

Executive Summary

As in FY20, COVID-19 pandemic continued to adversely impact our economy during FY21. Consequently, SBP's measures taken during FY20 to counter the effects of the pandemic also continued in FY21 to support economic recovery. The supportive environment resulting from SBP measures greatly insulated businesses and the vulnerable segments of society comprising salaried people and small businesses from the negative fallout of the pandemic and resultant economic slowdown.

Following in SBP's footsteps, BSC also enhanced its efforts to efficiently implement SBP's initiatives for strengthening the economy during the year under review.

BSC vigorously supported use of ADCs for collection of government receipts, which not only minimized human interactions but also resulted in greater efficiency, lower turnaround times, and greater transparency. During FY21, BSC collaborated with Finance Department, SBP and the FBR for promoting awareness amongst businesses and individuals for increased adoption of digitalization / ADCs of Government receipts. This process enabled the collection of income tax of corporate clients and custom duties of more than Rs. 1 million through ADCs and OTCs, which ensured timely credit to government treasury and reduction in reconciliation issues. In continued efforts to enhance digitalization, payments to vendors, suppliers, and pensioners, were made directly into their bank accounts instead of through cheques. BSC also centralized the accounts of commercial banks maintained with other field offices at Karachi Office which resulted in better liquidity management of the banks.

During the year, currency management function of BSC ensured uninterrupted supply of currency throughout the country by issuing 4.35 billion pieces of banknotes valuing Rs. 1.59 trillion. Moreover, 2.7 billion banknotes were received from banks and NBP chests to ensure removal of unfit banknotes and provision of good quality banknotes in circulation. In the area of Government Savings, a new Premium Prize Bond of Rs. 25,000 was launched to better cater to the public requirement, along with introduction of SMS service alerts related to Direct Credit Payments of prize bonds and its prize money for prompt intimation to customers.

BSC also maintained and monitored its risks through an organization wide framework of ERM. All reported incidents were monitored regularly as envisaged in the ERM framework and related operational policies.

To reduce the risk of spreading of COVID-19 through banknotes, BSC also provided balance sheet relief of Rs. 49.4 billion to banks with regards to quarantined cash received from hospitals and laboratories. This was in addition to issuance of various instructions and guidelines to BSC field offices and commercial banks to curb the spread of pandemic, in line with guidelines of NCOC.

BSC meticulously continued implementation of AML, CFT, and CPF framework to mitigate the risks emanating from money laundering and terrorism financing as well as to ensure compliance with local and international regulations. During FY21, TMS was developed for generating alerts based on pre-defined criteria to help identify suspicious transactions. Further, BSC issued its inaugural AML & CFT compliance policy in FY21 to outline its AML & CFT regime within the organization. Moreover, an extensive training and capacity building program was carried out to further compliment these initiatives in the AML & CFT area.

Facilitation to SBP in management of development finance initiatives remained on track in FY21. During the year, the banks disbursed Rs. 1,365.8 billion on account of Agriculture Credit Financing against a target of Rs. 1,500 billion, depicting a credit expansion of 12.4 percent in comparison to FY20. These disbursements were achieved through 50 PFIs. Further, in the area of SMEs financing, more than 1,200 loans amounting to Rs. 3.5 billion were refinanced for SMEs. Another key achievement during the year was development of SBP Service Desk Portal and establishment of dedicated helpdesks at BSC offices to assist the public in addressing their queries and complaints related to G-MSS. Over 4,000 complaints and 10,000 queries related to Housing Finance were addressed through the portal and helpdesks, respectively. Since November 2020, BSC also started a monthly exercise of mystery shopping surveys of 23 participating banks to assess their preparedness for implementing G-MSS for housing finance.

The implementation of National Financial Literacy Program remained in full swing to promote financial inclusion in the country in accordance with the strategic goals of SBP. During FY21, 12,487 classroom sessions were conducted, exceeding the target of 7,232 classroom sessions, to impart financial literacy to 362,223 participants. Moreover, multiple initiatives were taken for promoting Islamic Banking which included organizing series of workshops for local Muftian / Ulema that facilitated in allaying concerns of over 700 religious scholars. Furthermore, activities for promotion of other development finance areas also continued where BSC conducted 61 awareness sessions and seminars for Agriculture, 16 sessions for Microfinance, and more than 130 sessions for SMEs.

BSC has always been a step ahead when it comes to facilitation of the businesses community. One of the major steps taken in FY21 for facilitation of banks and their customers was completion of end-to-end digitalization of FX related cases. For the purpose, BSC implemented SBP's RAS to digitally receive FX related cases from commercial banks. Moreover, BSC also facilitated commercial banks in the development and implementation of their FX Portals through which banks can receive cases online from their customers, thereby promoting ease of doing business and transparency in the process. During the year, the Foreign Exchange function of BSC ensured repatriation of overdue export proceeds amounting to USD 1,266.6 million without adjudication as compared to USD 928.7 million in FY20. Likewise, export proceeds equivalent to USD 182.3 million were also realized through the adjudication process. Moreover, BSC also made disbursement of Rs. 18.1 billion under Government's Textile, Non-Textile and other duty drawback schemes. BSC also processed more than 89,000 instances of violations under section 23K of FERA 1947 and imposed penalties on 24 banks amounting to Rs. 222.7 million.

Maintaining and augmenting organizational capacity during COVID-19 was a challenging task. For this purpose, BSC aligned its HR management initiatives to ensure that aims and objectives of the organization were implemented smoothly. BSC also played its due role in the provision of support services to SBP and its subsidiaries. Albeit operational, these services were effective in keeping the organization functional during COVID-19 and facilitated in timely achievement of organizational objectives.