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**GOVT. & SBP COMMITTED TO MAINTAINING
MACRO ECONOMIC STABILITY: SYED SALIM RAZA**

Syed Salim Raza, Governor, State Bank of Pakistan has said that the Government and the SBP are committed to maintaining macroeconomic stability and long term economic growth in the country.

Speaking at the Excellence Awards Ceremony of CFA Association of Pakistan at a local hotel in Karachi tonight, he said the primary goal of monetary policy stance is to control inflation.

Mr Raza observed that the downward trend in domestic inflation owes to favourable international and domestic developments as well as a deceleration in domestic demand. 'The latter, in particular, reflects the monetary tightening by the central bank as well as the complementary improvement in fiscal discipline', he added.

Stressing the need for the development of an efficient bond and money market, the SBP Governor said the development of an organized bond market for both Corporate and Government securities is the need of hour that will help boost intra-regional trading liquidity and investment needs.

SBP Governor said that complementing the progress of the bond and money markets will be further strengthened by bringing efficiency in secondary trading platforms, liquidity, dissemination of price & volume trends and wider access to the market. He said the work is underway on these initiatives at the State Bank to create a vibrant and liquid Bond Market thus reducing the financial intermediation cost in the system.

He observed that Pakistan's financial markets have remained by and large insulated from the recent global financial market turmoil as 'our markets did not have exposure to mortgage or other asset backed securities.' However, he asked all stake holders to further consolidate their efforts for the deepening of financial sector including financial instruments innovation.

In view of the rapidly changing situation, the SBP Governor impressed upon the commercial banks to focus on products development and enhance their financing facilities to infrastructure, housing, SME and microfinance industries as well as expand their outreach to under-banked regions. 'Banks will need to poise themselves to meet demands of the investors and industries for continued growth', Mr Raza added.

Mr Raza opined that commercial banks would continue to develop their infrastructure, technology and human resource capacities to adopt and implement Basel-II. 'In line with the Basel Accord II framework, SBP has revised the format of annual accounts to improve disclosure requirements,' he said and added that further development of an online management information system would enable banks to maximize benefit of eCIB (Electronic Credit Information Bureau).

Mr Raza also emphasized the need for developing a consolidated supervision framework in view of the emergence of the conglomerate structure in Pakistan's banking industry. 'There is a need for highly trained accountants and financial analysts who can help manage the risks associated with the complex financial structures of the conglomerates,' he added.

Referring to the importance of professional experts in Pakistan's financial industry, the SBP Governor observed that pursuing internationally recognized area-specific programs like the CFA, FRM, ACCA, and CMA are excellent tools to bring individuals at par with global standards.

He said the human resource development has always been a top priority in the State Bank. The State Bank employees undergo rigorous training at NIBAF and IBP for expanding and strengthening the Bank's human resource base. 'Recognizing the value addition offered by international certifications, the State Bank has also adopted a policy to encourage its staff to acquire professional certifications relevant to the business,' Mr Raza added.
