



## External Relations Department

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### Press Release

#### **GOVERNOR STATE BANK ASK BANKS TO ENSURE OPERATIONAL EFFICIENCY**

Governor State Bank Mr. Ashraf Mahmood Wathra has stressed upon the banks to focus on private sector lending and deposit mobilization. In this context he said that the average spread of all banks continue to remain high and should be reasonably rationalized. "SBP shall review the position by the end of June 2015 and may take regulatory measures to lower the spread," he added.

He was addressing a meeting of Presidents/CEOs of all commercial Banks and DFIs at SBP Head office in Karachi today. The Governor took stock of operational activities and performance and issued important directives to enhance the efficiency of banks.

Discussing the condition of Islamic Banks and its profitability, Governor highlighted that Islamic banks should reward their customers appropriately in line with their surging profits. "Banks were advised to come up with their own solutions or the SBP will apply Shariah compliant measures to address the issue," he instructed.

Mr. Ashraf Wathra told the banks to improve their foreign exchange related services for the small customers. "The staff needs to be appropriately trained, and products developed to assist public in the easy execution of their genuine foreign exchange transactions such as fees or medical expenses," he observed. He advised that all possible measures should be taken at institutional level to improve the quality of services. He said that SBP will also review its foreign exchange circulars to facilitate the banks in this regard.

Urging the banks to realize the efforts required for maintaining foreign exchange reserves, the Governor emphasized that banks should discourage import of non-essential items by reviewing their internal credit policies. On the other hand, he directed the banks to facilitate the exporters to the maximum to promote growth in exports and thus the economy. He was also critical of the banks for inefficiencies of their overseas offices. "SBP has been receiving requests from different banks to have their representation overseas but on the contrary, performance of existing representative offices is not productive. Therefore, instead of having overseas offices, banks should perhaps consider subsidiaries in foreign markets as "exchange companies" which may further help home remittances as well," he elaborated.

Talking about the IT security management, the Governor State Bank stated that banks must strengthen their back up support and improve security measures. He also pointed out towards the need to improve capacity of bank staff to upscale their service standards and run banking operations. He offered that banks could be facilitated by the National Institute of Banking and Finance (NIBAF) and Institute of Bankers (IBP) to train the human resources at different levels. The Governor added that branchless banking agents also need to be trained.

The Governor advised the banks to improve the functioning of their ATMs as unavailability of ATM services is akin to going to a bank branch counter which doesn't have cash. The banks were advised to ensure round the clock services of their ATMs for the public.



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Mr. Ashraf Wathra took strong notice of the incidences of banking frauds with the involvement of bank staff. The Governor stated that banks cannot exonerate themselves from such incidences and must take strict measures to eliminate such frauds. “The banks are responsible for their staff and signatories who authorize transactions,” he said.

The Governor also encouraged the banks CEO/Presidents to actively participate in programs of public interest on the invitation of SBP.

Earlier, before the Governor’s address, Mr. Muhammad Ali Malik, Director Domestic Money Market Department stated the conditions of financial markets and external sector whereas Mr. Shoukat Zaman, Director Banking Policy and Regulation Department briefly discussed non essential imports. Mr. Abid Qamar, Chief Spokesman, highlighted the facts about private sector credit. Further, Executive Director, Mr. Samar Husnain presented developments in relation to export finance scheme and long term financing facility of the SBP.