 10%. Department wise bell curve for OG-2 to OG-4 employees and Bank wide Bell curve for OG-5, OG-6 & OG-6(SG)/HODs were formed as per the practice adopted in the previous year. However, this year finalization of bell curves for OG-2 to OG-4 and for OG-5 to OG-6 was delegated to the departmental head and cluster head, respectively.

Table 6.6: Bell Curve Ratings	
Category	Bell Curve Distribution Percentage
A	10%
B+	15%
B	50%
C	15%
D	10%

6.4.2 Merit Increase and Performance Bonus

The Annual Merit Increase based on the appraisal results for the year 2005-06 was awarded w.e.f 1st July 2006. The rates of Annual Merit Increase awarded to OG-1 & below employees and OG-2 to OG-6/7 employees are given in the tables (**Table 6.7.A & 6.7.B**).

Table 6.7.A: Annual Merit Increase for OG-1 & below	
Range of Performance Evaluation Marks	Annual Merit Increase
49-50	4%
47-48	3%
41-46	2%
11-40	1%
0-10	NIL

Table 6.7.B: Annual Merit Increase for OG-2 & above	
Appraisal Category	Percentage
A	10
B+	7
B	3
C	1
D	0

6.4.3 Performance Bonus

The employees in A and B+ category under bell curving principle were also given performance bonus in addition to AMI. The details of the Performance bonus are given in **Table 6.8**.

Table 6.8: Performance Bonus		
Grade	Bonus Amount (one time payment)	
	For A rated Performers	For B+ rated Performers
OG-2	10,000	5,000
OG-3	12,500	6,250
OG-4	17,500	8,750
OG-5	22,000	11,000
OG-6, OG-7 and OG-8	25,000	12,500
EL-1 (SSSSP)	12,500	6,250
ML-1 (SSSSP)	17,500	8,750
HL-1 (SSSSP)	22,000	11,000
M-1 (SSSSP)	25,000	12,500

6.4.4 Compensation and Benefits

Review of SBP Compensation & Benefits Structure

New Compensation and Benefits Structure: As an outcome of the survey conducted by internationally renowned consultants, “Hewett Associates”, an in-house task force was established to review the compensation & benefits structure of SBP employees. After intense deliberations, HR Task Force submitted a report which contained various proposals to review the existing compensation & benefits structure of SBP employees. After a comprehensive exercise, extensive discussions and as per guidelines and approval of the Central Board, the new compensation and benefits structure (NCBS) was launched in SBP effective from 1st June 2007 (**Table 6.9**). Here an effort has been made to align the benefits structure with the market and to shift towards a defined contribution system. The main features of NCBS are as follows:

- Revision in the Salary Scales.
- Enhanced salary based on point to point methodology or Bell curve grade (whichever is higher) subject to a maximum of 100% increase.
- Conversion of future pension benefit into gratuity by transferring the liability of pension/gratuity as on 31st May 2007 into new gratuity fund.
- Contributory provident fund instead of general provident fund.

Table 6.9: New Compensation & Benefit Structure Scheme			
Grades	Number of Officers Opted NC & BS	Number of officers Opted Old Benefits Structure	Total
OG-2 to OG-8	418	517	935
SSSSP	-	6	6
Total	418	523	941

Employee Benefits & Retention

- **Creation of OG-8 Grade:** A separate grade for the position of Director (Head of Department) was created. Therefore, all employees in OG-6 holding the charge of a Director/Head of Department were automatically classified in the revised OG-7 scale provided they had completed at least two years of service as OG-6 and all existing OG-7 Executive Directors /Advisors were automatically re-classified as OG-8.
- **Restructuring of HRD:** All the support functions performed by HRD have been separated from its core functions and a new department namely *Business Support Services Department (BSSD)* has been established where in-house business support services are housed. Further, all functions previously performed by Services Division of HRD were transferred to BSSD. Similarly, the Training Division of the erstwhile HRD was developed into a separate, specialized and full-fledged *Training & Development Department* to look after the training needs and requirements of the Bank.
- **Establishment of Day Care Centre:** In order to facilitate the female employees of SBP and SBP-BSC, a Day Care Centre has been established in the premises of State Bank of Pakistan, Karachi. **Grant of Medical Facility for the Spouses of Female Employees:** To further improve the existing Bank's medical rules, the medical facility has been allowed to the spouses of female employees as dependent family members subject to the conditions that the spouse is residing with the employee and is not entitled to the medical facility from the institution where he is serving (if serving).
- **Voluntary Separation Scheme-2007 for OG-1 & below Employees of SBP:** Voluntary Separation Scheme was launched in SBP and SBP-BSC for employees in OG-1 & below in April 2007. The VSS scheme provided incentive for remaining as well as completed years of service, optional medical encashment, Prize Bonds, Leave encashment, optional benevolent fund encashment, and 50% commutation (**Table 6.10**). The employees in OG-1 & below who opted for VSS-2007 were relieved from Bank's service effective from 5th June 2007.

Table 6.10: VSS 2007			
Grades	Number of employees Who left under VSS	Remaining number of employees	Total
OG-1	9	195	204
S-1 to S-7	21	181	202
Total	30	376	406

6.4.5 Promotion Policy

This year, the promotion process was carried out in accordance with the revised promotion policy which provides fast track promotion in 2, 3, and 4 years based on employee performance. A total of 101 officers were allowed structured promotion to the next grade (**Table 6.11**). No employee was promoted under professional growth policy. The methodology of the promotion however, was revised. Efforts were made to make the promotion interview more intensive and specific by encouraging the usage of behavioral based interviewing techniques.

Table 6.11: Promotions			
In Grade	FY 05	FY 06	FY 07
OG-2	3	2	6
OG-3	56	106	77
OG-4	19	44	6
OG-5	3	26	4
OG-6	9	4	4
OG-7	-	2	1
OG-8	-	-	3
Total	90	184	101

The rate of salary increase on promotion to the next grade was increased from 10% to 60% effective from 1 June 2007, depending upon the employee's choice to stay in existing or new salary structure.

6.4.6 Succession Planning

Efforts are being made to broaden the existing skills of the human resource base. A policy worth mentioning in this area is the Interdisciplinary Skill Enhancement Policy, the scope of which has been enlarged to include all employees except those under SSSSP. Previously only employees of general side could be transferred to the specialized side and vice versa. During the year under review three employees were allowed transfer/rotation under this Skill Enhancement Policy.

6.4.7 Reward and Recognition

The reward and recognition policy continued to be used by Departmental Heads in a robust manner resulting in 478 recipients under Level 2, and 3. No Level 4 has been awarded in the reporting year.

Figure 6.2.a and 6.2.b provide details of recipients in different levels. As compared to the previous year, a positive change has been observed in the tendency of the departmental heads to recognize and motivate their employees through this policy.

Fig-6.2 a: Reward and Recognition Recipient

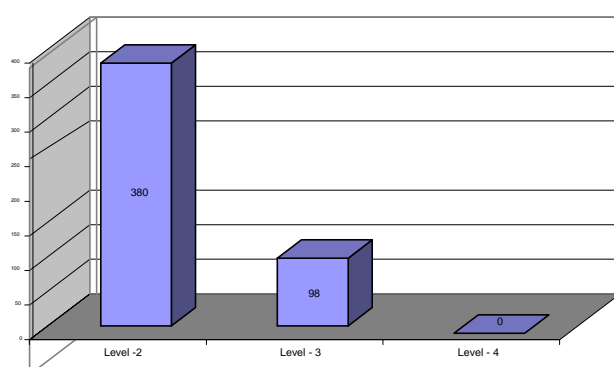
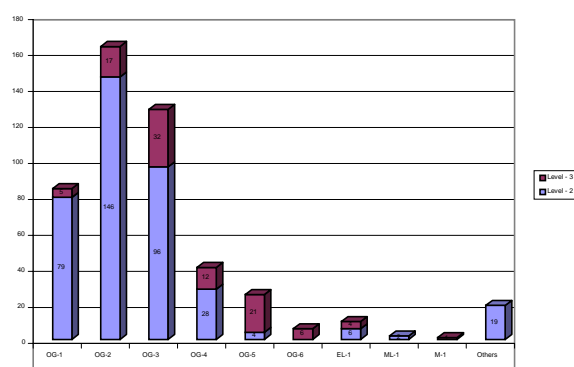


Fig-6.2 b: Reward and Recognition Recipient Grade Wise



6.5 Training & Development

Continuing upon the thrust of upgrading skills and improving competencies among SBP officials, need based training efforts were initiated during FY07. Unlike the past practice, where training was a mandatory requirement for promotion to next higher grade, emphasis is now placed on meeting function specific and other demand driven trainings. A Training Need Assessment (TNA) survey was conducted to capture competency gaps among the employees and to develop future training plan consistent with the strategic objectives of the Bank.

6.5.1 In-house Training Programs

Even in the changed policy stance when there remained no direct link of attending training courses as one of the prerequisite for promotion, considerable in-house training programs were conducted by NIBAF.

Table 6.12: In-house Training Programs			
Central Banking		Management	
1	Issues in Monetary Management	1	Communication Skills
2	Corporate Governance	2	Training as People Managers
3	Payment System	3	Values and Shared Behavior
4	Forex and Liability Management	4	HRM for Line Managers
5	Islamic Finance	5	Organization Development
6	Credit Risk Management*	6	Customer Services
7	Managing Banking System	7	Management Training for Senior Managers & Line Managers
8	Macro Finance	8	Coaching & Counseling
9	Financial Statement Analysis	9	Report Writing
10	Mergers and Acquisitions*	10	Strategic Planning/Management
11	Inflation Targeting*	11	Techniques of Advising and Counseling Staff in Career Development.
12	WTO-Financial Services Facilitation Negotiations: Challenges & Opportunities for Pakistan*	12	Time & Stress Management*
13	Basel II Accord & its Implications for the Banking Sector*	13	Performance Excellence through Emotional Excellence*
		14	Conflict Resolution and Negotiation Skills*

* New Programs introduced by NIBAF

At start of the year, a comprehensive training plan was developed to deliver in-house training programs

on central Banking and management related areas. However, mainly due to detachment of training requirement from the promotion policy, participation in those programs received lackluster response.

Table 6.13: Training Program Participants		
Training Area	Participants	
	FY 07	FY 06
Central Banking	226	822
Management	356	809
Total	582	1,631

A summary position of the participation is given in **Table 6.13**. As mentioned, a total of 226 officers attended the central Banking programs as compared to 822 officers in the previous year. Similarly, 356 officers attended programs on management related areas as against 809 officers in the previous year.

The year also saw the culmination of management training programs being conducted by external consultants under the Technical Assistance for Banking Sector (TABS) program. Under that

project over 1,400 officers (with multiple iterations) were imparted training on the soft skills areas.

6.5.2 Function Specific

In the FY07, several of Function Specific training programs were conducted within the Bank at LRC by different departments on their specialized area. In addition to that, a good number of officers also attended training programs at other reputed institutions like Pakistan Institute of Management and National Institute of Public Administration (**Table 6.14**).

Table 6.14: Function Specific Programs			
S. No	Institution	Programs	Participants
1	In-house	10	172
2	PSTD	5	7
3	PIM	37	93
4	IBP	11	66
5	MAP	3	5
6	Others	60	112
Total		126	455

6.5.3 Foreign Training

To keep SBP officials abreast with the latest knowledge and best practices in context of central Banking operations, a good number of officers are sent abroad under different programs, which are fully funded, partially funded or non-funded by host institutions. This year 118 officers in the grades OG-2 to OG-6 were sent from various departments on foreign training (**Table 6.15**).

Table 6.15: Participation Wise Foreign Training		
S. No	Institution	Participants
1	SEACEN	8
2	IMF	45
3	CCBS	05
4	Others	68
Total		118

6.5.4 Higher Education

In order to develop human resources capable of meeting future challenges, State Bank of Pakistan offers generous scholarships to its employees and general public for pursuing higher studies. In FY07, 17 employees were granted various scholarships details of which are incorporated in **Table 6.16**, along with comparison with last two financial years.

Table 6.16: Scholarship Beneficiaries			
Discipline	FY 05	FY 06	FY 07
PhD from PIDE / QAU	2	-	-
Ex-Pakistan Study Leave	6	9	15
Study Leave in Pakistan	5	3	2
Sabbatical	0	1	1
Total	13	13	18

6.5.5 Internship and Attachment Programs

As one of its corporate responsibilities, State Bank of Pakistan every year offers four internship programs to the top students of reputed universities throughout Pakistan. These include; i) Summer Internship Program, ii) Winter Internship Program, iii) Business Schools Internship Program and iv) Financial Reporting Internship Program. Furthermore, a number of domestic and

international attachment programs for officials of other organizations to benefit from the knowledge base of the Bank's human capital. In this regard, 16 such programs conducted in FY07, were attended by 146 officials and students as shown in **Table 6.17**.

Table 6.17: Internship Programs			
S. No	Particulars	Duration	Participants
1	Summer Internship Program	6 Weeks	66
2	Winter Internship Program	6 Weeks	34
3	Financial Reporting Internship Program	4 Weeks	14
4	Business School Internship Program	6 Weeks	25
5	Others	1-4 Weeks	7
Total			146

6.5.6 International Internship Program-2007

The International Internship Program – 2007 was initiated in January 2007 when the details of the program were launched on SBP's website. The main objective of offering internship to students from foreign universities is to provide them an opportunity to do empirical research on economic and financial matter with special reference to Pakistan by using their contemporary knowledge on the subject. While selecting the topics for research, the interns' own preferences and competencies are considered. The duration of the program is flexible and depends upon the capabilities of interns to complete his / her assignment / project. From this year, the number of eligible universities was increased from 25 to 57 in order to attract and accommodate a more diversified pool of international interns. In all, 25 applications were received, out of which 12 were from listed universities and 13 were from other universities. A total of 6 applicants were selected for the Program, however, only 4 confirmed their availability to the Bank. Table below gives the details of the interns:

Table 6.18: International Internship Programs					
S. No.	Name	University	Program	Joining Date	Duration of Stay from Joining Date
1	Mr. Hassaan Babar Khan	Yale University, USA	BA (Bi majors in Economics and International Studies)	June 04, 2007	8 – 10 Weeks
2	Mr. Wai Shui	University of Boston, USA	MA (Economic Policy)	June 13, 2007	8 – 10 Weeks
3	Mr. Nadeem Ali	London School of Economics, UK	M.Sc (Economics)	July 2, 2007	8 – 10 Weeks
4	Mr. Salman Asim	Oxford University, UK	M. Phil (Economics)	July 9, 2007	8 – 10 Weeks

6.5.7 International Attachment / Visit Programs

A number of international attachment and visit programs were also arranged. A delegation of three members from *Central Bank of Nepal* remained attached to the Bank's Finance and Internal Audit & Compliance Departments for one week. They were briefed about the Bank's operations and practically observed the working of these departments.

Table 6.19: Category & Participation wise Attachment Programs			
S. No.	Category	Programs	Participants
1	Foreign Visitors	07	136
2	Government Officials	08	214
3	Students	18	320
Total		33	670

Another delegation of six came from the *Da Afghanistan Bank* (DAB). They were attached to the Finance, Internal Audit & Compliance, and Treasury Operations Departments for one week.

6.5.8 Training Evaluation Form based on Kirkpatrick Model of Training Evaluation

Donald L Kirkpatrick first published his ideas way back in 1959, in a series of articles in the US Training and Development Journal. The articles were subsequently included in Kirkpatrick's book namely *Evaluating Training Programs* (1975) which was published by the American Society for Training and Development (ASTD).

Kirkpatrick's book defined his originally published ideas of 1959, thereby further increasing awareness of them, so that his theory has now become arguably the most widely used and popular model for the evaluation of training and learning. Kirkpatrick's four-level model is now considered an industry standard across the HR and training communities. The four levels of Kirkpatrick's evaluation model essentially measure:

- Reaction of participants - what they thought and felt about the training
- Learning - the resulting increase in knowledge or capability
- Behavior - extent of behavior and capability improvement and implementation/application
- Results - the effects on the business or environment resulting from the trainee's performance

Based on these principles, comprehensive questionnaires and 'guidelines for filling' have been developed for four levels. The same are being reviewed by the members of the *Committee for Reviewing Training and Higher Studies*. Once the questionnaires are finalized, they will be implemented across the Bank. The training programs having greater financial impact will be evaluated on all four levels, while the programs with lesser financial impact will be evaluated on 1st and 2nd levels only.

Also, in the Annual Business Plan 2007 – 08 of Training and Development Department, a separate unit has been established that would keep record of proper implementation of training evaluation processes and their respective follow-up. The Unit shall also be responsible for suggesting improvements and database maintenance.

6.6 Library

In the FY 2006-07, library remained the hub of research activities at SBP. During this period, 22,814 people visited the library that included 12,242 State Bank Employees and 10,572 outside members. While the reference queries that were answered on telephone, through usual correspondence or via email were countless. Around 16,775 books were issued to the members during 2006-07 that included 13,420 books issued to SBP active employees, 345 to SBP retired employees and 3,010 to fellow members. The library registered 374 new members including 152 newly appointed SBP employees, 3 retired employees of SBP and 219 as fellow members.

In order to cater to e information needs of such a huge clientele, 1,231 new books were purchased while 541 books were received on complimentary or exchange basis. Subscriptions to 115 foreign research journals and 21 local journals / magazines were renewed. Library also continued receiving copies of 191 journals/magazines in exchange of its own publications. The library received 4,303 issues of periodicals in total during 2006-07 out of which 9,168 articles were indexed and added to the articles database. The total number of books & monographs that were catalogued during 2006-7 were 1,844.

The plan to develop a quality collection of e-resources comprising of CD-ROMs, online journals, online databases, etc. was also undertaken quite vigorously and a number of new e-resources were added in addition to the existing collection of e-resources during the year 2006-07. A sizable collection of e-resources comprising of 58 online journals, 7 Online Databases, and 4 CD-ROM databases has been developed through institutional subscriptions. Additionally, free access to 11 scholarly databases has been established with the courtesy of Higher Education Commission under Digital Library Program. Links to a number of free digital repositories are also being added to this collection on a periodic basis. A comprehensive list of e-resources, subscribed as well as free, covering CD-ROMs, Online Journals, Online Databases, etc. has been compiled and placed on SBP Electronic Board along with a brief description of their contents and access guidelines. An interface for uploading the contents of over 200 CDs on SBP data server has recently been developed in coordination with ISTD. These CDs were received with the printed books as accompanying materials but were not being issued to the members for consultation due to the high risks of their damage. The mapping of CDs contents with their relevant records in the library database is underway and expected to be completed by the end of Y07. A separate corner for e-library has been established which houses two computer terminals exclusively dedicated to library users for browsing CD-ROM databases as well as online resources subscribed by the library.

The FY 2007 also witnessed a number of technological adaptations by the library. A CCTV with 10 cameras has recently been installed in the library for the purpose of surveillance of readers and to protect the precious resources of library from any loss. Moreover, a magnetic-based security system has also been acquired to prevent the pilferage of library resources and to control the improper check out of books from the library. As this system involves insertion of security strips in all library holdings, it may take another six months in the successful implementation of this system. Furthermore, the implementation of Bar Code System for controlling the inventory and automatic check out of books is also in progress.

A number of steps were also taken to improve the display of stacks in the new library building with the intent to increase the readership and to make general physical look pleasing. Way-finding, identification and instructional signage containing floor plans, office guides, shelf guides, library rules, etc. were displayed at all prominent places in the library for the convenience of

readers. Moreover, special display stands for atlases, dictionaries and rare books were arranged in the reference area for ease in handling and consultation of these resources.

All out efforts are being made to develop such systems that ensure efficient support services to the researchers of the Bank and members of the library. The library staff is ambitious to further improve the library services in line with international standards in the coming years.

Table-6.20: Library Statistics*					
Operational Areas			2004-05	2005-06**	2006-07
Acquisitioning	Books	Purchased	1,007	640	1,232
		Donated	589	540	541
	Periodical Issues		13,409	4,386	4,303
Technical Processing	Books Catalogued		4,753	1,143	1,846
	Articles Indexed		22,504	8,085	9,168
Circulation (No of Books Issued)	During Office Hours	SBP Employees	9,518	9,915	12,935
		Outsiders	2,547	1,986	2,482
	After Office Hours	SBP Employees	1,301	818	830
		Outsiders	758	484	530
Membership (New Registrations)	SBP Employees		68	109	155
	Outsiders		326	285	219
Visitation (No. of Visitors)	During Office Hours	SBP Employees	9,881	4,838	11,455
		Outsiders	15,513	4,918	9,590
	After Office Hours	SBP Employees	1,607	299	787
		Outsiders	3,731	483	982

* These statistics have been generated by the Library System on the basis of transactions actually carried out through the computerized system.

** The library remained close for visitors from July to November 2005 during shifting process.

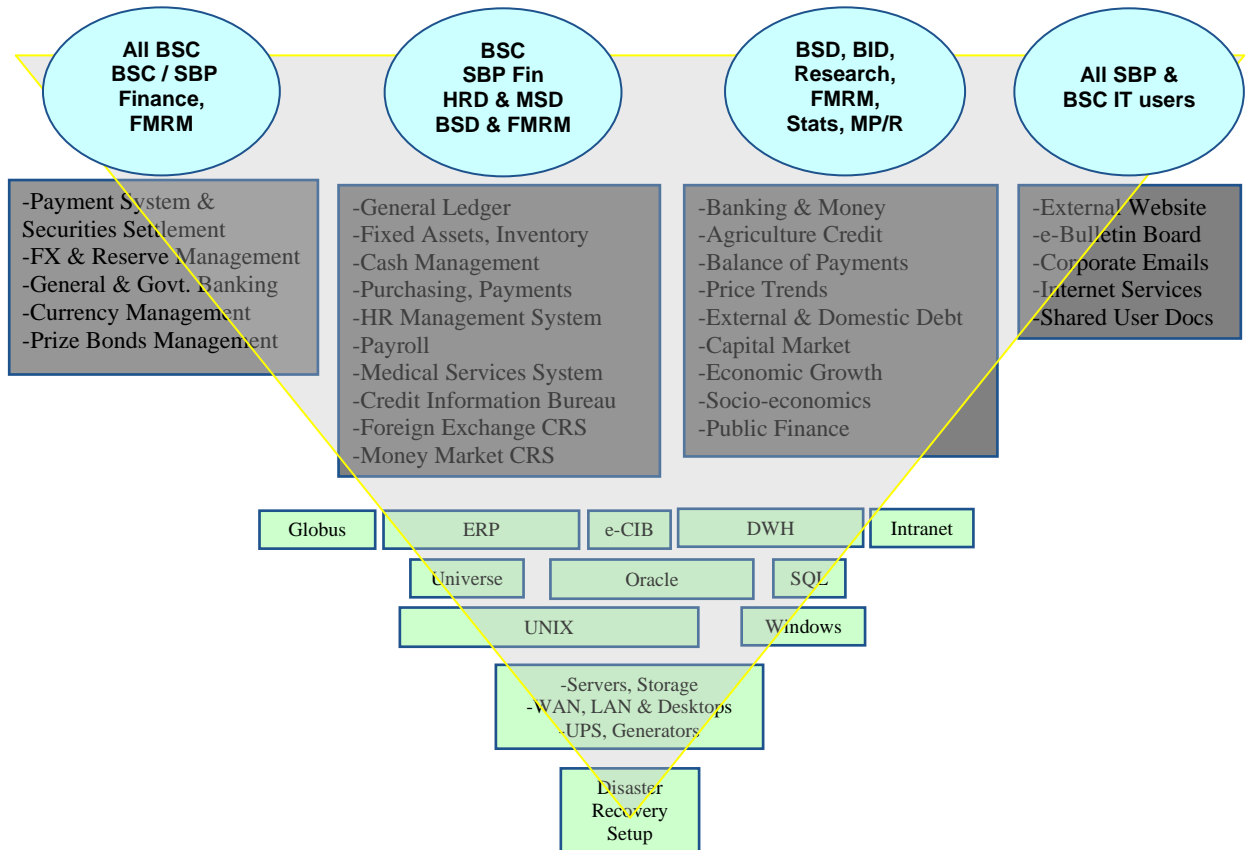
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7 Information Technology Developments

7.1 Overview

Information Systems & Technology Department (ISTD) played a vital role in ensuring the smooth functioning of State Bank of Pakistan's automated business processes and operations. Since implementation of SBP Automation Project in 2005, ISTD is providing 24/7 critical IT support services to all its stakeholders both internal and external. ISTD is fully committed towards ensuring excellence in their services and take measures to stay abreast of any emerging trends and technologies in the field of Information Technology. The support provided by ISTD to business functions of SBP & BSC can be viewed from the following figure:

Fig-7.1



As custodians of IT automation project, in the post-implementation project phase, ISTD teams are focused towards achieving the following strategic objectives which are in line with the overall business objectives of the organization:

- Improvement of telecom infrastructure including LAN, MAN and WAN services all over Pakistan;
- Development of a robust power infrastructure by introducing multi layer redundancy in the overall power set-up;
- Performance capacity planning exercise for existing high-end servers from future need perspective;
- Provision of efficient production support & development services to all stakeholders;
- Ensuring timely implementation of Disaster Recovery Project;
- Perform Risk Management exercise for IT infrastructure supporting business operations;
- Identification and development of required policies and procedures with a special emphasis on IT Security related policies;
- Improvement of data quality and availability;
- Conduct refresher training programs for business users; and
- Providing efficient customer support services

The above strategic objectives are translated into annual developmental projects in consultation with business departments and included in the departmental business plan. The KPIs and KRAs along with the project timelines are identified against each project which is then incorporated in the business plan document.

7.2 GLOBUS Banking & Currency Solutions

This year SBP and SBP-BSC Annual Closing of Accounts was carried out through the Globus Banking application and Oracle ERP for the second year running. The completion of Cash Interface with Oracle ERP eliminated the process of reconciliation for inter-branch accounts. The Globus team completed the Auto Inter-Company Transactions where offices transfer funds to other offices on-line in Globus. This facility has substantially reduced the manual reconciliation of Inter-branch accounts at SBP-BSC Head Office level. The Globus team was also able to rollout out the currency issue system in the sixteen field offices of BSC after incorporation of new denominations therein. Banking Functionality has been consolidated at the SBP-BSC and SBP Finance level and Globus Currency at BSC Head Office level. It has been finalized and is under user acceptance at SBP Finance level. This eliminated the previous laborious efforts of compiling the data for sixteen offices at Head Office level.

On the launch of 30-year Pakistan Investment Bond (PIB) by the Government in December, 2006, the Auction Module of Globus was amended to cater for the requirement of 30 years PIBs. The Globus team developed a number of reports for Domestic Markets & Monetary Management Department (DMMD) which have resulted in meaningful contribution towards streamlining of the Money Market Strategy. These reports enabled DMMD to review money market liquidity and would help in forecasting market behavior. In addition to large rollouts and functionalities, various new reports and customizations were done during the year 2006-07 to keep enhancing the utility of Globus System for users throughout the country.

7.3 Oracle ERP

On Oracle ERP front, this year marked the implementation of Cash Management System i.e. Auto Reconciliation of Inter-company Accounts. In addition, ERP team implemented within the system various Financial Statements like Balance Sheet, Income Statement and the Statement of Affairs etc., that cover the requirements of individual offices as well as consolidations at BSC and SBP levels.

In addition to the planned technological developments, ERP team accomplished implementation of the functional requirements that arose due to restructuring and introduction of New Compensation & Benefits Structure. The ERP team successfully accomplished major design changes which were required.

7.4 Data Warehouse

The Data Warehouse team started this year with a system slightly out of their traditional scope. The International Trade Reporting System was delivered to more than 2000 branches of all commercial banks of Pakistan. The system is for collection of Foreign Exchange returns transactions. In Year 2006-07, RCOA Annexure A07 Upgrade, RCOA Annexure A05 Upgrade, RCOA Weekly Upgrade, RCOA Quarterly Upgrade were also completed by this team that facilitated the functioning of Statistics and OSED. The Data Warehouse project is now moving towards its transition to business departments.

One important achievement of the Data Warehouse team along with Globus and ERP teams was the successful completion of phase-I of Monetary and Financial Statistics Manual (MFSM) project. Under the MFSM project, SBP financial data imported from Globus and Oracle ERP GL systems are to be reported as per specific consolidated IMF defined reporting requirements.

7.5 Web

The Web team successfully introduced Electronic Board Dynamic Update System to increase the efficiency and accuracy in the content update process. Through this system, contents like circulars, office orders, vacancies etc. are made available at ENB in a very short time span. The next in their task list was Website Dynamic Update System which was developed to streamline the content update process of SBP website and keep the viewers updated on all news.

The Web team also started the process of updating contents of local and external web to maximize the usefulness of both portals while an online training needs survey system facilitated the Training & Development Department in finalization of this survey in minimum possible time. Further, a New Bank Notes section was designed for SBP website which described the salient security features of new Rs. 10, 20, 100, 500, 1000 denomination notes. This section provides interactive security features and gives complete details of each security feature along with its images.

7.6 Infrastructure

The Network Security Project was undertaken by the Network Division. Under this project, 17 Cisco firewall units were installed in all SBP & BSC offices across Pakistan. In order to up-grade Wide Area Network (WAN) of SBP, Backup VSAT links over wireless connectivity were shifted to SBP Annexe Building for complete site redundancy over WAN. The Network Division also upgraded the router set-up and migrated them to the new location for better performance.

In view of the importance attached to continuous power supply for performance of IT systems, installation of generators (ranging from 2.2 KVA to 40 KVA) and Automatic Voltage Regulators for power conditioning in all SBP and BSC field offices was completed during 2006-07. The Windows Administration team also carried out country-wide Up-gradation of Windows Servers and Email Servers with the introduction of file sharing services in all offices of SBP-BSC. Similarly SBP Web-mail services were up-graded for enhanced functionality. This team also managed to complete other projects like Secure Email Gateway Software Solution and Digital Signatures to enhance security of SBP email system. The country-wide deployment of Systems

Management Server was also carried out to enhance system management capacity of IT teams. The other infrastructure teams of ISTD worked on enhancement, replacement and installation of various components that improved the functionality and performance of overall IT architecture.

7.7 Information Security

Keeping in view the importance of confidentiality, integrity and availability of information stored and processed by SBP IT systems, ISTD has also established an IT Security Division. This division has been staffed and has become functional in two main areas i.e. Policy & Procedure and Risk Management. The division has identified and started developing information security policies for the Bank under which, the IT Change Management Policy, IT Incident Response Policy and IT Physical Security Policy have already been drafted. The division also initiated department-wise information security risk assessment of core IT assets and renewed the ISO 9001:2000 certification.

7.8 User Trainings

The department also continued to focus on organized training programs for IT end-users. These programs were so designed that the trainees after attending the programs were able to train their local office colleagues. This year 151 users were trained on Prize Bonds, PAD/DAD and NSS modules of Globus while 70 users were trained on different modules of Oracle Financials. For this Lahore, Rawalpindi and Faisalabad were selected as training hubs where users from all the field offices of SBP-BSC (Bank) were invited for trainings.