

18 Business Planning & Future Outlook

18.1 Overview

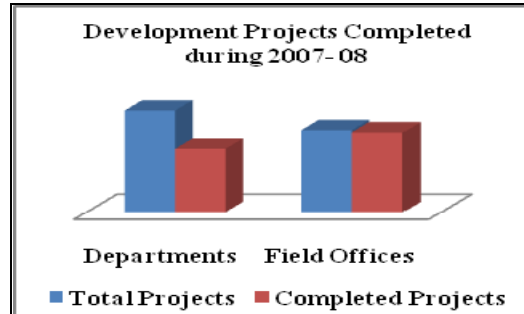
SBP Banking Services Corporation is presently under the phase of restructuring to bring a corporate culture, efficient service delivery standards and streamlining processes to meet the future challenges. The primary purpose of reform is to transform it into a dynamic institution of high ethical and service standards to fulfill the needs of its stakeholders. The introduction of business planning in BSC is one of the key initiatives taken by its management during FY08 for achieving excellence in services rendered by the departments at head office and 16 field offices across the country. As the concept of business planning was a new phenomenon in BSC, a one-day workshop was organized for the middle level managers of BSC to disseminate various components of business plan. The workshop helped the participants in preparing business plan of their department/ office for 2007-08. The Heads of Departments at HOK and Chief Managers of field offices presented their business plans before a committee headed by the Managing Director. These presentation sessions were indeed consultative meetings where each and every aspect of BSC's working was strategically discussed and necessary guidance was provided to the concerned department/ office to make it more pragmatic and practicable. The development projects for FY08 finalized in business plan meetings were consolidated and published in the form of a booklet. This handbook proved to be useful for the Heads of Departments, Chief Managers of the offices and their Business Plan Coordinators in monitoring the progress and timely execution of their projects besides creating a sense of ownership and commitment among the officers who were involved in preparation and implementation of the development projects. Since introduction of business planning with effect from last year in BSC, it has helped in modifying the business processes, simplification of systems and procedures, technological up-gradation, skill development, improvement in development finance support services and visible up-gradation in physical infrastructure. Indeed, preliminary achievements have provided a foundation for more concerted efforts and robust strategies in the years to come that would be more effective in improving the service standards.

18.2 Development Projects completed during 2007-08

Although the introduction of business planning during 2007-08 was a new phenomenon in BSC but the departments and field offices have actively participated in the whole process. Besides fulfilling all requisite requirements of a business plan, they came up with a large number of development projects in the very first year of business planning i.e. 2007-08 which reflected their motivation towards the new initiative. However, to begin with the process, the review committee decided to select only such projects for the year which were realistic, attainable, help in improving service standards and ensures efficient use of resources. It was obligatory for departments and field offices to implement all 85 development projects selected/ agreed during business plan meetings of 2007-08. The departments and field offices of BSC completed 66 projects (78%) out of 85 development projects while the remaining projects have either been spilled over or deferred to the next financial year due to some administrative reasons, non-availability of resources etc. The high

level of achievement in the first year not only indicates a big achievement in the given circumstances but also shows seriousness and commitment of the staff of BSC towards new initiative.

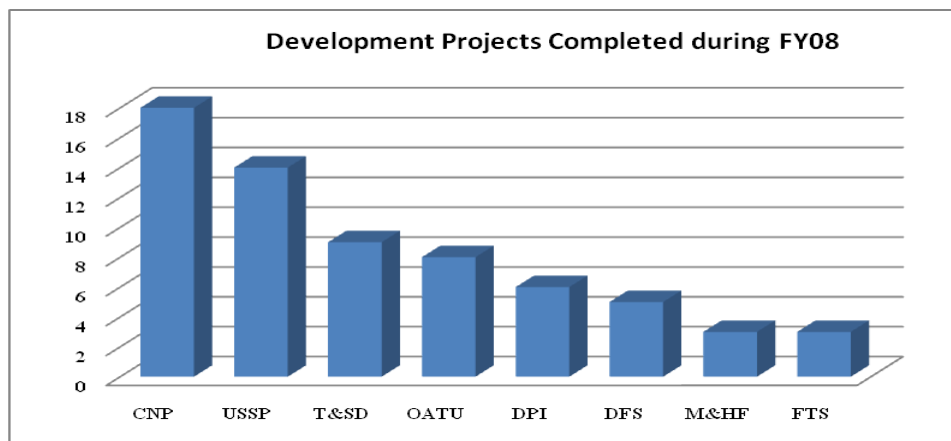
Projects Handled by	Total Projects	Projects Completed
Departments	47	29
Field Offices	38	37
Total	85	66



A perusal of projects completed during 2007-08 revealed that field offices have given priority to implementation of SBP Clean Note Policy inasmuch as 18 out of 66 completed projects pertain to this area. The other projects completed by the departments and field offices were related to up-gradation and simplification of systems and procedures (14 projects), training and skill development (9 projects), office automation/ technological up-gradation (8 projects), development of physical infrastructure (6 projects), improvement in development finance support services (5 projects), improvement in medical and health facilities and facilitation to stakeholders 3 projects each respectively. A summary of development projects completed by the departments/ field offices of BSC during the period under review (area-wise) is given below:

Table 18.2 Summary of completed development projects category-wise

S #	Area of Project	No. of Projects
1	Implementation of SBP Clean Note Policy (CNP)	18
2	Up-gradation and simplification of system and procedure (USSP)	14
3	Training and Skill Development (T&SD)	09
4	Office Automation/ Technological Up gradation (OATU)	08
5	Development of Physical Infrastructure (DPI)	06
6	Improvement in Development Finance Support Services (DFS)	05
7	Improvement in Medical & Healthcare Facilities (M&HF)	03
8	Facilitation to Stakeholders (FTS)	03
Total		66



18.3. Future Outlook

The business planning process has provided a basis to each department and field office of BSC to identify issues and operational difficulties and explore ways and means to undertake more effective actions to improve their performance to meet the future challenges. It has also provided an opportunity to the middle level managers to continuously improve the quality of their services and contribute in raising the overall performance of the institution. During the business planning exercise for FY09, the departments and field offices of BSC have analyzed their working and planned to undertake projects which would eventually improve the working of the BSC as well as capacity of the institution to meet the future challenges. Some of the initiatives to be taken in BSC during FY09 are as under:

18.3.1 Development Finance Support Services

- A survey will be conducted of a major rural/ agricultural and an SME region to identify key issues faced by rural communities as well as SMEs in their growth and the impediments in accessing to the financial services of the banks. The survey results will facilitate the commercial banks, Development Finance Group (DFG) and other stakeholders to have a better understanding of SME market of the region for designing and introducing market responsive products, services and policies for the sector.
- A comprehensive study is planned to be conducted on the livestock potential in Balochistan and fish farming in Alipur Chattha. The study/ report will facilitate commercial banks, DFG and other stakeholders to assess the existing and potential output levels in each sector and identify the reasons for non-exploitation of these sectors, explore ways for exploiting the potential of livestock and fish farming for growth, employment generation and export earnings through innovative financing mechanism.
- A survey based study will be conducted of a major agriculture region preferably cotton belt i.e. Rahim Yar Khan, Bahawalpur, Bahawalnagar, Muzaffargarh, Multan, Vehari and Khanewal to facilitate the commercial banks, DFG and other stakeholders to have a better understanding of the rural economy of the region for identification of existing and potential output levels, key issues and challenges faced by the farmers in procuring inputs, farm mechanization, sale and marketing of farm/ non-farm produce. The survey report will also help in forming a realistic assessment of the level of their access to financial services and the related issues for better policy making.
- A comprehensive report covering credit products of micro finance banks operating in Lahore region along with issues being faced in this sector will be prepared to have a better understanding of the market trends.
- A detailed study of an industrial cluster in Peshawar, Hyderabad, Rawalpindi, Faisalabad, Bahawalpur, Multan, Sialkot and Sukkur regions will be conducted to create a grassroots level understanding of key issues, challenges and impediments being faced by the industry in the region and identification of the potential of the industry for growth and employment generation. The study to be conducted in Hyderabad region will particularly focus on bangles industry of the area.
- Regional development finance profiles of all major commercial banks dealing in SMEs and agriculture/ rural finance in Hyderabad, Quetta, Bahawalpur, Multan, D. I. Khan

and Sukkur regions will be prepared to have a clear picture of the socio-economic and socio-political profile, in-depth knowledge of the industrial and agricultural sector, database on the educational institutions and knowledge of the current trends in trade and finance of the region. This will help in development of an updated/ consolidated database of all major banks extending SMEs and agriculture/ rural finance, for monitoring the progress towards disbursement and portfolio built-up targets and assessment of progress on banks' plans to enhance their development finance related capacity.

- A Development Finance Review will be issued for the calendar year 2008 to facilitate the stakeholders to have an overview of the developments in agriculture, SME and micro/ housing finance sectors and assessment of trends in outreach levels and banks' capacity in the DF sector that will help in monitoring the regional trends in growth of DF and meeting the challenges faced by each sub-sector of DF.
- An inter-provincial agricultural workshop will be arranged at Lahore and Peshawar offices to share best practices adopted by different provinces for farmers' facilitation and to provide a forum to the bankers and government officials to interact each other for providing better services to the farming community. This will enhance coordination with provincial agricultural and revenue departments to address demand side issues (i.e., farmers' credit absorptive capacity) in agriculture finance.

18.3.2 Office automation/ technological up-gradation

- A Management Information System (MIS) will be developed to facilitate the senior management to have immediate access to the information relating to currency and National Prize Bonds matters with easy navigation. Besides, CMA Globus will be revisited to have updated and error free reports on currency operations and to eliminate redundancies by controlling re-entry of data.
- A system will be developed at the Accounts Department for direct credit of bill/ claim to the account of vendors/ employees instead of issuance of cheque to accelerate the process of payment and facilitate the stakeholders.
- An automated data warehouse will be established at FEOD for subsidy payments under Research & Development Support scheme having links with the export refinance and export overdue database for enhancing efficiency of the process. A database of export overdue cases will also be developed to ensure accuracy and reliability of the system. Similarly, a database for complaint cases will be developed at FEAD with the assistance of FEOD and ISTD to accelerate the process of preparing monthly review on the subject matter.
- Fund System-GL interface will be developed at the Funds Unit so that entries related to provident fund, GP fund, benevolent fund and insurance are passed by importing the data rather than by inputting to increase efficiency and ensure accuracy of the process.
- An automated complaint handling system will be developed at Engineering Department to enhance efficiency in complaint management and bring improvement in service delivery system.

- Electronic Queue Management and Information Display System will be installed at Karachi, Lahore, Hyderabad, Multan, and D. I. Khan offices in the remaining operational areas.
- A service bureau will be established at Karachi office in connection with Real Time Gross Settlement (RTGS) activities to bring efficiency and improvement in payment and settlement system. In addition, an Image Management System will be developed at Karachi office in Globus (Banking) for the specimen signatures and powers of attorney pertaining to MTBs/ FIBs/ PIBs.
- A permanent IT training lab with 20 PCs will be established at Rawalpindi office to serve as training hub for other BSC offices located in the northern region. Besides, an automated system for identification of critical data and creation of its back up will be developed at Islamabad office to reduce hardware risk, enhancement in business support to BCP and uninterrupted services to stakeholders. An IT based incident reporting system will also be developed at Islamabad office for prompt handling of such cases.
- A color separation and combination machine will be acquired for Printing Press to enhance the quality of printing, improve the efficiency and reduce the cost of printing and turnaround time.
- As a step to upgrade the technology, the existing telephone exchange at SBP Main Building will be upgraded to strengthen the communication system in the Bank.

18.3.3 Up-gradation and simplification of systems and procedures

- The existing Expenditure Regulations, Banking Department Manual, Foreign Exchange Department Manual and Procedure for Sale and Encashment of National Prize Bonds will be reviewed and updated to accommodate the changes taken place due to automation and business process reengineering to meet the future requirements. Besides, a comparative study of Foreign Exchange Regulation Act-1947 viz a viz Foreign Exchange Management Act 1999 (relevant portion) will be made for preparation of draft proposals for suitable changes in the existing instructions to strengthen the system and procedure and ensure transparency in adjudication process.
- A standardized format for property evaluation will be introduced for use by all evaluators/ companies enlisted by BSC head office and field offices to ensure accuracy and transparency of the system and procedure.
- The existing performance evaluation system for OG-1 of BSC will be reviewed to realign the same with the newly introduced PMS for OG-2 and above.
- Smart booklets and master circulars will be prepared on annual verification of currency and Prize Bonds balances, destruction of cancelled notes, Clean Note Policy, combating counterfeit notes, inspection of NBP chests/ sub-chests, maintenance of PB-35 lists, credit of prize money to government account and on human resource policies to facilitate the internal stakeholders. Besides, an Employee Hand Book containing all information about the employees' related policies and benefits, important contacts etc will be issued for convenience of employees. Soft copies of these booklets will also be placed on sbpweb for a more convenient access.

18.3.4 Improvement in Currency Management

- An automated currency sorting cell will be established at Lahore office to enhance efficiency of the system and strengthen the Clean Note Policy of SBP. A forensic lab will be established at HOK with modern testing equipments for examination of counterfeit currency notes/ Prize Bonds to save the time involved in sending such notes/ Prize Bonds to PSPC for obtaining their opinion.
- A new shredding machine will be procured for Karachi office to increase the pace of destruction of cancelled banknotes. The mechanized destruction of cancelled notes will not only improve the efficiency in note destruction but will also prevent pollution in the environment.
- The pace of examination/ disposal of bonded note balances held by Lahore, Quetta, Rawalpindi, Faisalabad and Sukkur offices as on 30th June 2008 and the incoming receipts thereafter will be accelerated to ensure better stock management.
- Holding capacity of NBP branches maintaining currency chests/ sub-chests in Karachi circle will be reviewed with a view to enhance the same to facilitate the stakeholders of the region. Further, the possibility of extending cash deposit/ withdrawal facility by NBP chests/ sub-chests in Karachi circle to other banks of the area will also be examined to cope with the space problem in the vaults.
- Standard Operating Procedure for demonetization and withdrawal of old design banknotes of Rs.10 and Rs.100 denominations from circulation will be prepared to cope with the future eventualities.
- A concept paper on automation of PB-35 listing and currency chest operations will be prepared with a view to develop mechanized input of Prize Bonds interfacing with PB-35 Globus version and receipt of chest information on-line from NBP branches.

18.3.5 Training and skill development

- In-house management training programs on writing and presentation skills, interpersonal skills and MS Office will be launched for capacity building of all cadres of BSC employees.
- A training evaluation process will be instituted to assess the effectiveness of training on function specific subjects and provide feedback of the trainees as well as their supervisors, peers and stakeholders for tracking out the impact of training on each trainee. Besides, a webpage will be developed to keep the users well informed about the on-going training activities in BSC.
- A number of training programs will be arranged for officers of BSC during FY09 to upgrade their knowledge base and capacity building. These programs include judicial training for the concerned officials of FEOD, training courses for junior doctors of Medical Services Division and training sessions for officers of Internal Audit Department on Globus, Oracle, Audit Command Language, International Accounting Standards and IT Audit.
- Training sessions will also be arranged for representatives of commercial banks to improve the standard of their statements/ returns particularly in submission of export

overdue cases and EE/ EF statements to SBP/ SBP-BSC. This will help in increasing their understanding about the requirements in these areas.

- Six-week internship program will be organized for the students of the universities mentioned hereunder for capacity building of the students, enhanced understanding regarding functions of SBP and BSC besides image building of the Bank.

Table 18.3.5 (a) Internship Programs to be conducted by the field offices during FY09

S #	Field Office	Students of University/ Educational Institution
1	D.I. Khan	Gomal University
2	Sukkur	Shah Abdul Latif University, Khairpur
3	Muzaffarabad	Educational Institutes of Azad Jammu & Kashmir

- Hostel facility will be developed at BSC North Nazimabad office, Karachi to provide accommodation to four to six trainees from Hyderabad/ Sukkur/ Quetta office at one time for attending the training programs at Karachi.
- With a view to impart specific training to employees of BSC, a number of training programs will be arranged during FY09 at different offices on BSC functions for capacity building of employees and other stakeholders as detailed below:

Table 18.3.5 (b) Training programs/ sessions on BSC functions to be arranged by BSC field offices during FY09

Topic	Number of training sessions to be arranged by the field offices at												
	Karachi	Lahore	Peshawar	Hyderabad	Islamabad	Rawalpindi	Multan	D. I. Khan	Gujranwala	Sialkot	Sukkur	Muzaffarabad	N. N. Karachi
i) Security features of new design banknotes and counterfeit currency notes	12	23	12	10	18	20	6	12	12	12	12	24	12
ii) Globus, CI-Globus Banking solution.	-	10	-	4	-	-	4	4	4	4	-	-	-
iii) In-house training by hiring course specialists.	-	4	-	-	-	-	-	-	-	-	-	-	-
iv) Export Refinance and National Saving Schemes	-	10	-	-	-	-	-	-	-	-	-	-	-
Total	12	47	12	14	18	20	10	16	16	16	12	24	12

- Apart from above, a comprehensive business plan for medium to long term has been developed as a guiding principle for futuristic outlook of BSC. The plan encompasses the strategies needed to undertake future challenges. A lot of new training programs are being initiated keeping in view the changing organizational structure. BSC is now in the process of proactively upgrading its resources and infrastructure to fully support the needs of organizational development and capacity building. The priorities set for FY09 include:
 - Raising scale and scope of in-house training arrangements by engaging internal as well as external resources.

- Development of a team of experts/ trainers within BSC through TOT programs in the field of computer applications and soft skills.
- Arrangements for high valued functional and management related programs to be delivered by expert resource persons of domestic and international repute.
- Arrangements for PMS training for all OG-2 and OG-3 officers of BSC to help implement more objective and competency-based Performance Management System.
- Holding of refresher course for supervisory level for bringing similarity in appraisal ranking among different field offices and departments.
- Arrangement for IT application programs to equip the supervisors with techniques useful in strengthening their vigilance on IT applications.
- Launching of BSC-IBP joint training venture to promote dissemination of contemporary knowledge on banking and finance among BSC officials and commercial bankers at selected BSC field offices.

18.3.6 Foreign Exchange Operations & Adjudication

- A mechanism will be developed for monitoring of foreign exchange realization against export of software, through registration of I.T. exporters.
- ITRS (new software provided by SBP to commercial banks for submission of soft copies of monthly returns to Statistics Department) will be implemented at FEOD for gradual elimination of paperwork and possible utilization of ITRS data in EE/ EF verification.
- A mechanism will be devised for verification of claims against exports from export processing zones which are not reported by banks in their monthly returns. This will help in eliminating the possibility of fake claims from EPZ exporters.
- Draft proposals will be prepared for changes in Foreign Exchange Regulation Act (FERA) to provide special powers for imposition of penalties against violation of rules by Authorized Dealers while certifying E-form.
- The existing set up and workload of FEOD will be reviewed with a view to delegate operational jobs to SBP-BSC Karachi office.

18.3.7 Medical & Healthcare Facilities

- Photographic Identification Card system will be introduced in MSD to update the profile of all bank employees and their dependents in the system to prevent the possible misuse of medical facility.
- Efforts will be made to enlist more specialized and well reputed hospitals on Bank's approved panel e.g. Agha Khan Hospital, OMI Karachi and SKMH Lahore to provide better medical facilities to the employees of SBP/ BSC and their dependents.
- Various programs on health issues will be arranged to create awareness about the common diseases like diabetes, hypertension, hepatitis, and ischemic heart disease.

18.3.8 Internal Bank Security

- Latest arms/ ammunition will be procured for security guards deployed at the SBP Main Building, Subsidiary House at Karachi and all BSC field offices to enhance security of the assets of SBP and BSC.
- Proximity Cards Readers will be installed at all floors of SBP Main Building to restrict the access of unauthorized persons and the employees not working on respective floor.
- Hydraulic blockers will be installed at SBP and BSC field offices' key point installations to enhance security against possible terrorist acts.
- CCTV cameras will be installed along with recording system particularly on the cash and Prize Bonds counters at all BSC field offices. As a pilot project, the CCTV system at Lahore office will be upgraded with infra red technology containing 5 LCD screens for displaying all existing and additional cameras to strengthen the security measures.
- Integrated Picture (IP) camera set with control system, fire safety suits, fire oxygen masks, fire escape chutes, and folding fiber glass/ aluminum slides will be procured to enhance office security/ preventive and protective measures.

18.3.9 Miscellaneous plans

- Risk Registers will be introduced for maintenance at Public/ Deposit Account Units and Issue (Treasury) Divisions at all field offices of BSC to mitigate the risk in operational areas.
- Sale/ encashment of Special Savings Certificates and Defence Savings Certificates of the National Savings Schemes will be introduced at Gujranwala office to facilitate the external stakeholders of the region.
- The feasibility of introducing on-site verification of export finance cases pertaining to Part II of the scheme will be examined to prevent the possible misuse of funds granted under this portfolio.
- A monthly Financial Newsletter is planned to be issued, highlighting variation from budget at the BSC field offices/ departments of HOK along with reasons of such variations, for sharing knowledge and management information.
- A handbook containing brief appraisal of development projects completed during 2007-08 along with selected development projects of the departments and field offices of BSC for 2008-09 will be published for easy monitoring of the progress of projects.
- A new building will be constructed exclusively for car parking at SBP Main Building with the parking facility of 720 cars at a time.
- Video conferencing equipments will be installed in the lecture theater of Lahore office for sharing of knowledge and training sessions with other field offices.
- A permanent lecture room will be established at Rawalpindi office for holding in-house seminars/ conferences, workshops on central banking business, customer's services etc. to facilitate training and skill enhancement of employees.