

Governor's Message

The Banking Services Corporation (BSC) of the State Bank of Pakistan (SBP) has started to transform itself in line with the vision and role that I had envisaged for the SBP (BSC) three years back at the beginning of my tenor as Governor SBP. To highlight some key achievements, BSC is now fully automated with its headquarters in Karachi integrated with all the 16 field offices. New department of currency management is now functioning and is working to strengthen the currency issuance and distribution functions. BSC has been assigned a new role of actively disseminating SBP policies and facilitating implementation for increasing the depth and breadth of the banking system and spreading its outreach to un-banked/under-banked areas etc. BSC's institutional capacity is being strengthened to better align its functions with SBP strategic goals.

The ***Organizational Development and Change Management project*** initiated during FY08 would be instrumental strategizing better BSC and strengthening its institutional capacity, simplifying the business processes and making the organizational culture more customers friendly. This institutional and corporate culture change is warranted to ensure that SBP leverages its subsidiary effectively through BSC's presence in 15 major cities across the country. BSC can play a critical role for advocacy for augmenting financial penetration across the country by ensuring banks service better in far flung and difficult terrain. At the same time BSC will be geared to promote financial literacy both at the public and industry and trade level.

A new Development Finance Department has been created to position both headquarters and the field offices to serve as the focal point in their respective regions for dissemination and facilitating implementation of all SBP policies and initiatives. Better alliance and cooperation between SBP-BSC has now been nurtured to promote access to development finance through awareness programs, strengthening consultative mechanism at grassroots level and conducting market studies and surveys. The improved interaction with the stakeholders at grassroots level and better understanding of local/regional economies will be instrumental in expanding the outreach of financial services across the country. The market feedback on these initiatives is positive and I have taken steps to further enhance capacity of BSC to play an even active role in deepening and broadening of the financial system. Among these steps: Management has now obtained its Board approval for setting up few additional field offices in both Sindh and Baluchistan. Further BSC staff changes are underway to post people who have the capacity and understanding of development finance. BSC staff and its field offices will be geared to provide training in key areas of sector finance.

Similarly the Currency Management which is one of the key functions of the BSC has witnessed substantial improvement in the recent past. The Clean Note Policy propagated by BSC has been instrumental in improving the quality of notes in circulation, though still there is a considerable room for improvements particularly in the currency notes of smaller denomination. The market feedback of the awareness campaign on security features of the currency notes is also positive; it has not only minimized general public's apprehensions

about the quality of new currency notes but also improved the overall capacity of the system to check the counterfeit currency notes. I am pleased that the decision to establish a full-fledged Currency Management Department in BSC has worked well and yielded positive impact on all aspects of currency management. The department should continue its efforts to ensure adequate supply of clean currency notes in the market and build its capacity to make our currency management system and practices comparable with globally accepted norms and standards.

The improvement in physical infrastructure and working environment, enhancing skill mix both through training and development of the existing staff and deputing SBP officers with relevant skills in BSC, and cultural and attitudinal changes to make the service delivery more customer friendly are the other key areas the BSC management should focus to bring its institutional capacity and culture at par with the enhanced expectations about its role and functions. The Organizational Development and Change Management project initiated during the outgoing fiscal year should help BSC to proceed in this direction. I hope that the change management process in BSC would be smooth and relatively faster as the core management team of BSC has experience of initiating and implementing almost a similar change management project at SBP.

Lastly as the Chairperson of the BSC Board of Directors, let me assure my full support and ownership of the change initiatives taken by the BSC management for transforming BSC into an efficient, effective and customer friendly institution.

Dr. Shamshad Akhtar
Governor & Chairperson
State Bank of Pakistan