

CORPORATE GOVERNANCE

According to Section 7 of the Banking Services Corporation Ordinance 2001, the general superintendence, direction and management of the affairs and business of the SBP BSC (Bank) along with overall policy making in respect of its operations is vested in its Board of Directors. The Board may exercise all such powers and do all such acts, deeds and things that may be exercised or done by the BSC. In discharging its functions, the Board shall ensure compliance with orders and directions that may be issued by the State Bank of Pakistan from time to time.

The Board of Directors comprises:

- All members of the Central Board of Directors of the SBP and the Governor as its Chairman.
- The Managing Director of the SBP BSC (Bank) as its Member.

The Board is also supported by different sub-committees which have been assigned terms of reference to supervise policy and operational matters of the Bank. The following sub-committees are actively analyzing various operations and developments being carried out by the SBP BSC (Bank):

- Sub-committee on Human Resources.
- Sub-Committee on Audit.
- Sub-Committee on Budget & Expenditure.
- Sub-Committee on Building Projects.

The Board of the SBP BSC (Bank) has met on sixteen occasions since January 2002, to take vital decisions in connection with its operations. Some of these areas in which decisions were made are as follows:

- Budget and accounts related matters, including budgetary reviews.
- Human Resources policy issues and training budget of the SBP BSC (Bank).
- Pensioners and Early Retirement Incentive Scheme (ERIS) issues.
- Medical treatment – consideration of special cases.
- Upgrading of the Printing Press of the SBP BSC (Bank).
- Engineering Projects and Maintenance Issues.
- Strengthening and improving internal controls mechanism in SBP BSC (Bank).

While the Board of Directors, assisted by various sub-committees is performing policy formulation and overall supervision functions, the management function within the Bank is carried out through the following forums:

2.1 REGULAR MEETINGS OF HODS OF SBP BSC (BANK) AND CHIEF MANAGERS

The meetings of Chief Managers (CMs) and Heads of Departments (HODs) are regularly convened under the chairmanship of the MD. These are held to deliberate upon operational issues, which could be implemented or resolved through mutual consultations, allowing ready decisions to be taken.

Different proposals are also entertained to build harmony in the system. Follow-up is undertaken to ensure compliance and proper implementation of decisions that are taken. So far, 19 meetings of HODs and 12 meetings of Chief Managers have been held. Significant agenda items were discussed based on which important decisions were taken.

2.1.1 Operational Management Team (OMT)

This is headed by the Managing Director and consists of Heads of Departments at the Head Office in Karachi. The Director HRD and Director Accounts of the State Bank of Pakistan are also represented. Since its inception, the OMT has met 15 times to discuss and decide policy issues of the SBP BSC's operational network, in consultation with line managers of the SBP.

2.1.2 Group Management Team (GMT)

This is headed by the Director/Chief Manager(s) of the respective department/office and consists of all the Divisional Heads reporting to him/her. The GMT forum is effectively used to regularly discuss the issues relating to the business processes reengineering of departments, impediments if any and other important matters like staffing capacity rotation and recreational leave plans besides training nominations etc.

2.1.3 Divisional Management Team (DMT)

This is headed by the respective Divisional Head of the department/office and consists of all the Unit Incharge(s) reporting to him/her. The DMT is found to be very effective in offices and relatively large departments of the SBP BSC in formulation of control mechanism and removal of redundancies in procedures followed.

2.1.4 Unit Management Team (UMT)

This is headed by the unit-in-charge at HOK/offices and consists of all employees working under him/her. These UMTs work at the micro level and are responsible for the smooth management of day-to-day proceedings and affairs at the unit level.

The constitution of these teams has been carried out from the standpoint of promoting group dynamics in decision making so as to improve governance in the organization. This also reflects on the will of the management of the Bank to be participatory in its approach while taking decisions of important nature and to encourage officers on different levels of the management hierarchy to use the authorities delegated to them for efficient decision-making. In addition, the need to address the issues of succession planning in the areas of HR policies, integrated accounting frame work and reporting system are some of major concerns where the effective team work culture has to be promoted to gain the desired results.