

Message from the Managing Director

I am pleased to share with you the Annual Performance Review of the SBP BSC (Bank) for the FY11 containing information in respect of performance achieved by the BSC during the year in meeting its statutory responsibilities. The BSC has been in operation as a fully owned subsidiary of the State Bank, since 2002. However, the process of Organizational Development and Change Management Process was initiated in 2007. The changes that were introduced have now been becoming visible, through improved performance, better alignment of activities of SBP BSC to its mandate and work transferred to by SBP as also its readiness to accept change. Since my appointment as Managing Director in September 2009, the process of business reengineering and its development has been further fortified, with a view to obtain maximum benefits of the automation. The management has also taken various initiatives to improve the internal control and compliance to the same both through self audit, greater role to the audit hubs and Internal Audit Department. Efforts were also initiated, in addition to strengthening those already in pipe line, to improve the skill set of the employees through imparting their function specific training, encourage deputation of OG2-OG-3 from SBP as also induction of Officers Grade-2 through our Young Professional Induction Program (YPIP). Though these efforts have started showing results but this is just the beginning and the BSC has to cover a long distance to fill the HR gap being faced by it due to skill gap as also retirements in coming years. While the details of our activities during the year have been provided in executive summary, as also individual chapter on each department, the performance of the management team of SBP BSC during the last year can be summarized as under:-



- SBP BSC managed the supply and availability of bank notes across Pakistan despite rise in currency in circulation and non availability of adequate means of transport for supplying fresh and good quality bank notes across Pakistan, including lifting of the soiled/ unfit bank notes from the banks/chest branches of NBP. The BSC has also improved internal control, environment for destruction of unfit notes through systematic process using available surveillance technology. This was achieved despite reduction in the work force over the years due to natural attrition and early retirement.
- Banking services that BSC provides to its stake holders though mostly similar to the services offered by commercial banks to their customers, yet they are unique on account of their volume, frequency and divergent nature of stakeholders. The Banking Services to the commercial banks as also our operational role in the government debt auction, Open Market Operations of SBP, maintenance of SGLA and our part in the smooth working of Payment System, clearing through NIFT all require immediate and unique alertness from our side. I am glad that we have withstood all tests in managing these operations, both on account of efforts of our employees and the system availability by the ISTD of the SBP.
- While availing banking services from the BSC, the governments and their attached departments require service features that are common to only government as they are not normally requested by our other users. Besides providing payment and receipt facilities through our counters to them the BSC like yester years continued to ensure provision of purpose built reporting and the flexibility to react quickly when changes in government policy require consequent modifications in the reporting mechanism, ensuring extremely high standards of system reliability and availability,
- Provision of refinance to banks under different schemes of the Development Finance Group of SBP has also remained very active both in terms of volume and the diversity. The BSC continued to provide its services to the DFG in dissemination of various polices formulated by them through our field offices.
- Sale encashment of different saving instruments of the CDNS as also Prize Bonds including their draw remained one of the vibrant service offered by our field offices across

Pakistan ensuring constant liaison with stakeholders to meet the objectives of development finance and financial inclusion.

- Concept of risk based audit has been further improved by introducing a framework which involves a comprehensive pre-audit planning drill before commencement of each individual audit assignment. Efforts are also underway to assign risk rating to each office.
- Up gradation and career development of human resource through function specific training modules remained one of the major activities during the year under review.
- Efforts to bring positive change in employees through changes in performance appraisal, promotion process, motivation, compensation and rotation of jobs etc; remained on the forefront of HR initiatives of the SBP BSC

Going forward, recently developed job descriptions and responsibilities of Chief Managers will be helpful in transforming their role into more dynamic, efficient and skilled managers. Similarly, development of training policy, and its linkage with the promotion policy will also reduce the HR skill gap. In this direction, the management will continue to provide technology base training to its employees for improving their skill sets. Further, we also need to do spade work for the development of future strategic road map of the BSC to align its functions to make SBP BSC a modern, technology driven and efficient corporation.

Looking forward to the next financial year as a year of further improvement, I also acknowledge the services of HODs, Chief Managers, and employees of the BSC who tirelessly contributed in organizational development. I am confident that the management team of SBP BSC at HOK and offices will remain committed to various change initiatives and together with ranks and files of our employees the BSC will continue to progress on the journey of the change.

Here I would also like to emphasize the role and guidance that the SBP and our Board of Directors and its different committees, have provided to us in achieving various initiatives of the management as in the absence of support from them the change process in the BSC could have been much slower. I am confident that the office of the Governor and Deputy Governor State Bank of Pakistan, as also our Board of Directors would continue to provide us their guidance in steering the Banking Services Corporation to its right path in an amicable manner and on sustainable basis.

As always, I look forward to working as a team in the year ahead.

QASIM NAWAZ
Managing Director
SBP Banking Services Corporation