

Governance Structure

The State Bank of Pakistan (SBP) is governed under the *SBP Act, 1956*, which gives the Bank the authority to function as the central bank of the country. The Act mandates the Bank to regulate the monetary and credit system of Pakistan and to foster economic growth in the best national interest with a view to securing monetary stability and maximize utilization of the country's productive resources.

Board of Directors

The SBP is governed by a Board of Directors, which is responsible for the general supervision of the Bank, other than the functions assigned to the Monetary Policy Committee. The ten-member Board is chaired by the Governor, comprising eight non-executive Directors and Federal Secretary Finance. Non-executive members of the Board are appointed by the Federal Government for a period of 3 years, under Section 9(2)(c) of the *SBP Act, 1956*. Five meetings of the Board were held during FY18.

Executive Management

The Governor being the Chief Executive Officer, heads the executive management. He is assisted by one or more Deputy Governors. The management hierarchy also includes Executive Directors, Chief Economist and departmental heads (Organogram is placed at **Annexure-B**).

The Governor

The President of Pakistan appoints the Governor for a term of three years that may be extended for another term of three years. The Governor is the Chief Executive Officer and manages the affairs of the Bank. Mr. Tariq Bajwa is serving as Governor, SBP since July 7, 2017.

Deputy Governors

Deputy Governors, appointed by the Federal Government for a term not exceeding five years, assist the Governor. Mr. Jameel Ahmad¹ and Mr. Shamsul Hasan² joined as Deputy Governors on April 11, 2017 and February 12, 2018 respectively. Earlier, Mr. Riaz Riazuddin remained Deputy Governor until his term ended on March 29, 2018.

¹ Mr. Jameel Ahmad remained Deputy Governor, SBP from April 11, 2017 to October 15, 2018. He was reappointed as Deputy Governor, SBP on October 25, 2018.

² Mr. Shamsul Hasan remained Deputy Governor, SBP from February 12, 2018 to October 4, 2018.

Board of Directors



Mr. Tariq Bajwa, Governor, Chairman Board of Directors and Chairman Monetary Policy Committee.

A career civil servant by profession, Mr. Bajwa joined the Civil Service of Pakistan in 1981 and assumed various Secretariat, Field and Staff assignments, including, amongst others, General Manager PIA, Head of Pakistan's Trade Mission in Los Angeles, and Advisor Finance to the United Nations Development Program (UNDP). Mr. Bajwa also served as Chairman, FBR for over 2 years till October 2015, before his appointment as Secretary, Economic Affairs Division. He retired as Secretary Finance Division on June 18, 2017. He holds a Master's degree in Public Administration from Kennedy School of Government, Harvard University, where he was awarded the prestigious *Littauer* Fellowship, and holds an LLB from the University of the Punjab, Lahore.



Mr. Arif Ahmed Khan (Member, Board since January 9, 2018) Secretary, Finance Division, Government of Pakistan and ex-officio member of the Board. A civil servant with 35 years of experience in Public Administration. He has served the federal and provincial governments in various positions. Mr. Khan holds a Masters in Public Policy from Concordia University, Quebec. Before joining Finance Division, he served as Secretary Economic Affairs Division, Secretary Interior and Secretary, Climate Change. Mr. Khan has served as Additional Chief Secretary, Planning and Development Department, Government of Sindh. He was Secretary Finance for the Government of Sindh during 2012-13. Prior to that, he remained Home Secretary to the Government of Sindh for three and a half years.



Dr. Tariq Hassan (Member, Board since March 22, 2016) Attorney and Advocate, Supreme Court of Pakistan and Chairman, Audit Oversight Board. Dr. Hassan is a former Chairman, Securities and Exchange Commission of Pakistan and has served as advisor to the Finance Minister of Pakistan and Governor, SBP. He has also been associated as legal Counsel with the World Bank Group in Washington, DC, International Fund for Agriculture Development in Rome, and Shearman & Sterling in New York. In addition to practicing law, he has been teaching law as an adjunct professor at George Washington University and Fletcher School of Law & Diplomacy, USA and Departments of Law at LUMS and International Islamic University, Pakistan. He is also Chairman, PCP (Pakistan Centre for Philanthropy) Panel. He did his PhD in Juridical Science from Harvard University, USA.



Hafiz Mohammad Yousaf (Member, Board since March 22, 2016)

A Chartered Accountant by profession with professional experience of over 30 years. He had served as Member SECP Board and President, Institute of Chartered Accountants of Pakistan, besides holding other important responsibilities. He is Fellow member of Institute of Chartered Accountants of Pakistan.



Mr. Zubyr Soomro (Member, Board since March 22, 2016)

Zubyr Soomro graduated from the London School of Economics and then obtained an MA from SOAS (London University). He also has several Executive Courses from the Harvard Business School and the Harvard Kennedy School in Financial Inclusion. He has been a career international banker with over 30 years at Citibank with assignments in the Middle East, Turkey, UK and Pakistan. In 1997 he was appointed as Chairman and President of United Bank and tasked with restructuring it for Privatization after which he stayed on to head Citibank's Pakistan franchise. Since his retirement from Citibank he has been consulting on strategy and governance, primarily in the financial sector. He has been Chairman/President of Pakistan Banks Association, American Business Council, OICCI and the Pakistan Microfinance Investment Company. Currently, he is on the Boards of the Grameen Foundation USA, EFG Hermes, LRBT, Acumen and Aitchison College.



Khawaja Iqbal Hassan (Member, Board since March 22, 2016)

A seasoned banker who established a commercial bank and a leading investment banking firm, with 35 years' experience in the financial sector. He is serving on the Boards of prominent public and private enterprises. He has also served on many Task Forces established by the Government of Pakistan. Mr. Hassan was awarded the Sitara-i-Imtiaz for his meritorious contributions to the national interest.



Mr. Ardeshir Khursheed Marker (Member, Board since March 22, 2016)

A businessman by profession, Mr. Ardeshir Khursheed Marker is partner and Director at Green Bean Coffee Company Ltd. He is also a partner in Merck Marker Pvt. Ltd and manages its financial and business development areas. Mr. Marker holds a Masters Degree in Economics from the London School of Economics.



Mr. Mohammad Riaz (Member, Board March 22, 2016)

A public servant of long standing, Mr. Mohammad Riaz served as Secretary, National Assembly of Pakistan. He has successfully undertaken various assignments at the Federal Board of Revenue in the capacity as Member, Director General and Head of the Customs & Excise. Mr. Riaz has also served as Counsel General of Pakistan at Turkey and Commercial and Economic Counselor at Embassy of Pakistan in France. He holds a Masters Degree in Development Economics from Williams College, USA.



Mr. Sarmad Amin (Member, Board since March 22, 2016)

A progressive entrepreneur and a businessman, Mr. Sarmad Amin is a member of Lahore Chamber of Commerce and Industry (LCCI) and All Pakistan Textile Mills Association (APTMA). He was also on the Board of Governors of Chand Bagh School. He was Chief Executive of Interhom Ltd. Presently, Mr. Amin is Chairman of Samin Textiles Limited besides being member of the Boards of several conglomerates. He is also honorary Consul of the Republic of Austria for Pakistan and has received the high award ‘Goldenes Ehrenzeichen’ from the president of Austria. He graduated from the University of the Punjab, Lahore and later went to the London School of Economics.

Corporate Secretary

The Corporate Secretary is the Secretary to the Board, its Committees and the Monetary Policy Committee (MPC). He acts as a focal person for communications between the Board and the management. The position is responsible for recording the proceedings of the meetings of the Board, its Committees and the MPC as well as ensuring compliance with statutory and regulatory requirements for effective implementation of the Board’s decisions.

The Corporate Secretary is also responsible for ensuring effective Corporate Governance standards and availability of relevant information to the Board and MPC members to facilitate informed decision-making. In addition to the responsibilities of organizing meetings of the Board, its Committees and the MPC, the Corporate Secretary interfaces with the Federal Government on matters related to the Governor, Deputy Governors, Directors of the Board and external members of the MPC.

Monetary Policy Committee (MPC)

The Monetary Policy Committee, established under the SBP Act, 1956, is an independent forum which is responsible for formulating Monetary Policy. The MPC consists of ten members, with the Governor as Chairman, three members of the Board nominated by the Board, three senior executives of the SBP nominated by the Governor, and three external members (economists) appointed by the Federal Government on the recommendation of the Board. The external members are appointed for a term of three years.

Under Section 9(E) of the SBP Act, 1956 (as amended), the MPC is responsible for formulating monetary policy and decision making relating to intermediate monetary objectives, key interest rate, and money supply in the country, to support the general economic policies of the Federal Government.

Present composition of the MPC includes Mr. Tariq Bajwa, Governor SBP as Chairman MPC, Khawaja Iqbal Hassan, Mr. Mohammad Riaz³ and Mr. Ardeshir Khursheed Marker, members of Board. Dr. Asad Zaman, Dr. Qazi Masood Ahmad and Dr. Aliya Hashmi Khan are the three external members whereas Mr. Jameel Ahmad - Deputy Governor (Banking & FMRM), Dr. Inayat Hussain - Executive Director (FS & BSG) and Dr. Saeed Ahmed⁴ - Chief Economist are the three executive members of MPC.

³ On resignation of Mr. Mohammad Riaz from MPC on September 28, 2018, Hafiz Mohammad Yousaf was appointed as one of the Board members on MPC.

⁴ Following retirement of Mr. Riaz Riazuddin as Deputy Governor, SBP on March 29, 2018, Dr. Saeed Ahmed, Chief Economist, SBP was nominated on the MPC as one of the executive members.

The Committee met six times during FY18. Brief profiles of external members of the MPC are as follows:



Dr. Asad Zaman (Member, MPC since January 25, 2016)

[BS Math MIT (1974), Ph.D. Econ Stanford (1978)] has taught at leading universities like Columbia, U. Penn., Johns Hopkins, Cal. Tech. and Bilkent University, Ankara. Currently he is Vice Chancellor of Pakistan Institute of Development Economics. His textbook Statistical Foundations of Econometric Techniques (Academic Press, NY, 1996) is widely used as a reference in advanced graduate courses. He is managing editor of International Econometric Review and Pakistan Development Review. His publications in top ranked journals like Annals of Statistics, Journal of Econometrics, Econometric Theory, Journal of Labor Economics, etc. have over 1000 citations as per Google Scholar.



Dr. Qazi Masood Ahmed (Member, MPC since January 25, 2016)

Professor and the Director, Centre for Business and Economic Research, Institute of Business Administration (IBA), earlier also served the institute as the Chairperson, Centre for Executive Education (CEE). Other current assignment includes member Tax Advisory Council, the Federal Board of Revenue, Government of Pakistan and member, Board of Governor, Sindh Education Foundation. Dr Qazi also served Government of Sindh as its Chief Economist for two years. His research and teaching experience is spread over 25 years and he has published over 50 papers in international and national journals. Additionally, he also served the Applied Economics Research Centre, University of Karachi and Social Policy and Development Centre for more than fifteen years.



Dr. Aliya Hashmi Khan (Member, MPC since March 22, 2016)

Ex-Professor of Economics and Dean Faculty of Social Sciences at Quaid-e-Azam University. Dr. Aliya Hashmi Khan has research interests in the areas of Macro Economics, Labor Economics and HR Development. She has been contributing as Director/ Member on Boards of several organizations and advisory bodies. She has been awarded the President's Medal in 2010 for services rendered in the economic empowerment of women.

Committees of the Board

Committees of the Board ensure oversight function of the Board in certain specialized areas. The functioning of the Committees is summarized as under:

Committee on Audit

The Committee assists the Board in reviewing SBP's financial statements, auditing, accounting and related reporting processes, the system of internal controls, governance, business practices and standards of conduct established by the management and the Board. The Committee met eight times during the year. It is chaired by Hafiz Mohammad Yousaf, with M/s Khawaja Iqbal Hassan, Ardeshir Khursheed Marker and Sarmad Amin as members.

Committee on Investment

The Committee assists the Board in fulfilling its oversight responsibilities relating to management of foreign exchange reserves. It reviews the strategy and policy for reserves management, and approves operational guidelines for investment and appointment of asset managers, custodians, investment consultants. It also reviews the performance of the foreign exchange reserves managed in-house and externally, and the appropriateness of the approved investment policy, its benchmarks and guidelines on an annual basis or as warranted by global market conditions. The Committee met three times during the year. It is chaired by Mr. Arif Ahmed Khan⁵, with M/s Khawaja Iqbal Hassan and Sarmad Amin as members.

Committee on Human Resources

The Committee assists the Board in reviewing and approving HR policies prepared by the management. It reviews all the proposals requiring approval of the Board on formulation, revision, modification or interpretation of HR policies, and submits its recommendations to the Board. The Committee also reviews the terms and conditions of employment of senior level Bank officers including those reporting directly to the Governor. The Committee met four times during the year. It is chaired by Mr. Zubyr Soomro, with Mr. Mohammad Riaz as member⁶.

Publications Review Committee (PRC)

The Committee assists the Board in the review and approval of the Annual and Quarterly Reports on the State of the Pakistan Economy, Annual Performance Review of SBP and the Financial Stability Review. The Committee deliberates on the said draft reports and reviews them for the consideration and final approval of the Board. The Committee met five times during the year. It is chaired by Mr. Ardeshir Khursheed Marker, with Mr. Mohammad Riaz as member⁷.

Enterprise Risk Management Committee

The Committee assists the Board in fulfilling the oversight responsibilities with respect to risk management in the Bank. The Committee oversees that the management has identified and assessed all the risks faced by the Bank and necessary risk management infrastructure capable of addressing the risks is in place. The Committee also reviews and approves Bank's risk management policy and plan. The Committee also coordinates, when required, with the ERM Committee of the management and with other Committees of the Board. The Committee met four times during the year. It is chaired by Khawaja Iqbal Hassan, with Mr. Zubyr Soomro and Dr. Tariq Hassan as members.

Financial Law Reform Committee (FLRC)

The Committee assists the Board in proposing a cohesive and comprehensive legal framework, reflecting the principles of financial regulatory authorities as practiced globally and applicable in the domestic environment. Besides formulating its recommendations regarding amendments in the legal framework, the Committee also takes into account comments and observations of the various departments on inconsistencies and anomalies in the legal framework. The Committee met six times during the year. It is chaired by Dr. Tariq Hassan, with Hafiz Mohammad Yousaf as member.

⁵ The Committee was also chaired by Mr. Shahid Mahmood till his retirement on January 6, 2018.

⁶ Mr. Ardeshir Khursheed Marker has joined the HRC since August 31, 2018.

⁷ Mr. Zubyr Soomro has joined the PRC since August 31, 2018.

Management Committees

Corporate Management Team (CMT) and CMT-HoD Forum

The Corporate Management Team (CMT) serves as the principal forum for discussion and consultation on critical management and operational issues. It facilitates decision making and their implementation, especially in matters where several departments are involved. The CMT is headed by the Governor and comprises Deputy Governors and Executive Directors, as well as Managing Directors of the SBP subsidiaries i.e., SBP-BSC, NIBAF, PSPC and DPC. In addition to the CMT, combined meetings of the CMT and the Heads of Departments (HoDs) provide a broader platform to deliberate issues of wider implications. The Corporate Secretary is also secretary to both the CMT and the CMT-HOD. Depending on the agenda, HoDs of SBP-BSC are also invited to attend the meetings.

The following are the major management committees, which assist the Governor in decision-making and formulation of various policies:

- Banking Policy Committee
- Monetary Operations Committee
- Budget Committee of Management
- Business Continuity Planning Committee
- Data Warehouse Committee
- Derivatives Approval & Review Team
- Strategic Plan Steering Committee
- Enterprise Risk Management Committee
- Investment Committee of Management
- Library Committee
- Management Committee on Information Technology
- Management Committee on Properties and Equipment
- Payment Systems Policy Committee
- Publications Review Committee
- Refund Committee (Export Refund Committee)
- Financial Stability Executive Committee
- Sports Committee

Corporate Management Team (CMT)⁸



Mr. Tariq Bajwa
Governor



Mr. Jameel Ahmad
Deputy Governor (Banking & FMRM)



Mr. Shamsul Hasan
Deputy Governor (IB, DF and IT Cluster)



Mr. Amer Aziz
Managing Director (NIBAF)



Mr. Qasim Nawaz
Managing Director (SBP-BSC)



Dr. Inayat Hussain
Executive Director (FS&BSG)



Mr. Muhammad Ashraf Khan
Executive Director (HR)



Mr. Muhammad Haroon Rasheed
Managing Director (PSPC)



Syed Samar Husnain
Executive Director (DFG)



Syed Irfan Ali
Executive Director (BPRG)



Mr. Muhammad Ali Malik
Executive Director (FMRM)



Dr. Saeed Ahmed
Executive Director (MPRG)/
Chief Economist



Mr. Anjad Manzoor
Executive Director/CIO



Mr. Salemullah
Executive Director (FRM)



Ms. Lubna Farooq Malik
Managing Director (DPC)



Mr. Mohammad Mansoor Ali
Director OCS/ Corporate Secretary

⁸ As at June 30, 2018

SBP Subsidiaries

The *SBP Act, 1956* (as amended) provides for the establishment of subsidiaries for managing functions such as receipt, supply and exchange of currency notes and related operational functions to protect small depositors in case a bank cease to be a going concern and for training and development needs of its employees. In line with these provisions, SBP has four subsidiaries, including the State Bank of Pakistan-Banking Services Corporation (SBP-BSC), National Institute of Banking and Finance (NIBAF), Pakistan Security Printing Corporation (PSPC) and Deposit Protection Corporation (DPC).

SBP-BSC

Established under the *SBP-BSC Ordinance 2001*, SBP-BSC is a fully owned subsidiary of SBP with the mandate to perform tasks such as currency management, facilitating the inter-bank settlement system, and sale/purchase of savings instruments of the Government on behalf of Central Directorate of National Savings. Additionally, SBP-BSC collects revenue and makes payments for and on behalf of the Government as well as carrying out operational work relating to development finance, management of public debt, foreign exchange operations and export refinance. The Board of Directors of SBP-BSC, chaired by the Governor SBP, includes all members of the SBP Board and the Managing Director of SBP-BSC.

NIBAF

National Institute of Banking and Finance (NIBAF) is the training arm of SBP with the mandate to develop, design and conduct training and capacity building programs for the employees of SBP and SBP-BSC. The subsidiary also conducts international courses on central and commercial banking in collaboration with the Federal Government. Further, NIBAF also conducts training programs for banks and financial institutions and priority sectors like Agriculture and Microfinance, Islamic Banking and Small & Medium Enterprises.

Pakistan Security Printing Corporation (PSPC)

The PSPC was acquired by SBP in FY17 from the Federal Government to have full control over the spectrum of banknote printing function. The core mandate and function of PSPC is to print banknotes and prize bonds as per the indent raised by SBP. PSPC holds 40.03 percent and 47 percent equity stakes in Security Papers Limited and SICPA Inks Pakistan (Pvt) Limited respectively. These entities are the sole suppliers of banknote paper and security ink to PSPC. The Board of Directors of PSPC consists of Governor as the Chairman and Deputy Governor as the Vice Chairman. Other members include Senior Joint Secretary MOF, Managing Director SBP-BSC, Executive Director FRM, Managing Director PSPC and three independent directors.

Deposit Protection Corporation (DPC)

The Deposit Protection Corporation (DPC) has been established under the Deposit Protection Corporation Act, 2016 as a wholly owned subsidiary of SBP. The Board of DPC consists of seven directors including a Deputy Governor of SBP (as Chairman), four members from the private sector, an official from the Ministry of Finance and the Managing Director of DPC. The primary objective of DPC is to provide security to the small depositors in the unlikely event of failure of a member bank. All the banks operating in the country are mandatory members of deposit protection mechanism, and are liable to pay premiums prescribed by the DPC. The Corporation commenced its business on June 01, 2018.