

Message from Managing Director, SBP Banking Services Corporation

It gives me immense pleasure to present the Annual Performance Review (APR) of SBP Banking Services Corporation for the financial year 2014-15. I feel happy to share with the readers an overview of significant progress made by the management in transforming SBP BSC into an apex organization, which has grown overtime in terms of business volume and diversification of operations. Despite reduction in human resources, largely due to early retirements, the employees of SBP BSC have successfully enhanced the efficiency of business functions through a structured regime of business process re-engineering and strengthening of skill set of its workforce.



SBP BSC performs a host of functions on behalf of SBP. One of the core functions of SBP BSC is to maintain accounts of Federal/Provincial/ Local Governments and their attached departments and also consolidates the receipts and payments made on their behalf. Approximately 7.06 million transactions were processed during FY15 as against 6.27 million in FY14. As part of our strategy to carry out business process reengineering, Information Technology (IT) based solutions were developed to help improve lead time in reporting of transactions to Federal/Provincial/Local Governments. Similarly, mechanism for sharing of information about collection of tax revenues was made more effective and efficient through regular reporting to Federal Board of Revenue (FBR). An exercise has also been undertaken for reporting of quantum of Zakat deposited by banks with the offices of SBP BSC for timely reporting to relevant ministry of Federal Government. Moreover, efforts were made to switch from manual issuance of cheques by governments towards e-banking in line with international best practices. However, this initiative is likely to take considerable time for its full realization due to the varying degree of automation at our major stakeholders representing Federal, Provincial and District Governments and their attached departments.

The Currency Management Department (CMD) has carried out major initiatives towards mechanization of currency management operations and rationalization of its procedures. These measures will not only carry long-term strategic implications for transformation of our currency management system, but also help towards its alignment with international best practices. SBP BSC is procuring Bank Notes Processing & Authentication System (BPAS) machines, equipped with capabilities of authentication, counterfeit detection, packets and bundle binding, on line shredding and high speed desktop currency sorters, which will lead to smooth and equitable issuance of fresh currency notes as well as in implementation of SBP's Clean Note Policy. In close co-ordination with Finance Department of SBP, we also took a lead in development of currency management vision for the country, which was presented in the currency conference held at Lahore in February, 2015. A joint team comprising officials from SBP and SBP BSC have prepared and disseminated an Action Plan.

With a view to facilitating the general public in getting fresh currency notes of small denominations in a reasonable quantity on the eve of Eid-ul-Fitr, an SMS based service was introduced and tested in June 2015. This service, which was available during the holy month of Ramazan, has been widely appreciated by all stakeholders and we plan to adopt it as a regular feature after one or two additional test runs.

An important project for automation of E-form issuance has been initiated by our Foreign Exchange Operations Department (FEOD), in close coordination with Exchange Policy Department (EPD) of SBP and Pakistan Customs. Under this project, banks will certify E-forms electronically using Web Based One Customs (WEOC) system of Pakistan Customs. This project, which has been fully

rolled out, will eventually mitigate the risk of irregularities in issuance of E-forms and track status of each E-form on a real time basis. This migration from manual towards automated system of E-form issuance will help reduce paperwork and make procedures more efficient and error free. Moreover, this development process entails extensive interaction with internal and external stakeholders to create synergies, improve our system and minimize the risk of fraudulent use of trade transactions. Another major initiative that has been undertaken relates to the revision of Foreign Exchange Manual (FEM), which is being done in close cooperation and guidance of EPD. This will allow us to synchronize various instructions, relating to foreign exchange, with international trade practices.

The Foreign Exchange Adjudication Department (FEAD) continued to make endeavors to bring stuck up export proceeds from abroad through exercise of powers vested in it under Section 23B of the Foreign Exchange Regulation Act (FERA)-1947, besides taking up complaints of FEOD against Authorized Dealers (ADs) for violation of FERA, specially their failure to provide requisite information for pre-adjudication formalities. FEAD also held judicial training for its officers as it is a quasi court department. However, a lot of work still remains to be done to make this function more vibrant, effective and efficient.

In addition, we also continued to provide operational support to Development Finance Group (DFG) of SBP in developing policy regime for an inclusive financial system in the country and its dissemination at grass root level. During the year under review, focus remained towards enhanced support to banks in disbursement/facilitation of agricultural credit under the “Regional Internship Program for Agri-Graduates”. We also continued to play our supportive role towards promotion of housing finance. Our Development Finance Support Department (DFSD) and its units in Field Offices continued to convene meetings of different stakeholders, organize seminars, conferences and develop linkages with academia for dissemination of policies and actions of DFG relating to financial inclusion.

With a view to achieving our objectives, few critical initiatives have been adopted to strengthen the existing Human Resource (HR) base, improve level of employees’ motivation and allow effective utilization of HR on an organization-wide basis. These include: workforce rationalization, manpower resourcing at entry, middle and senior positions, provision of career development opportunities through promotions, rotations and credible succession planning, strengthening of Performance Management System (PMS), capacity development both at national and international institutions and major HR Policy interventions. SBP BSC has successfully inducted 309 talented officers through a transparent and competitive process. Moreover, a significant number of employees, both in officers and clerical/non-clerical cadres, were promoted through a competitive process. Various policies/Standard Operating Procedures (SOPs) are being implemented as part of continuous development plan. The major policies, which were improved during the year under review, included Promotion Policy, Higher Education Policy coupled with Professional Development Incentive Plan, Deputation Policy, Contract Employment Policy, Absorption Policy and Training and Development Policy.

The departments, which are providing common services to both SBP and SBP BSC brought about improvements in their respective areas. The role of General Services Department (GSD) has increased after establishment of Travel Helpdesk for facilitation of employees in travel arrangements through one window operation. Moreover, internal controls in our medical services have been further strengthened with the introduction of Photo ID Cards for active and retired employees. With a view to protecting the organizational interests, the process for determination of medical fitness, in case of fresh induction, is also being revised. On the engineering front, emphasis remained on efficient use of resources. Accordingly, to reduce fuel consumption and provide continuous back-up supply to IT

systems, new power generating units were procured and commissioned at Sukkur, Faisalabad, Peshawar and Lahore offices. Further, to reduce dependence on natural gas, Balancing, Modernization and Replacement (BMR) of heat ventilation and air conditioning system has been initiated at NIBAF, Islamabad and Peshawar Office. These efforts are in addition to the work relating to up keep of the existing physical infrastructure, securing our open plots, initiatives to improve/renovate existing buildings and undertake plan to add/improve more residential facilities for new recruits, both male and female. Plans are also underway to start designing phase of our new buildings at Gujranwala, D.I. Khan, Islamabad and new office complex at Karachi. The Engineering Department has completed major construction work of cricket stadium of SBP at our North Nazimabad Office. Security arrangements have been beefed up through installation of modern security equipment, imparting training to security staff and increased coordination with Law Enforcement Agencies (LEAs).

During the year under review, the training facilities at NIBAF were fully utilized to accommodate training needs of SBP BSC's staff and officers. Efforts were geared up to develop an e-learning portal to economize provision of training at grass root level. The new system is likely to be uploaded on intranet/SBP web during the first quarter of next financial year (FY16). Apart from sending our officials to training courses at best national institutions, they were also sent abroad, to seek orientation, training at various international symposia, workshops and central banks of friendly countries, which have helped the BSC in revamping its various operations.

SBP BSC takes pride in promoting sports activities such as cricket, football, table tennis and badminton. SBP's contribution for the promotion of cricket in the country has been widely recognized as performance of its team is being very much appreciated at national level. A particularly appreciated initiative includes the development of a sports complex for cricket and hockey at North Nazimabad, Karachi. SBP BSC would soon start women cricket activities as well.

Going forward, we are committed to pursuing a strategy to bring about improvement not only in our core and support business functions, but also in our climate, environment and culture to transform SBP BSC into a dynamic organization. We have also kick started the process for formulation of a five-year Strategic Plan (2016-2020) for SBP BSC and it is expected that a consultant will be on board during the new financial year for steering the strategic planning process. Further, to ensure best realization of synergies, continuation of effective liaison between SBP and SBP BSC, co-ordination mechanism between shared functions, will be further beefed up and reinforced. On HR front, we are going to conduct a comprehensive workload analysis to determine the ideal future head count in all our business functions, keeping in view the probable techno-structural interventions. This will enable us to effectively plan and implement talent resourcing, development and structured succession arrangements against all leadership positions in SBP BSC, in line with our strategic priorities.

I take this opportunity to express my gratitude to SBP Governor, Chairman and members of the Board of SBP BSC for their continued support, cooperation and guidance which enabled the organization to reach new heights. I am also grateful to my team comprising Directors, Chief Managers and SBP BSC employees for their ownership, determination, teamwork and commitment in achieving the organization's strategic objectives and accomplishing the responsibilities assigned to it by SBP in an effective and efficient manner.

QASIM NAWAZ

Managing Director

SBP Banking Services Corporation