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Salim Raza urges corporate sector to introduce more transparency in governance

Syed Salim Raza, Governor State Bank of Pakistan has urged upon the country's corporate sector to introduce more transparency in governance and decision making through greater disclosure of financial and non-financial information to the stakeholders.

Speaking as a chief guest at the Best Corporate Reports Award Ceremony, jointly organized by the Institute of Cost and Management Accountants of Pakistan (ICMAP) and the Institute of Chartered Accountants of Pakistan (ICAP) at a local hotel in Karachi today, Mr. Raza said that there is still a need for fostering a change in the thinking of the corporate sector as the old system of protectionism cannot work in this global challenging environment.

SBP Governor said that these awards would also assist country's economy, which needs sizeable investments in fixed capital. The Government's efforts towards structural reforms and recent geo-political developments in South Asian Region have once again put Pakistan in a position to attract foreign investments and these awards would serve as a catalyst in augmenting this progress, he added. Mr. Raza urged the professional accountants to work with renewed zeal to enhance the prestige of the profession in the present global economic slowdown.

Mr Raza opined that the Best Corporate Reports Award would certainly take us towards greater transparency in disclosure of annual accounts and to strengthen good governance practices in the corporate sector. These awards would also narrow the credibility gap, which exists between various stakeholders and the management of the companies, he added. He hoped that the level of reliance by all the stakeholders on the corporate reports and annual accounts will significantly grow in the years to come.

SBP Governor said the cross border exposure of the corporate sector, the exposure in new asset forms such as derivatives and accounting for off-balance sheet exposure are all accompaniments of globalization and liberalization and they make new demands for progress in the area of accounting and regulatory discipline. He said that in order to maximize dividend of the global opportunity, the corporate sector has to improve the corporate governance even in tightly held ownership companies.

Mr Raza observed that the modern accounting system underpins the continuity and evolution of the joint stock company, which is the base of all developments in the modern economy. He said that from the simple-double entry book keeping system, the profession of accounting has evolved itself as a qualitative framework of methods and standards that ensure

a company's affairs are well understood to all constituencies i.e., shareholders, employees, fiscal authorities, financial stakeholders and prospective investors.

Mr. Raza said that the accounting profession is one of the cornerstones that have immensely supported and contributed towards the emergence of modern day economic system and its institutions.

"The world is changing at a rapid pace and the accounting profession must come up to the international standards of accounting and good corporate governance," the SBP Governor added.

He congratulated the chief executives, chief financial officers and representatives of all those companies who have participated in the competition and those who have been selected as winners of the Awards. These awards will play a major role in promotion of excellence in all forms in the corporate sector and such ceremonies should be held on regular basis to pay tributes to those who have contributed towards the profession, he added.
