

## **Governance Structure of the SBP Banking Services Corporation**

The SBP Banking Services Corporation (SBP-BSC) was established under the SBP Banking Services Corporation Ordinance 2001 as an operational arm of central bank i.e., State Bank of Pakistan (SBP). The Bank is a fully owned subsidiary of SBP and is mainly responsible to carry out the following major functions:

- Managing currency i.e., receipt, supply and exchange of bank notes and coins;
- Disbursing loans and advances to the government, banks, financial institutions and local authorities;
- Facilitating inter-bank settlement system;
- Dealing in prize bonds and other savings instruments of the government;
- Collecting revenue and making payments for and on behalf of government, local bodies, authorities, companies, banks and other financial institutions, and maintaining their accounts;
- Managing operational work related to debt and foreign exchange;
- Disseminating SBP policies and initiatives for broadening and deepening of financial services

### **Board of the SBP Banking Services Corporation**

According to the Ordinance, general superintendence, direction and management of the affairs and business of the Bank and overall policy making in respect of its operations is vested in the Board of Directors which may exercise all such powers and do all such acts, deeds and things that may be exercised or done by the Bank. In discharging its functions, the Board ensures compliance with the orders and directions that may be issued by the SBP from time to time.

The Board of Directors of SBP-BSC comprises of

- a. Members of the Central Board of State Bank of Pakistan; and
- b. Managing Director, SBP-BSC.

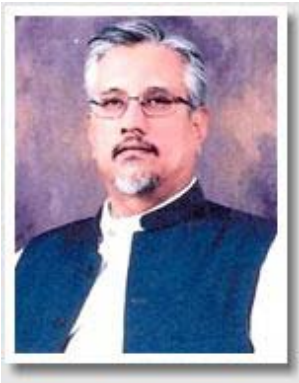
The members of Central Board of State Bank of Pakistan comprises of the Governor SBP, Secretary Finance Division, Government of Pakistan, and seven non-executive Directors nominated by the Federal Government. The Governor SBP acts as the Chairman of the Board. The Directors, at least one from each province, bring a wide range of experience from agriculture, banking, and industrial sectors to the deliberations of the Board. However, the Managing Director is appointed by SBP as mandated by SBP-BSC Ordinance 2001.

The Board of SBP-BSC met five times during the year and the decisions taken include approval of Financial Statements of SBP-BSC, Annual Budget, Corporate Governance, Currency Management matters, and HR management policies. A list of major decisions taken in the Board meetings during the period is attached at Annexure A.

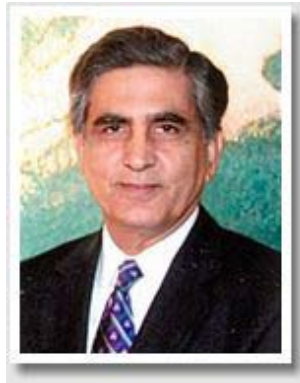
## Board of Directors



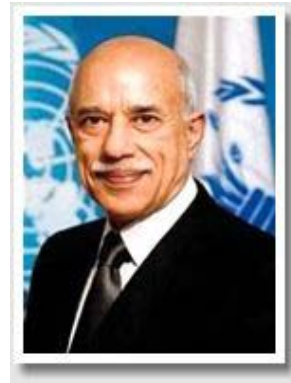
**Chairman**  
**Mr. Yaseen Anwar**  
Governor since October 20, 2011



**Dr. Waqar Masood Khan**  
Secretary, Finance Division,  
Government of Pakistan  
Director since Dec 20, 2010



**Zaffar A. Khan**  
Director since Oct 16, 2006  
Present term ends Oct 16, 2012



**Mirza Qamar Beg**  
Director since May 27, 2009  
Present term ends May 26, 2012



**Asad Umar**  
Director since Aug 21, 2009  
Present term ends Aug 20, 2012



**Waqar A. Malik**  
Director since Oct 17, 2009  
Present term ends Oct 16, 2012



**Qasim Nawaz**  
Managing Director SBP-BSC  
since Sep 5, 2009



**Sahar Z. Babar**  
Corporate Secretary

### **The Governor - SBP**

The Governor acts as the Chairman of Bank's Board. In his absence, a Deputy Governor of SBP designated for this purpose by the Governor presides over the meeting on his behalf. If Deputy Governor is absent or not willing to preside the meeting, the Directors of the Board present in the meeting may choose one of their members to be the Chairman of such meeting.

### **The Managing Director**

The Managing Director, SBP-BSC is appointed by the State Bank of Pakistan. He acts as 'Chief Executive Officer' of the Bank and administers the affairs of the Bank under control and direction of the Board. The Managing Director devotes his whole time and attention to the affairs of the Bank. Mr. Qasim Nawaz was appointed as Managing Director of the Bank on September 5, 2009.

### **Committees of the Board of SBP-BSC**

The SBP BSC Ordinance 2001 allows the Bank to formulate Committees consisting of such number of Directors, powers, functions, duties and other terms of appointment of Committee of Directors as it may determine. The minutes of every meeting of a Committee are presented before the Board at its next meeting following the meeting of the Committee. Further, these Committees deal with any matter entrusted to it subject to the general and any special directions of the Board.

Presently, there are two committees of SBP-BSC Board which are looking after the matters related to Human Resource and Audit. These committees are as under:

#### ***Committee of SBP-BSC Board on HR***

The Committee assists the Board in human resources area. It reviews all the proposals requiring approval of the Board regarding revision, modification or interpretation of human resources policies, and submits its recommendations to the Board. During the year, membership of the Committee was extended to include one more director of the Board. It has now four non-executive directors with the following overall composition:

Mr. Zaffar A. Khan	Chairman
Mr. Kamran Y. Mirza	Member
Mr. Waqar A. Malik	Member
Managing Director, SBP-BSC	Member
Director, PMD, SBP-BSC	Secretary

The Committee is required to hold atleast two meetings in each financial year. The mandate of HR Committee includes, but not limited to, the following:

- i. Review and evaluate the HR policies/ proposals having a significant financial impact or material change in the policy.
- ii. Recommend to the Board, any changes in the compensation and benefits structure of the Bank employees and/or existing service rules/ any other significant changes in realm of HR.

- iii. Recommend to the Board, the remuneration and terms & conditions for the senior management positions employed on contract and reporting to the Managing Director.
- iv. Any other HR related matter(s) to be routed through Committee prior to placing them before the Board.

#### **Committee of SBP-BSC Board on Audit<sup>1</sup>**

The Committee assists the Board in the area of auditing. It reviews all audit proposals to be submitted to the Board. The Committee consists of the following members:

Mr. Waqar A. Malik	Chairman
Mr. Mirza Qamar Baig	Member
Syed Mohammad Shabbar Zaidi	Member
Head IAD, SBP-BSC	Secretary

The mandate of Audit Committee is as under:

- i. To assist the Board in fulfilling its oversight responsibilities of Bank relating to:
  - a. Financial statements and auditing, accounting and relating reporting processes; and
  - b. System of internal controls, governance, business practices and conduct established by the management and Board.
- ii. The Committee may review and reassess the adequacy of the mandate and recommend to the Board any changes therein from time to time.
- iii. To review and approve the Internal Audit Charter.

#### **Management Structure**

The Managing Director is the ‘Chief Executive Officer’, and on behalf of the Board directs and controls the affairs of the Bank. The Managing Director has the authority to conduct the business and manage the affairs of Bank except in matters mandated specifically for the Board. The Managing Director is assisted by Directors/ Heads and Chief Managers.

#### **Head of Departments’ (HODs) Forum**

The forum consists of all Directors/ Heads of SBP-BSC. The forum is responsible to set the strategic direction of Bank and deliberate upon various policies before submitting it to the respective Committees or the Board of SBP-BSC for approval.

#### **Chief Managers’ Forum**

The forum consists of Chief Managers of Bank’s field offices situated in 16 major cities of Pakistan. The forum is responsible to discuss and improve the operations of the Bank and suggest measures thereof to the higher management.

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<sup>1</sup> Its Term of Reference has been revised.

### **Hierarchal Structure at HOK/ Field Offices**

In order to promote a lean organization for efficient decision making, the hierarchical structure at HOK and field office is divided into three layers i.e., i) HOD/ Chief Manager who heads the department/ field office; ii) OG-4/5 at divisional head level; and iii) OG-3 at unit head level.



**Management of SBP Banking Services Corporation**

<b>Annexure A</b>		
	<b>Major Decisions of the Board of SBP-BSC</b>	<b>Meeting Date</b>
1.	Updated Position on Implementation of Agreement with CBA	July 30, 2010
2.	Approval for initiation of Promotion Process for OG-1 & above (General Side)	July 30, 2010
3.	Approval of Attachment Program for Business Graduates	July 30, 2010
4.	Approval of Annual Budget for FY10-11	September 29, 2010
5.	Approval of Increase in Annual Merit Increase (AMI) Budget for SBP-BSC	September 29, 2010
6.	Approval of Annual Financial Statements for the year ended June 30, 2010	September 29, 2010
7.	Assumption of Charge by Dr. Waqar Masood Khan as Secretary, Finance Division, Government of Pakistan	January 29, 2011
8.	Approval of Nominations on Audit Committee of SBP-BSC Board	January 29, 2011
9.	Approval of one year Extension in the term of External Expert on Audit Committee of SBP-BSC Board	January 29, 2011
10.	Approval of Revision in Conveyance Charges And Daily Allowance	January 29, 2011
11.	Approval of Enhancement in Leave Encashment Limit for Deceased Officers	January 29, 2011
12.	Approval of Pension Increase to BSC Pensioners	January 29, 2011
13.	Approval of Reduction in Notice Period – Amendment in SBP-BSC Staff Regulations (2005)	January 29, 2011
14.	Approval of Training Expenditure of YPIP-1 <sup>st</sup> Batch at NIBAF	March 26, 2011
15.	Approval for Amendment in Staff Regulation 5 (iv) regarding Introduction of New Contributory Provident Fund Scheme (2010) and New Gratuity Fund Scheme (2010)	March 26, 2011
16.	Approval for Revision in Appellate Authority and Revision in Regulation 35 of SBP-BSC Staff Regulations	March 26, 2011
17.	Approval of TORs for HR Committee of Board	March 26, 2011
18.	Approval for Revision in Pension Commutation Policy	May 21, 2011
19.	Approval for Pension increase to SBP-BSC Pensioners	May 21, 2011
20.	Approval of New Gratuity and Contributory Provident Fund Scheme	May 21, 2011
21.	Approval for Authorizing Governor to decide Pending Appeals under Regulation 35 of SBP-BSC Staff Regulations (2005)	May 21, 2011
22.	Approval for modification in the Expenditure Regulations of SBP-BSC	May 21, 2011