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SBP Governor stresses the need for developing & implementing good governance practices to provide impetus to economic growth

The Governor, State Bank of Pakistan, Mr. Yaseen Anwar has stressed the need for developing and implementing good governance practices in order to provide impetus to economic growth.

Delivering his keynote address at the 4th CEO Summit and book launching of “100 Business Leaders of Pakistan” at a local hotel in Karachi today, he said that good corporate governance regimes cannot be underscored more as they create an attractive investment climate necessary to maintain investors’ confidence, resulting in positive impact on the share price and creating possibilities for raising low cost capital.

Leaders must be visionary to see the future trends, anticipate institutional bottlenecks, remain competitive and be able to adapt rapidly to changes, he said and added that leaders need also to take into account their corporate social responsibility so that profit seeking is balanced against the objective of social service and well being of society.

Mr. Anwar observed that Pakistan’s corporate sector has survived in perhaps one of the most challenging environments, and yet it has flourished. ‘There are challenges to expanding abroad – challenges that our companies may not have encountered previously. But I, for one, would like to see more of our corporate sector aggressively targeting the regional and global market. I challenge you to dream larger than ever before’, he added.

He noted that the millions of Pakistanis abroad will give you an edge as you venture abroad. ‘They will be familiar with your brands, and with the quality of your products. They may just hold the key to giving you a foothold in international markets’, he added.

He pointed out that FDI is investment in tangible assets in the real sector. ‘That means that money and capital flows through FDI are not very volatile. And it is the volatility in such flows that keeps any central banker awake at night’, Mr. Anwar added. SBP Governor said that Pakistan’s economy should move away from a persisting fascination with inward Foreign Direct Investment (FDI) as a metric of the economy’s health and, at least, give Outward Foreign Direct Investment (OFDI) the attention it deserves.

He observed that the world today is passing through a turbulent phase that requires a realignment of our leadership approach to managing businesses. ‘Today’s business leader is faced with a multitude of challenges, both on external and internal fronts. The complexities arising in the ecosystem of any business may arise in the shape of macro economic imbalances that include sagging demand, inflation, volatility in financial markets, etc.’, he added.

SBP Governor said: “The most significant lesson that we have learnt from recent events is the importance of fundamentals in risk management. For instance, there is a basic rule since inception of

banks which says 'do not put all your eggs in one basket. Had this simple rule been followed, many institutions could have avoided huge losses'.

He cautioned that elevating corporate governance should not be confined to banks, but commercial concerns must also do the same. 'We all know the pace of globalization has accelerated, resulting in increased domestic and global economic integration', he added.

'The current breed of Pakistani CEOs is the street-smart entrepreneur, who will learn to adapt to any environment. That is going to be our competitive advantage in the global market. Once again the challenge is to put your skills to the test on the global stage. I am confident that you will create a new success story with each challenges', he said, adding that 'I am confident that your leadership skills and your vision are more than sufficient to achieve that ambitious but reachable goal. After all, a man's reach should exceed his grasp or what's a Heaven for. That is what will usher this country into a new age of economic growth and prosperity.'

'Twenty years from now, I would like to hear the story of how a Pakistani corporation entered the global market, the challenges it faced and overcame, and became the first Pakistani company to be consistently featured in the Fortune Global 500 list of companies', Mr. Anwar added.
