

## ***Managing Director's Message***

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I am pleased to present the Annual Performance Review (APR) of SBP Banking Services Corporation (BSC) for FY07. APR is a document which provides an assessment of performance of an institution during a financial year and also gives a chance to the stakeholders and general public to judge the performance from accountability point of view. Since its creation in January 2002 the BSC has been engaged in providing services as outlined in its Ordinance. The banking system in Pakistan has completely changed during the last decade as a result of banking sector reforms undertaken by the State Bank of Pakistan. With the privatization, liberalization and other reforms, the banking system at present is at par with international banking standards. Although BSC has undertaken a number of steps in this direction but still a lot more is required to upgrade its level to a professional corporate body. Since my assumption of charge of Managing Director in the 3<sup>rd</sup> quarter of financial year 06-07, I have chalked out a plan to re-structure the BSC completely. The broad parameters of the restructuring are automation, skill enhancement, up-gradation of service delivery standards, business process re-engineering, capacity building through effective training, up-gradation of manuals, system and procedures, improvements in physical infrastructure, rationalization of staff strength, transparent HR policies etc. The work has already been initiated but effects of changes may be visible during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of FY07/08. The following paragraphs highlight some of the key initiatives taken in this direction.

A full-fledged Currency Management Department (CMD) has recently been established to further improve the currency management systems and operations which is one of the core functions of BSC. The department would adopt and implement a multi-pronged strategy to bring our currency management systems, policies and practices at par with internationally accepted benchmarks. The key components of the strategy would include increasing supply of clean and quality currency notes and timely withdrawal of soiled notes from the market, improving inventory management, mechanizing currency management operations and arranging special information dissemination programs for general public, officials of commercial banks and law enforcement agencies for enhancing their awareness about the clean note policy and security features of the currency notes.

Similarly, to lend maximum operational support to SBP in developing an inclusive financial system in the country, a new Development Finance Support Department has been established and its units opened in all BSC field offices. The department and its units will develop linkages with all the key stakeholders at grassroots level, monitor banks' progress towards build up of the development finance portfolio and capacity at regional level and conduct research studies and surveys to better explore the market. With presence in 15 important regions, the DFSD has potential to contribute significantly in improving the depth and breadth of financial services in the country.

To bring the skill-mix and competencies of BSC at par with the enhanced stakeholders' expectations, there was an urgent need for initiation of a comprehensive training and development program. Accordingly, a separate Training & Development Department has been set up to exclusively focus on training and development needs of BSC. The department is in the process of preparing a comprehensive strategy to cater to the capacity building and skills enhancement needs of BSC in short, medium and long term. The department is also spearheading the initiatives for introduction of Business Planning and Performance Evaluation System in BSC similar to the one implemented in SBP.

A formal change management process has also been initiated to institutionalize and steer the change process. The services of an Organizational Development Consultant are being hired to conduct a diagnostic survey of BSC to identify the organizational problems, gauge its state of preparedness for change management and suggest immediate actions for achievement of the desired minimum levels on the fast track basis. Further, to ensure smooth initiation and completion of the change management process at BSC, some of the key organizational development officers who had successfully implemented the change management initiatives in SBP over the last 4-5 years have also been deputed in BSC.

I am confident that with the continued support and patronage of BSC Board and its Chairperson and ownership of the change initiatives amongst the BSC management and staff, we would be able to achieve the desired turnaround in BSC.

**Muhammad Kamran Shehzad**  
**Managing Director**  
**SBP-BSC**