

Message from Managing Director BSC

I am pleased to present APR of BSC for FY21. During the year under review, COVID-19 continued to affect our economy like rest of the world. The ebb and flow of the pandemic posed new challenges as well as new opportunities. We at BSC continued to enhance our capabilities to serve stakeholders efficiently in these testing times.

As in the recent past, BSC focus on improving service delivery and operational efficiency through automation, digitalization, BPR has resulted in significant efficiency gains. I am pleased to share that our efforts have been well received by our stakeholders comprising of the general public, government departments, commercial banks, and the SBP. Some major initiatives undertaken in the year are highlighted below.



During FY21, BSC made significant progress in automation of banking operations. BSC supplemented SBP's National Payment System Strategy that is mandated to provide modern and robust supervisory and regulatory framework through digitalization of payment systems for achieving a higher level of financial stability. In this regard, centralization of banks' accounts, consolidation of Naval and Air Force cheques, and usage of ADCs are noteworthy initiatives of BSC that significantly reduced paper based payment instruments across the country. Another major development of the year was centralized and direct payments under Income Tax Refund Payment to the bank accounts of relevant tax payers achieved through centralized treasury of the FBR. This new system has resulted in substantial reduction in turnaround time and human resource savings.

While conforming to national and international AML & CFT regulations and standards, BSC deployed a TMS. TMS generates STRs that help FMU in performing its duties under Anti-Money Laundering Act, 2010.

FY21 was also particularly exciting for currency and saving schemes operations at BSC as numerous BPRs were initiated to enhance efficiency, stakeholder satisfaction, and over all internal control mechanism in these areas. High end banknote processing, authentication, and destruction systems are being deployed at our offices which is a major shift from manual to automated processing. A new concept of digital prize bonds was proposed besides enhancing the scope of premium prize bonds across all conventional banks. The withdrawal of higher denomination prize bonds from the market was a major challenge which was successfully handled by BSC despite challenges posed by COVID-19.

As the central bank continued its pandemic related relief program for supporting the economy, BSC continued to move in step with SBP in implementing various special purpose refinance schemes, including Rozgar Scheme, Temporary Economic Refinance Facility, loan deferment and restructuring scheme and supporting the health sector with Refinance Facility for Combating COVID-19.

In addition to COVID-19 related measures, BSC continued to forge ahead in areas of development finance like low cost housing, SMEs and agri-credit financing, and also continued with its programs for promoting financial literacy. Details of the progress made in these areas are discussed in the report at length.

Automation and digitalization was also gainfully deployed in area of forex operations. BSC through BPR launched an online portal called RAS which has enabled online submission of FX related

cases by commercial banks to BSC. After the successful implementation of this phase, BSC fully supported the next phase which included development and deployment of commercial banks' FX portals to enable online submission of FX cases from customers to their banks, resulting in end-to-end digitalization of FX cases and complete elimination of paper based submissions. The automation in Foreign Exchange area further enhanced our capacity for off-site monitoring as significant export overdue proceeds were identified and realized before litigation procedures.

Similarly, other joint projects with various stakeholders are also in progress for instance Online Portal for Government's Schemes, Electronic Data Interchange, Portal for Exporters' Information, and Verification of Export Earning (EE) and Export Finance (EF) statements.

BSC also carried out extensive coordination with commercial banks, government departments, chambers of commerce, industries, and other trade bodies to advance & enable various initiatives, to obtain feedback on critical matters, and to facilitate its stakeholders.

To protect the employees of SBP and BSC from the effects of COVID-19, the medical services unit continued to provide prompt and reliable medical advice and services to all the employees of the central bank and its subsidiaries. The medical services unit also made special arrangements for the vaccination of employees and their families. Also, BSC ensured strict adherence to SOPs related to COVID-19 at its premises and continued a hybrid work approach while offering work from home arrangement to employees, conducting online meetings and trainings, and operating only the critical functions with minimal human interaction to largely remain safe from COVID-19 and ensure continuous service delivery.

The organization also remained focused on managing its risks systematically and maintaining a sound internal control environment through implementation of an organization wide ERM framework.

At BSC, we are in constant pursuit of improvement in our policies and operations. To document our mid-term roadmap of this journey, we are working on a strategic plan which will not only be in sync with the objectives of the SBP but would also take our automation, BPR, digitalization and inclusive development finance agenda to the next level.

I would like to pay gratitude to the Governor SBP and BSC Board of Directors for their continuous support and guidance in carrying out our mandate. Here I would also like to appreciate the hard work and dedication of all BSC staff, without which such accomplishments would not have been possible.

Muhammad Ashraf Khan