

Managing Director's Message

I am pleased to present the Annual Performance Report (APR) of SBP-BSC for the fiscal year ended 30th June 2009. While I have assumed the charge just last month, I worked as a member of Ex MD's core team for initiating and steering the change process in BSC. This experience will be extremely useful in continuing the change initiatives and building upon the good work done by Ex MD. Encouragingly the organizational development and change management initiatives taken during last two years have already started yielding positive returns in the form of improvement in service delivery, better utilization of automation and technological facilities, skill enhancement and a 'feel good factor' amongst the BSC employees. I am pleased to note that the 'Change' is not only visible but also widely accepted across the organization, which gives me optimism, about an early turnaround in BSC. The following paragraphs briefly discuss the progress achieved during the year in key functional areas as well as in improving institutional capacity to effectively undertake the assigned role.



The drive to improve quality of currency notes in circulation continued during the year with even more vigor through regular supply of fresh and re-issuable currency notes, timely withdrawal of soiled notes and rigorous monitoring of commercial banks to ensure implementation of Clean Note Policy (CNP). The process of issuance of new design currency notes with added security features by SBP was also completed during the year with the issuance of Rs.50/- new design note and re-launching of Rs.5/- note. The BSC made elaborate arrangements for circulation of the new currency notes across the country. In addition, a number of awareness programs on the security features of the new currency notes were arranged across the country for improving the stakeholders' capacity to check counterfeit currency notes. The BSC also actively participated in the joint task force on "Combating the Counterfeiting of Currency Notes and Government Bills" comprising members from various law enforcement agencies, SBP and BSC, constituted by SBP to develop recommendations on checking counterfeiting of currency notes and also to ensure expeditious settlement of long outstanding cases regarding counterfeiting of the notes pending in different courts.

The establishment of Development Finance Support Department (DFSD) and its units in BSC field offices last year was aimed at leveraging the BSC's field presence for broadening and deepening of the financial system. I feel pleasure in reporting that this initiative has proved extremely useful in wider dissemination of SBP policies for developing an inclusive financial system, strengthening consultative mechanism at grassroots level, and promoting linkages between key stakeholders for synergizing their efforts for increasing flow of financial services to un-banked and under banked areas in their respective regions. The Agriculture and SME finance Melas being organized by DFSD field units have been widely appreciated as cost effective forums for mass dissemination of SBP initiatives and banks'

products and services for the agricultural and business communities. The units also hold regular meetings of the Focus Groups for Agriculture, SME and Micro finance established last year in 13 field offices. The groups also provide an important platform for dissemination of SBP policies and collecting feedback thereof.

Further, capitalizing on its field presence, the BSC has also started conducting/sponsoring research studies and surveys to better explore the regional markets and clusters. During the year agriculture surveys of Gujranwala and Sukkur districts and SME survey of Gujranwala district were completed; the survey reports are available on SBP-website for mass dissemination. The cotton belt survey was also initiated during the year after extensive consultation with all key stakeholders to explore the rural economy of the cotton belt of southern Punjab; the survey report is likely to be published in the second quarter of FY10. The Development Finance function has thus added a new dimension in the role and mandate of BSC and has improved the image of its offices in their respective regions as an effective operational arm of SBP. This improvement in the BSC's job profile would also be instrumental in attracting and retaining quality human resources.

The BSC also facilitates SBP in ensuring smooth functioning of the payments and settlement system through a network of its sixteen field offices across the country. The coverage of automated Clearing System, which is an important component of the payments system, was extended to 185 cities during the year to spread out the benefits of technological improvements to the smaller cities and towns; the facility was available in 107 cities as at close of FY08. Besides improving the speed of settlements, this will also be instrumental in promoting banking habits in smaller cities and towns. Further, the BSC lend logistic support to SBP in implementation of Pakistan Real Time Inter Bank Settlement Mechanism (PRISM), which was inaugurated by the Prime Minister on 1st July 08 and has successfully been providing online real time settlement services to more than 40 banks and 3 Development Finance institutions.

To effectively undertake the enhanced role and mandate and meet the stakeholders' expectations, substantial improvement in BSC's institutional capacity particularly the skill-mix and competencies of its human resources is required. While the BSC would soon be commencing fresh inductions to improve its skill mix and bridge competency gaps, extensive efforts have been made to build capacity of existing human resources having potential and interest in improving their skills set through targeted and need based training programs. In addition, as a part of the skills enhancement strategy, services of officers with suitable qualifications and skills set were requisitioned from SBP during the year to plug the skill gaps in areas of key importance like Currency Management, Audit, Training & Development, HR, and Development Finance; as of 30th June, 2009 a total of 51 SBP officers were working in different departments and field offices of BSC.

To broaden the career development opportunities for the BSC employees, the BSC Board approved our proposal for creation of OG-6 position. This would be instrumental in motivating the BSC officers, particularly those at OG-5 level, and thus would translate into better performance. Similarly to allow suitably qualified Treasury Officers (TOs) to compete

for higher positions in general side, a transparent policy for their transfer to general side was announced and implemented during the year. Further, to promote performance based culture, the coverage of Performance Management System (PMS) was extended to all OG-2 and above officers of BSC during the year; last year only OG-4 and above officers were covered under the PMS. I am confident that the Business Planning and PMS framework would contribute significantly in performance improvement, employees' development, and inculcating the performance based culture in BSC.

The Organizational Development Consultant hired last year to conduct a diagnostic study of BSC to give professional advice on the BSC's mandate and structure, identify the organizational problems and gauge its state of preparedness for change management has also submitted its report. The study findings are largely in line with our assessment of the BSC's institutional capacity and the key reform areas highlighted in the restructuring plan. The consultant's report has further refined and crystallized the restructuring and reorganization proposals and would also help us in better aligning our role with SBP strategic objectives.

Lastly I would like to thank the BSC Board for the support, patronage and ownership of the change initiatives we have taken to achieve the desired turnaround in BSC. I am also thankful to my Directors, Chief Managers and BSC staff whose ownership of the change process is equally important for transforming BSC into an effective and customer friendly institution.

Qasim Nawaz
Managing Director