



Managing Director's Message

I am pleased to present the Annual Performance Report of the SBP Banking Services Corporation (Bank) (BSC) for the FY05. This report is a comprehensive document on the activities of the BSC.

Established in January 2002 as a subsidiary of the State Bank of Pakistan, BSC is responsible for carrying out all retail banking functions on behalf of SBP. Since its establishment, BSC employees have put in dedicated efforts to successfully improve the quality of its services for the benefit of its stakeholders. It is a matter of pride that BSC is performing all its functions with courtesy and efficiency. I would like to highlight a few of the efforts made by BSC to improve its operational service standards during FY05.

One of the core responsibilities of BSC is to ensure adequate supply of bank notes and coins. This is a difficult task since the stock of currency in circulation has reached over Rs.712 billion at the end-June 2005, an increase of Rs.95 billion during FY05. It is a matter of satisfaction that BSC has performed this core function diligently through its field offices and improved the quality of bank notes in circulation.

We are also vigorously pursuing Clean Note Policy for fair distribution and availability of fresh currency notes. For this purpose we are conducting on-site examination of commercial banks, besides launching awareness program for the general public regarding availability of exchange facilities for bank notes at commercial banks. These measures have brought about visible improvement in the quality of bank notes. In addition, BSC has also effectively promoted awareness of the security features through print media and posters so that financial institutions, retail sector and the general public can confidently recognize and use genuine bank notes. This approach effectively addresses counterfeiting problems and other infringements of bank notes. During FY05, BSC also provided the coin counting, note counting, note banding, note wrapping, tricolor stamping and shredding machines to a number of field offices.

The pace of technological upgradation has been maintained for on-line banking in the BSC during FY05. The installation and deployment of Globus Banking Solution and Enterprise Resource Planning system (ERP-Oracle Financials) are at an advanced stage of completion and the project rollout is in full swing. Globus application has been successfully deployed in the areas of currency issue and National Savings Schemes including Prize Bonds. During FY05, the rollout activities of Oracle-ERP in the areas of Business Process Re-engineering, Oracle Human Resource Management System (HRMS), Payroll System, Oracle Financial and Distribution, Medical Services System and Oracle Training System have also been completed at BSC Head Office and its field offices. The encouraging feature of this entire technological upgradation process is that employees of BSC have willingly accepted this change and have taken keen interest in learning and adopting the software solutions in their areas of operations.

We are providing conducive and enabling environment that motivates employees to further improve their efficiency. The management decisions within BSC are carried out through consensus at different layers of management such as Unit Management Teams, Divisional Management Teams, Group Management Teams, Operational Management Team and in the meetings of Head of Departments and Chief Managers. Considerable improvement has been made in the staff selection procedure, introduction of competitive reward system and

accountability mechanism. We are also paying priority attention to the training of employees to enhance their skills and capabilities. Also, efforts are underway to bring positive change in the attitude and values of our employees. During FY05, policies were effectively implemented in the areas of performance appraisal, promotions, motivation through compensation management and rotation of jobs etc.

It is encouraging that Chief Managers have taken appropriate initiatives to enhance the role of the Local Credit Advisory Committees (LCACs) in resolving banking problems of the stakeholders at the local level. During FY05, a total of 84 meetings of LCACs were held at all field offices of BSC as against 42 in FY04. In addition, Chief Managers of our field offices also paid 38 visits to different districts in the areas of their jurisdiction to enquire about the problems faced by the stakeholders and took requisite measures to solve them. Implementation of the Export Finance Scheme (EFS), which is vital for export promotion effort of the country, is also managed and monitored by the wide network of our field offices. During FY05, BSC's offices processed more than 30,000 cases relating to export refinancing and recoveries. Similarly, our other retail banking businesses include foreign exchange operations, payment & settlement system, facilities of banking to the public, central, provincial and local governments, commercial banks, NBFIs and international financial institutions.

With our efforts in recent years we institutionalized the services and have created a tempo of addressing the problems and needs of public. We are sure that further improvement will be made in the coming years in whatever we have done. In the end, I wish to record my indebtedness to the Chairman and Board of Directors of SBP BSC for their guidance and co-operation during the year in implementing our policies.

Liaqat Durrani
Managing Director