

13 FUTURE OUTLOOK

13.1 Overview

Although the BSC statute broadly defines its functional boundaries but in the rapidly changing business environment and anticipated expansion in financial sector, the role of BSC particularly in development finance, currency management and payment and settlement systems needs to be tailored accordingly. This will require substantial improvement in its institutional capacity viz., increase in efficiency, skills-set, automation, business processes, delivery standards, and physical environment etc. The key initiatives that need to be taken in near future would revolve around foregoing areas.

13.1.1 Currency Management

Ensuring adequate supply of clean and quality banknotes and coins to banks and general public is one of the core responsibilities of BSC. In the last quarter of fiscal year under review the BSC has taken various measures for improving the quality of notes in circulation and for enhancing awareness of general public about security features in currency notes. A multi-pronged approach is being pursued to ensure adequate supply of quality banknotes in the market including regular supply of fresh notes, speedier disposal of soiled banknotes, improvement in inventory management and automation of currency management operations both at front desks / counters and at back office. Following are some of the initiatives to be taken during next fiscal year:

- Installation of an integrated computerized currency management system in the issue departments at the concerned field offices to ensure an efficient and error-free reporting and accounting of the currency transactions and seamless flow of information between the field offices and the HOK in a secure manner.
- Equipping the BSC field offices with adequate number of note counting, sorting, banding and coin counting machines to enable the offices to mechanize their currency operations.
- Strengthening the recently launched system of supply of fresh currency notes particularly on special occasions like Eid-ul-Fitr and Eid-ul-Azha.
- Organizing / sponsoring special awareness and information dissemination programs about the security features of banknotes in order to combat

counterfeiting problem. In these programs the employees of the respective field offices, members of commercial banks of the region as well as the representatives from different institutions and business / traders associations will be invited.

- Similarly, awareness programs for training of the officials of different law enforcement agencies to enhance their understanding about security features of currency notes will be organized.

13.1.2 Foreign Exchange Operations

The foreign exchange operations of BSC are still largely manual with little integration with ISTD and SBP Data warehouse. The FEOD will, therefore, focus on automation of its processes and development of an interactive database of Foreign Exchange transactions etc being executed in the market. Following developmental projects have been identified in this respect:

- Interface of Foreign Exchange Operations Department (FEOD) with ISTD and the field offices for accessing export overdue cases on Oracle based system for timely issuance of show cause / legal notices to defaulting exporters.
- Development of an interactive database for defaulting exporters in export overdue cases and on-line sharing program with access to all authorized dealers.
- Establishment of an automated database for R&D subsidy payments and its linkages with export refinance and export overdue database to prevent duplicate payment.
- Review of the existing set up of FEOD particularly its operational workload with a view to delegate some of the activities to SBP-BSC Karachi office.

13.1.3 Operational Support in Development Finance Function of SBP

The substantially enhanced focus of SBP for broadening and deepening of financial services in the country has opened an entirely new business avenue for the BSC viz., implementation and dissemination of SBP's development finance policies by using field offices network across the country. An exclusive department i.e., Development Finance Support Department (DFSD) has been established recently and its units have also been opened and made operational in 15 BSC offices. The DFSD of BSC, which will be an extended arm of Development Finance Group (DFG) of State Bank, is mandated to facilitate them in (a) effective monitoring of banks at grassroots level, (b) awareness and information dissemination programs for the target clients, (c) research studies and surveys to explore the development finance market and (d) developing linkages with all stakeholders.

The development finance related functions at BSC field offices are likely to give a new dimension to their role and providing excellent professional development opportunities to the staff working in these units. The BSC however, will have to

substantially improve its skill mix for this non-traditional function. The following initiatives have been planned:

- Development of a data collection and reporting mechanism for monitoring of commercial banks' performance in development finance at field level.
- Preparing profiles of two regions / districts (as a pilot project) to ascertain potential opportunities of the growth of development finance. The possibility of outsourcing this project would also be explored. The project will not only help SBP DFG Group to better focus its resources but will also be useful for the banking industry as a whole. If the said profiles are found useful it will become an ongoing activity.
- Conduct surveys of a major SME and rural / agricultural regions to identify key issues faced by SMEs in their growth and impediments in accessing financial services from commercial banks. The surveys will be conducted in consultation with DFG of SBP and would be outsourced to some leading educational institution in the respective region.
- Organize two training sessions for the official of BSC field units to enhance their understanding about the development finance and SBP policies for this sector.

13.1.4 Banking Services to Stakeholders

In order to improve the service delivery standards and to make the institution adaptive and responsive to the stakeholder's requirement, the practice of periodical review and evaluation of the banking services has been introduced particularly in the areas of access to financial services, currency management and utility bills collection etc by commercial banks. The progress shall be monitored to ensure that the basic banking services are made available to all sections of the society. In this regard the key activities for coming years would be as under:

- Conduct an internal / external stakeholders' survey every year to judge the performance of BSC vis-à-vis expectations of the stakeholders with a view to bring further improvements in the processes.
- Further improvement in the quality of banking services and building mechanism of redressal of grievances at SBP-BSC HOK as well as in the field offices. This activity has already been undertaken recently by adding help desks or reception counters at different departments at HOK and some of its field offices. This practice will be extended to all departments and field offices of SBP-BSC by the end of FY08.
- Installation of a professional customized electronic Queue Management System (QMS) with additional features at all field offices to facilitate the internal and external stakeholders.

- Reduction in processing time of payment of prize money on National Prize Bonds.
- Translation of FAQs and brochures containing guidelines on livestock and fisheries financing from English to Punjabi (initiated by SBP-BSC Lahore office) in the first phase of the project. Similar translation of rules and regulations as well as FAQs etc will be undertaken in local languages.

13.1.5 Business Process Reengineering

Business Process Reengineering of BSC has been initiated with a view to increase the efficiency and to strive towards setting internationally accepted benchmarks in its core functions. Following areas are being focused:

- Introduction and updation of Standard Operating Procedure (SOP) at unit / divisional level and, where necessary, on individual level in HOK as well as in the field offices to provide quick guidance about the functions, objectives and working procedures of the unit / division. The standardization of the working procedures would improve the control environment in BSC and bring consistency in its approach and stance in performance of assigned functions.
- Development of a check list for cash monitoring teams for examination / preparation of reports to standardize the examination process.
- Consolidation of various statements / Foreign Exchange returns in consultation with field offices, authorized dealers, Exchange Policy Department, Statistics Department and ISTD to bring improvement in reporting system and to eliminate duplications.
- Consolidation of policies related to grant of leave to regular and contractual employees, transfer, job rotation and other related policies and compiling and issuing them in smart booklets form. Master circulars will be issued to speed up the business processes by eliminating redundancies. This booklet and master circulars will contain details of particular policy and procedure for the users and supervisors to eliminate vague processes.
- Establishment of EFS Verification Cells, initially as a pilot project, at Karachi and Lahore offices for improvement in the overall working and coordination between offices and the Central EFS Verification Unit at HOK.
- Development of a framework for assessment of the achievements of field offices / departments during the year and circulation of innovative ideas for the benefit of other offices and departments.
- Development of a system for direct credit of medical bill / claim to the account of the vendor or the employee instead of issuance of cheque so as to reduce the cost and turnaround time.

- Implementation of the FBR Revenue Collection Automation in order to generate the computerized payment receipts.

13.1.6 Human Resource Management

In the fast changing external environment deregulation, liberalization and the practices of free economy the human resource management has assumed high significance. Keeping in view the importance of HR management, the SBP-BSC has developed certain projects to meet the challenges of the future. The outline of these projects is as under:

- Review of recruitment, promotion, and training and development policies to retain quality resources fully capable of meeting the strategic requirements of the Bank.
- Identification, selection and sorting of policy record files for preservation and retrieval through electronic means. The project will include the preparation of subject-wise list of files for ascertaining the quantum of documents and prioritization of record for preservation.
- Hiring of a reputable consulting firm for complete diagnostic of BSC and submit recommendations for improvement

13.1.7 Training & Developments

In line with the emerging scenario, SBP-BSC will need adequate human resources with suitable qualification and skill-set to play a vital role in implementation of its policies. The SBP-BSC continued with its endeavour of upgrading the skills of its available human resources. The focus will now be on facilitating the transition to a learning environment that lays stress on developing functional, inter-personal and leadership skills, creativity and communication capabilities as well as the ability to work in a cross-cultural working environment and with cross-functional teams. Following are some of the plans in this behalf:

- Prepare on-line database of relevant training courses (both local and foreign) for the use of higher management in SBP-BSC.
- Develop a framework (questionnaire and implementation plan) for conducting Training Need Assessment (TNA) for SBP-BSC employees in consultation with the Training & Development Department SBP, HODs of SBP-BSC and external consultants.
- Conduct employee-wise training plan including nature and type of training with priorities in respect of SBP-BSC employees OG-2 and above in HOK and all field offices.
- Arrange refresher training courses as a part of capacity building and skill enhancement programs in Globus and Oracle Modules (especially Oracle

Financial/AP/GL) at SBP-BSC HOK and field offices level to enhance the comfort level of the user and to increase backup for every module.

- Organize two months Internship Program for the students of educational institutions to familiarize them with SBP and SBP-BSC functions at all the field offices of SBP-BSC across the country. Presently these internship programs are being arranged by only two field offices i.e., Quetta and Muzaffarabad offices.

13.1.8 Other Initiatives

Going forward, with a view to further upgrade the services provided by BSC and to make the institution appropriately adaptive and responsive to the expectations of its stakeholders, BSC has planned some further initiatives for the forthcoming year in the following areas:

- i) Internal audit determines the risks in specific lines of business, and suggests improvements in controls as well as designs and implements an internal audit strategy that helps to take the business to the next level of effectiveness. Some of the key initiatives to be taken in this direction include the completion of the second version of IT Audit Manual, introduction of Risk Register initially in two or more units of each field office to mitigate the risks involved in the transactions, planning to hold three training sessions for capacity building of Audit Officers in the area of Globus, NSS, Oracle, ACL and IT Audit in coordination with the Training and Development Department of SBP-BSC and ISTD SBP.
- ii) Improvement in the quality of services provided by Medical Services Department (MSD). The key initiatives include (a) establishment of emergency rooms at all dispensaries of BSC fully equipped with the latest emergency equipments and (b) plans for enlistment of quality hospitals / consultants.
- iii) The on-going thrust is on improving bank security, physical infrastructure and providing quality working environment to SBP and SBP-BSC staff. Major projects include installation of latest security equipments, development of an automated complaint handling system relating to engineering and maintenance services at SBP and its subsidiaries and upgradation of the existing staff canteen facility at some of the field offices in line with the improvements made in the main canteen at HOK.