



SBP VISION 2020

Strategic Plan 2016 - 2020



State Bank of Pakistan



State Bank of Pakistan

Vision

To be an independent and credible central bank that achieves monetary and financial stability and inclusive financial sector development for the long-term benefit of the people of Pakistan

Mission

To promote monetary and financial stability and foster a sound and dynamic financial system, so as to achieve sustained and equitable economic growth and prosperity in Pakistan

VALUES

Integrity

- We stand behind our commitments
- We perform our duties professionally and without personal bias
- We perform our duties in an objective, non-partisan and non-ideological manner
- We protect the confidences of individuals and the confidentiality of information we receive
- We do not use our positions to personal advantage

Accountability

- We take responsibility for our actions and decisions
- We take responsibility for achieving goals and outcomes
- We hold ourselves to the highest standards of transparency and public disclosure
- We welcome independent review against international standards of best practice
- We are ready to explain to affected parties the underlying rationale for our decisions

Teamwork

- We share ideas and knowledge and respect the views of others
- We share the workload to leverage each other's strengths to achieve team goals
- We give credit where credit is due
- We subordinate our personal interests to those of the team
- We delegate and trust others to deliver

Courage

- We are willing to make difficult decisions and to take and manage appropriate risks
- We acknowledge and accept mistakes
- We give and accept constructive criticism
- We are prepared to challenge conventional thinking
- We stand on principle regardless of pressure

Excellence

- We are committed to continuous improvement
- We perform all tasks to the best of our ability and strive to be the best at what we do
- We are committed to doing the job right the first time, as effectively and efficiently as possible
- We are forward-looking and flexible in our approach
- We solve rather than avoid problems

Result Oriented

- We understand stakeholders' needs and expectations
 - We make timely decisions
 - We focus on objectives and set priorities to achieve the most effective outcomes
 - We are responsive in resolving conflicts to achieve objectives
 - We enjoy challenging tasks and promote thinking outside the box to find solutions
-

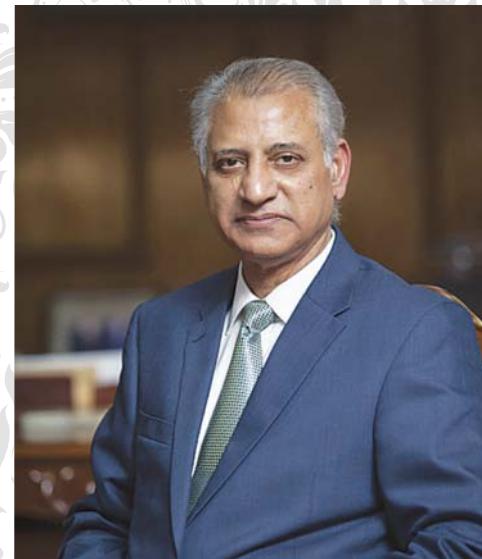
TABLE OF CONTENTS

Message from the Governor	1
Executive Summary.....	3
Strategic Plan Context	4
High Level Strategic Goals at a Glance.....	8
Strategic Goal 1: Enhance the effectiveness of monetary policy.....	12
Strategic Goal 2: Strengthen the financial system stability regime	14
Strategic Goal 3: Improve the efficiency, effectiveness, and fairness of the banking system	16
Strategic Goal 4: Increase Financial Inclusion	18
Strategic Goal 5: Develop modern and robust payments systems.....	20
Strategic Goal 6: Strengthen SBP's organizational efficiency and effectiveness.....	22



A nation's central bank holds a unique and critical position in the proper functioning of the economy. In Pakistan, the State Bank of Pakistan (SBP) carries a wide range of responsibilities. These include pursuing monetary and price stability; ensuring a sound banking sector; ensuring safe and efficient payments systems; issuing and distributing currency; providing banking services to Government; and managing the nation's reserves. In accordance with the prevailing law, SBP pursues these responsibilities in the national interest, including pursuing the "fuller utilisation of the country's productive resources", or what we would call today, sustainable economic development.

A central bank must deliver on multiple and often competing objectives. It must be forward-looking, but with a deep understanding of the nation's history and the economy's interconnectedness. It must focus on the domestic economy, but with a cognizance of global influences. It must meet international regulatory obligations while adapting them to the unique local context.



SBP must deliver on a complex mandate covering traditional and non-traditional functions, and it must do so within the limited resources at its disposal. While strategic planning is often associated with private industry, it is arguably an even greater imperative for an organization as important and complex as a nation's central bank. The strategic planning process provides the framework for identifying priorities, developing actions and delivering efficient and effective outcomes in the best interests of the nation.

The SBP Strategic Plan (2016-20), known as SBP Vision 2020, has been developed through a participative and consultative process. As a part of the process, surveys were conducted of external stakeholders, as well as SBP staff and its Board. The results of these surveys were combined with a global scan of central banking issues and domestic and global economic and financial developments. These issues were considered at a Strategic Management Conference, at which the SBP senior team shared their wisdom and insights in shaping the direction of SBP for the next five years. The strategic planning process and development of detailed business plans to support implementation is an iterative process. Each SBP staff member has had or will have opportunity to participate in the process, including through the surveys, business plan development and, ultimately, through delivery each year of activities that contribute to the overall achievement of Goals under the Plan.

We start this planning period with greater confidence and certainty than we have enjoyed for some time. The current political stability is anticipated to continue. This should provide a strong foundation for SBP and other government agencies to support realization of the development and reform agenda set out in Pakistan's Vision 2025 plan. Macroeconomic conditions are promising. Investor confidence is improving, and international ratings agencies have upgraded their outlook for Pakistan. Pakistan enjoys positive demographics with a relatively young work force and improving literacy rates. Technology is becoming cheaper and more accessible through mobile phones which, when properly supported, should provide greater access to financial services. Concepts such as energy conservation, green banking, renewable energy and corporate social responsibility towards a sustainable environment have started gaining ground in Pakistan.



A consistent message from the global analysis, surveys conducted and central banking core principles, was the need for SBP to have greater autonomy and operational independence. It is not enough for a modern central bank to be simply “independent”. There needs to be clarity around accountability, expectations for efficiency & effectiveness and for central bankers to have confidence and certainty when making decisions. In this respect, SBP has proposed amendments to the law aimed at strengthening SBP’s autonomy, including full operational independence in the pursuit of its Strategic Goal to enhance the effectiveness of monetary policy. These amendments are currently under consideration by the Legislature.

This Strategic Plan has a particular emphasis on SBP as an organization. Our aim is for SBP to be a role model for corporate best practice in Pakistan and to deliver effective and efficient outcomes at every level. We recognize the need to empower and encourage all staff members to help deliver SBP Vision 2020 and drive the organization’s change. Whereas strategic planning puts a disciplined framework around priorities, organizational culture puts a disciplined framework around implementation. In this respect, our core values of Integrity, Accountability, Teamwork, Courage, Excellence and Result orientation shall be the focus for further inculcation into the SBP culture.

SBP Vision 2020 organizes activities around the following six strategic imperatives:

- Enhance the effectiveness of monetary policy;
- Strengthen the financial system stability regime;
- Improve the efficiency, effectiveness, and fairness of the banking system;
- Increase financial inclusion;
- Develop modern and robust payments systems; and
- Strengthen SBP’s organizational efficiency and effectiveness.

I extend my thanks for the efforts put in by the officers of the Strategic Planning Department, members of SBP’s senior team who participated in the Strategic Management Conference and consultants Promontory Financial Group Australasia who acted as facilitator during the planning process. I would also like to express my gratitude to SBP’s Central Board of Directors for their guidance and valuable contribution in shaping SBP Vision 2020.

Ashraf Mahmood Wathra
Governor, State Bank of Pakistan
August 14, 2015



This Strategic Plan, which covers the 5-year period from 2016 to 2020, is the third such Plan for SBP. We have titled this Plan SBP Vision 2020 to help focus on delivery of the key strategic priorities.

The State Bank of Pakistan Act defines SBP's statutory objectives. The central bank of a nation is a cornerstone of the economy. SBP is no exception. It has responsibilities for monetary policy, financial stability, regulation of payments systems, supervision of the banking sector, and currency management. Unlike most Western central banks, SBP is given an explicit responsibility for economic growth.

These responsibilities correspond broadly to the high-level Strategic Goals summarized in the table on page 8 and described in detail in the subsequent pages. The Strategic Goals align to SBP's Mission to promote monetary and financial stability and foster a sound and dynamic financial system, so as to achieve sustained and equitable economic growth and prosperity in Pakistan.

While there have been many improvements in the political and economic fundamentals in recent years, SBP Vision 2020 was developed against the backdrop of continuing challenges to Pakistan's economy. These include issues relating to regional stability and security; the need for continued fiscal and budgetary reforms by the Government; limited access for consumers and small business to appropriate financial services; underdeveloped infrastructure; and lack of legal and administrative certainty of financial contracts.

SBP Vision 2020 aims to address those challenges that are within the ambit of the SBP's powers and responsibilities. SBP will work with the Government, its agencies, the industry and international community to meet the challenges and help unlock the potential of the Pakistan economy and its people.

The key, mutually supportive elements of SBP Vision 2020 include:

- Enhancing the effectiveness of monetary policy by strengthening its independence and implementing a framework for inflation targeting that balances the need for price stability with economic growth.
- Strengthening the financial system stability regime by implementing a framework for resolving distressed banks and for supervising systemically important financial institutions. Financial system stability also requires operationalizing the Deposit Insurance Scheme initiative and developing mechanisms for the operation of a lender of last resort facility that includes Islamic Banks.
- Improving the efficiency, effectiveness, and fairness of the banking system by enabling and encouraging Pakistan's banking sector to fulfil its market role to support economic development and growth.
- Increasing financial inclusion through implementation of the comprehensive National Financial Inclusion Strategy and addressing unnecessary hurdles that limit inclusion.
- Developing modern and robust payments systems by ensuring that existing payments systems are safe, resilient and efficient while, at the same time, providing scope for new payments technologies to emerge.

Underpinning the achievement of these external Strategic Goals is the need to improve the operational effectiveness of SBP. A range of measures will be implemented, including a new human resources management strategy that better aligns performance measures with strategic outcomes, a complete re-engineering of business processes, a comprehensive communications strategy and improved governance and internal controls.



Political Factors

Political milieu is a critical determinant of macroeconomic outcomes. The current period of political stability in Pakistan is expected to continue. This stability will be essential for SBP, the Government and its agencies to be effective and mutually supportive of each other in achieving the macroeconomic targets established in Pakistan's Vision 2025. The key enablers identified in the Vision 2025 include shared vision, political stability, continuity of policies, peace and security, rule of law, and social justice. These enablers are also relevant to the strategic direction set by SBP and other government organizations.

The recent political stability has been underscored by consensus amongst political parties in support of the fight against terrorism, which is a historic move towards a secure Pakistan. A secure Pakistan will encourage more domestic investment and attract greater foreign investment. The recent political consensus on the China-Pakistan Economic Corridor reflects opportunities that arise from improved security and greater political cooperation and maturity.

The political stability extends to an ambitious reform agenda which will boost public confidence in public-sector institutions, including SBP. Accordingly, there is expected to be wide support for financial sector and administrative reforms, including strengthening the independence of SBP, improving the tax structure with broadening of the tax base, ensuring binding business contracts and other such reforms to accelerate economic growth and maintain price stability.

Economic Factors

Macroeconomic conditions at the start of SBP Vision 2020 are promising. The average annual rate of inflation is significantly below target. The external sector has stabilized as reserves continue to accumulate and there has been a marginal uptick in real GDP growth. Investor confidence is improving as international ratings agencies have improved their

outlook for Pakistan. Current macroeconomic stability, achieved through domestic policies and favourable external developments, have allowed policy makers to focus on economic growth in the medium term.

Soft international commodity prices, stability in the exchange rate, contained Government borrowings from SBP, moderate aggregate demand, and SBP's earlier conservative monetary policy stance, have all helped control inflation. Going forward, inflation is expected to be containable in a range around six percent.

Gradual improvements in Pakistan's trade account (especially exports), growth in inward remittances, increases in foreign private inflows, and successful continuation of the International Monetary Fund program, will serve to further consolidate the recent improvement in the external sector. Positive investor sentiment should also help in executing planned privatization transactions and issuance of Eurobonds/Sukus in coming years. Therefore, barring any adverse shocks to the economy, the external sector is expected to remain stable in the medium term.

Overcoming energy shortages will be of the utmost importance in achieving the growth targets set by the Government. Gradual realization of planned investment in energy and infrastructure projects should create credit demand and thus provide an additional boost to growth.

Over the course of SBP Vision 2020, the outlook for the economic environment is cautiously optimistic. Several challenges nonetheless need to be addressed. Sustained efforts will be required to maintain political stability; preserve continuity in policies; improve security; eliminate energy shortages; increase investments in physical and human capital; develop and maintain communications infrastructure; and encourage investment in acquiring and nurturing



new production technologies. There will also be a need to improve the revenue-generating capacity of the Government.

Social Factors

Pakistan has a young population, with around 50 percent of citizens aged under 25 years. The literacy rate is 58 percent and improving, particularly for females. There is also a positive trend of increasing school enrolments. The average number of earners per household has increased to 1.94. The relatively young work force, improving literacy rate, and socially well-connected human capital are some of the augmenting forces that have the potential to uplift the national economy. Consumer Confidence Surveys reflect an overall positive trend in all consumer confidence indicators.

The National Financial Inclusion Strategy 2015-20 (NFIS) envisions access and use of a range of savings, credit, insurance and payments services to meet the needs of the people of Pakistan with dignity and fairness. The NFIS will diversify the range of basic payments/remittances and saving products. It will increase financing opportunities for urban and rural micro, small and medium-sized enterprises. It will help develop housing finance products, expand Islamic finance, and deepen the penetration of insurance services. These initiatives will be accompanied by improvements in financial awareness/literacy programs designed to increase consumer protection.

Delivery of the NFIS will be the central element in SBP's goal to increase financial inclusion.

While financial inclusion can be viewed as an end in itself, it also has major flow-on benefits in terms of improving fairness to and the dignity of Pakistan's citizens, reducing the size of the informal economy, and increasing tax revenue. These will all contribute to achieving Pakistan's Vision 2025, as well as SBP Vision 2020.

Technological Factors

Technology – both globally and in Pakistan – is changing the landscape of financial markets and payments systems. Technological innovations have become a driver of automation and efficiency in banking operations, financial market infrastructure development and greater access to financial services through alternative payments platforms. As a regulator, SBP needs to balance the benefits of accommodating innovation and new technology against the need to preserve the security and stability of the financial system.

Supported by advanced technologies and other enablers, Pakistan's journey towards a stronger digital financial ecosystem is expected to continue during the course of SBP Vision 2020. The introduction of 3G and 4G/LTE mobile phone networks, establishment of electronic payment system gateways and enhanced awareness about e-commerce are among the more encouraging technological developments. E-banking and branchless banking are also expected to be more effective and efficient as alternate delivery channels. They are likely to offer a digitally inclusive suite of financial services to both unserved and under-served populations.

New technologies bring new challenges. The participation of non-bank entities in the processes of retail payment services, as well as the outsourcing of payments and technology related services by banks, has raised new regulatory challenges. There is even potential for alternative payments, clearing and settlement systems through digital currencies. Globally, the major issues that are likely to affect Pakistan revolve around protection of data systems and cybersecurity, and the privacy of data, its access and retention.

Legal Factors

Pakistan's finance and administrative laws need to keep pace with financial markets and economic



developments. SBP is a body corporate established under the SBP Act, 1956. The law defines the function and powers of SBP that are exercised through the Central Board, the Governor and SBP's senior management. SBP has proposed certain amendments to the law, aimed primarily at strengthening SBP's autonomy. These proposed changes include full operational independence in the pursuit of its Strategic Goal to enhance the effectiveness of monetary policy. These amendments are now under consideration by the Legislature.

Environmental Factors

Environmental factors such as climate change and natural disasters can affect the efficiency and

productivity of agriculture, industry, and financial services. Growing awareness about climate change, for example, is affecting how businesses operate in Pakistan. Concepts such as energy conservation, green banking, renewable energy, and corporate social responsibility towards a sustainable environment, have started gaining traction in Pakistan.

Unforeseen events, such as droughts, floods, earthquakes, or other natural calamities, not only affect the performance of the agricultural sector but, through linkages, can also affect financial stability and achievement of the objectives set in SBP Vision 2020.

SBP Vision 2020
State Bank of Pakistan
Strategic Plan 2016 – 2020

High Level Strategic Goals at a Glance

Enhance the effectiveness of monetary policy	Strengthen the financial system stability regime	Improve the efficiency, effectiveness, and fairness of the banking system	Increase Financial Inclusion	Develop modern and robust payments systems	Strengthen SBP's organizational efficiency and effectiveness
<ul style="list-style-type: none"> ➤ Strengthen SBP's monetary policy independence ➤ Implement a flexible inflation targeting framework that balances price stability with economic growth ➤ Strengthen research capabilities to support sound monetary policy decision making ➤ Increase transparency of communications about monetary policy decisions ➤ Increase effectiveness of reserves management ➤ Strengthen SBP's data management system 	<ul style="list-style-type: none"> ➤ Design and implement a comprehensive financial system stability framework consistent with FSB principles ➤ Improve crisis management framework ➤ Implement Deposit Insurance Scheme ➤ Pursue necessary laws and regulations to implement the financial system stability framework ➤ Establish a National Financial System Stability Council 	<ul style="list-style-type: none"> ➤ Enhance competition in the financial sector ➤ Strengthen the Fair Treatment of Consumers regime ➤ Strengthen and streamline the regulatory and supervisory framework ➤ Improve financial intermediation ➤ Implement best practice for the accounting treatment of NPLs ➤ Review the lender of last resort facility 	<ul style="list-style-type: none"> ➤ Implement the National Financial Inclusion Strategy ➤ Revise legal framework to remove obstacles to inclusion, such as those that inhibit secured lending ➤ Enable and promote alternative channels for delivery of financial services that meet consumer needs ➤ Maintain the quality, security and quantity of notes and coins in circulation 	<ul style="list-style-type: none"> ➤ Develop Pakistan's National Payments Systems Blueprint ➤ Modernize payment clearing and settlements infrastructure to improve efficiency, security, costs and access ➤ Implement a robust regulatory and supervisory framework for Financial Markets Infrastructure ➤ Enable and promote Islamic Banking ➤ Implement Financial Literacy Initiatives 	<ul style="list-style-type: none"> ➤ Implement a fully supported, integrated HR management strategy that aligns staff with SBP's strategic direction, values and delivery of Vision 2020 ➤ Re-engineer business processes to support automation, and deliver productivity and workload improvements ➤ Implement a comprehensive, modern and effective communications strategy ➤ Improve corporate governance and internal control framework ➤ Implement a comprehensive Enterprise Wide Risk Management Framework ➤ Implement a modern framework for retention and sharing of information and knowledge



SBP is recognized as one of the premier institutions in Pakistan. Its broad statutory responsibilities are a cornerstone in the proper functioning of the economy. They are also significant in the context of development and nation building.

SBP Vision 2020 focuses SBP on six priority areas that will deliver the greatest contribution to meeting its statutory obligations. The outcomes envisaged in SBP Vision 2020 include an appropriate balance between price stability and economic growth; financial system stability; a more efficient and competitive banking sector; greater financial inclusion; safer and more efficient payments systems; and a more efficient and effective central bank.

Whereas Strategic Goals 1 to 5 deal with delivering outcomes under statutory obligations, Strategic Goal 6 relates to SBP's own operations. This Goal aims for SBP to be a more robust, effective and forward-looking central bank, operating in accordance with international best practices.

Each Strategic Goal is supported by activities and outcomes that will help deliver the Goals. Many of these will be significant projects in their own right and will make substantial contributions to achieving the broad Strategic Goals.

The following pages provide a brief description of the Strategic Goals and the activities that support them, as summarized in the table above.

1. Enhance the effectiveness of monetary policy
Monetary policy is the principal mechanism by which SBP fulfils its responsibilities for monetary and price stability. Central to fulfilling this responsibility is SBP's independence. Proposed amendments to the SBP Act are aimed at providing it with the full operational independence to pursue its Strategic Goal of enhancing the effectiveness of monetary policy. In anticipation of passage of these proposed amendments, SBP plans to introduce a flexible inflation targeting framework to make it easier for

households and businesses to forecast business conditions, and to allow the economy to operate more efficiently. The long lags between policy actions and their intended effects on output and inflation mean that monetary policy must be forward-looking.

While low and stable inflation is important, SBP will balance the need for price stability with the need for economic growth.

To support the new inflation targeting mechanism and associated decision making, SBP will develop its macroeconomic modelling capability and incorporate an impact analysis of the various policy scenarios.

Under the auspices of a fully operationalized, independent Monetary Policy Committee (MPC), SBP will also conduct a self-assessment of its formulation and reporting of monetary policy decisions against best international practice. Further improvements will follow that assessment.

To support decision making, SBP will need to strengthen its research capability. This includes its modelling and understanding of Pakistan's economy using macro and granular data. SBP will also seek, through better engagement and communication, to improve the accountability and transparency of its decision making. SBP also aims to make greater use of modern research tools in evaluating policy decisions.

A key area for strengthening the effectiveness of monetary policy will be improvements in the monetary transmission mechanism. Research will monitor and assess flow-on effects on the transmission mechanism associated with financial inclusion strategies and expansion of the formal sector. It will also monitor the related flow-on effects on economic growth and tax revenue collections.

SBP also intends to implement an opportunistic strategy to increase and re-balance foreign exchange

reserves to improve returns and support price stability.

2. Strengthen the financial system stability regime

The objectives of financial system stability are much wider than a safe and sound banking system. Financial system stability is important for three key reasons: it creates trust and confidence by savers and investors in the financial system and its institutions; it provides a stable base for the transmission of monetary policy and therefore, price stability; and, it encourages efficient allocation of capital and trade which, in turn, underpin economic activity and growth.

Financial sector supervision requires a microprudential perspective of examining each financial institution's performance and financial strength to safeguard the financial promises made to individual depositors, policy holders and investors. In contrast, financial system stability requires a macro-prudential perspective of examining the overall functioning and stability of the financial system.

In any economy, while there may be large numbers of financial institutions, invariably there will be major players whose failure would disturb the stability of the wider economy. Under a financial system stability regime, these Systemically Important Financial Institutions (SIFIs) warrant additional scrutiny.

Beyond financial system participants, financial system stability looks to ensure that financial intermediation and payments services can continue to function effectively, even in the event of major internal and external shocks. This, in turn, requires confidence in the soundness of clearing systems, payments systems and financial markets infrastructure such as exchanges.

A country's financial system stability regime is always a "work in progress" as new risks arise and system improvements develop. SBP will continue to work towards implementation of all the elements of a strong financial system stability regime.

This will require additional legislative measures to deal with resolution of weak or failed institutions. It will also require SBP to develop a framework for supervising SIFIs; complete work on the Deposit Insurance Scheme initiative; model a range of scenarios for the economy and stress test banks against these scenarios; and review the lender of last resort facility, including for the special requirements of Islamic Banks.

3. Improve the efficiency, effectiveness, and fairness of the banking system

Notwithstanding the strength and profitability of Pakistan's banking system, for a variety of reasons, it has not assumed the central role in economic development and growth that is typical of similar economies.

SBP is committed to working with industry to develop solutions to deliver a more efficient, competitive and fairer banking system. SBP will also continue to strengthen the regulatory framework, including completion of the consolidated supervision framework and implementation of a risk-based approach to supervision. SBP acknowledges that strengthening must not just mean more regulation, but better, smarter regulation.

SBP will consider ways to streamline the regulatory framework, improve delivery of regulation and otherwise ensure that regulatory value out-weighs the cost of compliance. A particular focus will be on rationalizing regulations that create unnecessary barriers to entry or impact competition, product innovation or use of technology.

SBP also acknowledges the need to strengthen industry communication and engagement, including consultation on regulatory and other developments.

In terms of fairness, Pakistan's banking customers deserve appropriate protection when using the banking system. SBP is committed to delivering an effective "Fair Treatment of Consumers" regime.



4. Increase financial inclusion

Around 50 percent of Pakistan's adult population has no access to financial services such as formal savings, payments, deposits, credit or insurance. Despite efforts, the level of financial inclusion has remained very low, and the need for a new comprehensive national strategy has been recognized. Following extensive development and consultation, the National Financial Inclusion Strategy was launched in May 2015.

SBP's Strategic Goal with respect to increasing financial inclusion is closely linked to implementation of the NFIS. The NFIS creates the foundation for SBP, the Government and private sector to implement a comprehensive set of coherent and sequenced reforms needed to make a meaningful impact on financial inclusion in Pakistan. The NFIS will guide efforts to promote financial inclusion over the coming five years. It includes targets and objectives that will be monitored and, as a living document, provides flexibility and adaptability to make adjustments to meet a changing financial landscape.

SBP will focus efforts on working with partner agencies to deliver priorities under the NFIS and to monitor and evaluate implementation to guide future decision making.

5. Develop modern and robust payments systems

Payments systems are pivotal in an economy, as they enable the efficient conduct of trade, commerce and other economic activities.

SBP's oversight role of payments and securities settlement systems is aimed principally at ensuring that existing systems are safe, resilient, efficient, and maintain the confidence of users. SBP will continue to take a leadership role in fostering innovation and competition, infrastructure and security upgrades, affordability and the widest access to financial services.

While the safety of existing payments systems is paramount, it is also important to monitor and enable emerging payments technologies. Subject to proper regulation for safety, these have the potential to make a material contribution to national development and financial inclusion goals.

6. Strengthen SBP's organizational efficiency and effectiveness

During the planning period, SBP intends to implement organizational improvements to strengthen its effectiveness, improve efficiency and resilience, and embed a more robust culture. The aim is to ensure that SBP remains positioned as a positive driver of long-term reforms in Pakistan's financial landscape.

As a central bank, SBP needs to ensure that it is a role model for corporate governance, internal controls and risk management. Similarly, SBP should also provide leadership in operational risk management. This will require improvements in its use of technology, particularly in its management of knowledge and information, automation of routine activities, evolution towards a paperless office and security of data and information.

A focus for this planning period will be for all SBP Departments to deliver productivity and workload improvements. These should be achieved mainly through process redesign, supporting automation, and making better use of existing resources.

A key to SBP's success in this area will be implementing structures that encourage and support SBP's staff to take responsibility for delivering appropriate outcomes under SBP Vision 2020. SBP will implement an integrated HR management framework that aligns staff with SBP's strategic direction, values and delivery. The other key to success of the Plan will be SBP's communication and engagement with all stakeholder groups.



Enhance the effectiveness of monetary policy

SBP is responsible for maintaining monetary stability. As a matter of priority, SBP will implement procedures to support the operations of the Advisory Committee on Monetary Policy, which is currently working as a Board Committee. This will become the fully independent Monetary Policy Committee after amendments in the SBP Act are legislated by the Parliament.

Monetary stability needs more than the tools available to a central bank. A key element of the stability equation is fiscal prudence by the Government. While this is a matter for Government, the MPC will be charged under the amended law with determining the limits and nature of advances and loans extended by SBP to the Government.

A key issue for the planning period will be to develop a flexible inflation targeting framework that balances the need for price stability, including the exchange rate, with the need to support economic growth. Such targeting needs to provide flexibility to respond to shocks in the short run.

The effectiveness of monetary policy continues to be limited by the low level of participation in the formal banking sector. Going forward, it is anticipated that the growth of the informal sector is likely to be higher than that of the formal economy.

To improve the effectiveness of monetary policy implementation, SBP will strengthen its open market mechanism, lengthen the duration of borrowing and improve the use of foreign exchange reserves. It will also research more non-traditional options to offset the influence of the relative size of the informal sector.

SBP also recognizes that clarity about the direction and intent of monetary policy can be as important as implementing it. SBP intends to review its current

approach to communicating with capital markets, industry and investors, with a view to providing greater confidence to these stakeholders about policy settings.

During the planning period, SBP aims to enhance the effectiveness of monetary policy by:

- strengthening the framework and independence for monetary policy setting and conducting a self-assessment against international best practice;
- developing a flexible inflation targeting framework that balances monetary and price stability against the need to support economic activity and growth;
- strengthening research capabilities and improving the quality and depth of analysis to support decision making;
- increasing transparency in communications about monetary policy decisions; developing greater understanding of how to achieve monetary policy objectives in situations where the transmission of policy settings is limited or impaired;
- increasing the effectiveness of reserves management; and
- strengthening SBP's data management system as a strong tool to support robust and effective policy formulation, supervision, research, and meeting international obligations.

SG1 –Enhance the effectiveness of monetary policy

Tactical Objectives and Key Activities		
SG1-TO1	Strengthen SBP's monetary policy independence	<ul style="list-style-type: none"> ○ Implement procedures to support the operations of the MPC ○ Conduct a self-assessment of formulation and reporting of monetary policy decisions against global best practice
SG1-TO2	Implement a flexible inflation targeting framework that balances price stability with economic growth	<ul style="list-style-type: none"> ○ Coordinate with the Ministry of Finance in defining and adopting medium- to long-term target ranges for inflation ○ Explore and adopt an explicit nominal anchor for monetary policy
SG1-TO3	Strengthen research capabilities to support sound monetary policy decision making	<ul style="list-style-type: none"> ○ Improve the quality and increase the depth of analysis for those involved in the decision making process ○ Implement strong discipline around the quality of the analysis, timeliness and publication of scheduled reports ○ Refine models of the relationships between interest rates, inflation and real GDP growth ○ Establish a high quality, prolific and collaborative research program on relevant topics and issue working papers ○ Evaluate and report on policy implementation and effectiveness including efforts and effects of financial inclusion strategies and expansion of the formal sector ○ Develop expertise on key monetary policy issues where transmission mechanisms are limited and the potential exists for non-traditional monetary policy mechanisms
SG1-TO4	Increase transparency of communications about monetary policy decisions	<ul style="list-style-type: none"> ○ Develop and implement a comprehensive communications strategy that meets industry needs and global best practice ○ Evaluate effectiveness of communications strategy
SG1-TO5	Increase effectiveness of reserves management	<ul style="list-style-type: none"> ○ Rebalance asset class mix to align with global financial market trends and Pakistan's trade profile ○ Review reserve allocation to external fund managers ○ Increase automation by acquiring a straight-through-processing treasury system ○ Formalize risk management governance and upgrade staff competencies
SG1-TO6	Strengthen SBP's data management system	<ul style="list-style-type: none"> ○ Automate collections and validation ○ Adopt international guidance on statistical collections, including collection, frequency and dissemination



Strengthen the financial system stability regime

The banking sector is likely to remain the largest component of Pakistan's financial system, at least in the medium term. Systemic stability is supported by the well-capitalized state of Pakistan's banks. However, ensuring financial stability goes beyond having individual banks that are safe and sound.

Financial system stability is a key driver of monetary and price stability and requires a forward-looking approach to assessing risks. The financial system stability regime aims to ensure that financial intermediation and payments services are robust and continue without disruption, even in the event of major internal shocks, such as natural disasters, or external shocks, such as the 2008 Global Financial Crisis.

SBP will continue to build on its financial stability framework and work towards implementing all the elements of a strong financial system stability regime.

During the planning period, SBP aims to strengthen the financial system stability regime by:

- developing a comprehensive financial systemic stability framework consistent with Financial Stability Board (FSB) principles, including economic modelling, scenario analysis and stress testing, and a framework for recognizing and supervising systemically important banks and potentially other systemically important financial institutions;
- implementing a crisis management framework, including dealing with, and resolving, weak and distressed institutions;
- operationalizing the Deposit Insurance Scheme;
- drafting the necessary laws and regulations to strengthen the financial system stability

framework and its implementation;

- establishing a National Financial System Stability Council as an advisory body to the SBP that brings together government agencies, including the Ministry of Finance and the Securities and Exchange Commission of Pakistan (SECP), that influence financial stability; and
- reviewing the lender of last resort facility and its application to meet the operational characteristics of Islamic Banks.

These initiatives under Strategic Goal 2 also support other SBP Vision 2020 Strategic Goals, including:

- improving the efficiency of the banking system; and
- enhancing the effectiveness of monetary policy.

SG2 - Strengthen the financial system stability regime

Tactical Objectives and Key Activities

SG2-TO1	Design and implement a comprehensive financial system stability framework consistent with FSB principles	<ul style="list-style-type: none"> ○ Establish SBP's institutional arrangements to support the financial system stability framework ○ Develop a framework to identify, designate and supervise SIFIs ○ Develop scenario analysis and stress testing capabilities ○ Communicate implementation and results through publication of the Financial Stability Review ○ Undertake self-assessment and peer review once framework is in place
SG2-TO2	Improve crisis management framework	<ul style="list-style-type: none"> ○ Develop and test crisis management plans for a variety of scenarios ○ Improve procedures for dealing with weak and distressed institutions ○ Develop and implement procedures to reduce the potential impact of bank failure including a resolution scheme for domestic systemically important banks
SG2-TO3	Implement Deposit Insurance Scheme	<ul style="list-style-type: none"> ○ Operationalize the Deposit Insurance Scheme including Shariah compliant arrangement for coverage of deposits with Islamic Banks
SG2-TO4	Pursue necessary laws and regulations to implement the financial system stability framework	<ul style="list-style-type: none"> ○ Review and update laws and regulations to support financial stability framework ○ Develop appropriate legal framework for dealing with stability issues in the Islamic Banking sector ○ Review and strengthen the legal and regulatory framework and supporting procedures for the orderly and timely resolution of weak and distressed institutions ○ Review and update MOUs to ensure comprehensive coverage for the sharing of information with international and domestic regulators and other agencies
SG2-TO5	Establish a National Financial System Stability Council	<ul style="list-style-type: none"> ○ Establish a National Financial System Stability Council with membership from relevant government agencies, its Charter and procedures ○ Strengthen cross-border coordination and exchange of information with host and home regulators of Pakistan's banks
SG2-TO6	Review lender of last resort facility	<ul style="list-style-type: none"> ○ Prepare and issue guidelines on SBP's role and activation of lender of last resort facilities, including for Islamic Banks



Improve the efficiency, effectiveness, and fairness of the banking system

The banking system continues to dominate Pakistan's financial system. One of the key roles for SBP is to foster the stability and soundness of the banking system while, at the same time, safeguarding the interests of depositors and stakeholders.

In recent years, SBP has focussed on improvements in capital adequacy, governance and risk management. Globally established principles and standards, including prudential standards based on the Basel III accord, were adopted, with due consideration to local Pakistani conditions.

Pakistan's banking sector is now well capitalized, profitable, and liquid. NPLs nevertheless remain high by international standards, inflated to some extent by local restrictions on the ability of banks to write off long-term bad loans. This practice needs to be brought into line with international accounting and reporting standards to provide a truer picture of NPLs for reporting and regulatory purposes.

Beyond ongoing soundness, the banking system needs improvements in the general areas of efficiency, effectiveness and fairness.

A disappointing trend has been the increase in consumer complaints about banks. SBP has set out principles aimed at improving the quality and appropriateness of information received by banking customers. SBP has also sought to eliminate unfair or deceptive practices and empower customers through resolution of disputes. It is time for SBP to step back from direct involvement in disputes and for the Banking Mohtasib Pakistan (BMP) to play its proper role in dispute resolution.

A more competitive and diverse banking system will improve the efficiency and quality of financial services and encourage innovation.

During the planning period, SBP aims to improve

the efficiency, effectiveness, and fairness of the banking system by:

- enhancing competition in the financial sector by encouraging new entrants and specialized service providers, developing an Islamic Interbank Market, and working with the SECP on capital markets reforms;
- strengthening the FTC regime by implementing an appropriate Banking Code of Conduct, an effective dispute resolution regime through the BMP, and establishing a monitoring framework;
- streamlining the regulatory and supervisory frameworks and improving the way SBP interacts with industry, including establishment of the Financial Law Reform Committee;
- strengthening the frameworks for consolidated supervision, IT governance and risk-based supervision;
- improving the efficiency of financial intermediation by streamlining and reducing, as appropriate, the regulatory burden; and
- addressing the accounting and reporting treatment of NPLs and bad debts.

These initiatives under Strategic Goal 3 also support other SBP Vision 2020 Strategic Goals, including:

- increasing financial inclusion through the establishment of new industry players and lowering the cost of financial services; and
- strengthening SBP's organizational efficiency and effectiveness by increasing awareness of efficiency issues and performance standards.

SG3 - Improve the efficiency, effectiveness, and fairness of the banking system

Tactical Objectives and Key Activities		
SG3-TO1	Enhance competition in the financial sector	<ul style="list-style-type: none"> ○ Review regulations, licensing and entry requirements for the establishment of specialized institutions (e.g., specialized financiers and alternative payments providers) to ensure a level playing field for entry of new industry participants ○ Review structure of financial conglomerates against competitive and supervisory objectives ○ Coordinate with SECP to enhance development of Pakistan's capital markets, financial intermediation and capital allocation
SG3-TO2	Strengthen the Fair Treatment of Consumers (FTC) regime	<ul style="list-style-type: none"> ○ Implement an appropriate Banking Code of Conduct ○ SBP to step back from direct involvement in resolving customer disputes with banks, while strengthening the effectiveness of the Banking Mohtasib Pakistan (BMP) dispute resolution regime ○ Strengthen FTC requirements and implement monitoring, evaluation and a supervisory program to assess the level of industry compliance ○ Establish a joint working group with SECP to ensure consistency in application of conduct standards across the financial sector
SG3-TO3	Strengthen and streamline the regulatory and supervisory framework	<ul style="list-style-type: none"> ○ Develop a formal consultation process to ensure a high level of communication and collaboration with industry when changing, implementing or developing new regulatory requirements ○ Review and consolidate regulations to improve consistency, understanding and usability ○ Establish minimum service standards for responding to industry applications, queries, and requests for exemptions/modifications ○ Conduct impact and evaluation analysis of SBP policies/regulations ○ Finalise and implement the risk-based supervision and consolidated supervision frameworks and re-build inspection manuals
SG3-TO4	Improve financial intermediation	<ul style="list-style-type: none"> ○ Require banks to disclose detailed information about the sectoral as well as regional outreach of their financial services and financing ○ Collaborate with industry to identify and remove obstacles to efficiency, savings mobilization, use of technology, and alternative products and channels ○ Complete implementation of Credit Bureau Act to support development of credit bureaus in the private sector
SG3-TO5	Implement best practice for the accounting treatment of NPLs	<ul style="list-style-type: none"> ○ Issue a regulation aligning regulatory treatment of long-term bad debts with international accounting and reporting principles ○ Upgrade data collection and monitoring of NPLs following accounting and reporting reforms



Increase Financial Inclusion

Increasing financial inclusion improves fairness and dignity for citizens. Financial inclusion can also support economic development, improve monetary transmission mechanisms, increase participation in the formal economy and support fiscal reforms.

Pakistan is committed to broadening access to financial services and increasing financial inclusion. These will be key drivers of Pakistan's economy during the planning period.

The challenges facing increasing financial inclusion go beyond consumers being able to access and open bank accounts. Micro, small and medium enterprises (MSMEs), including farmers, also face problems in accessing sufficient credit through the formal financial sector. While there are many potential obstacles to obtaining finance in this area, a particular concern is the uncertainty surrounding the ability of banks to perfect collateral under secured lending contracts. As a result, banks are more likely to decline credit to potential borrowers or offer higher-cost, shorter-term unsecured loans.

It is anticipated that for many Pakistanis, access to financial services will mean the ability to make non cash financial transactions and access payments services (including potentially electronic receipt of payments from the Government). This is discussed in more detail under Strategic Goal 5.

The National Financial Inclusion Strategy was launched in May 2015 and will be driven by SBP as the implementing agency. The NFIS provides an ambitious and comprehensive roadmap for financial inclusion and broadening access to financial services in Pakistan.

During the planning period, SBP aims to increase financial inclusion by:

- implementing the NFIS;
- revising the legal framework to remove

unintended obstacles that interfere with the provision of financial services, such as secured lending;

- encouraging innovative, alternative financial services, including alternative financial products and services that meet the needs of MSMEs and farmers;
- promoting Islamic Banking, including capacity building of financial institutions; and
- implementing the National Financial Literacy Initiatives to improve awareness and utilization of financial services by consumers and various economic sectors.

These initiatives under Strategic Goal 4 also support other Strategic Goals in SBP Vision 2020, including:

- enhancing the effectiveness of monetary policy by broadening the economic base that is responsive to monetary policy actions;
- supporting the business case for private sector development of alternative payments platforms and use of technology; and
- improving the fairness and efficiency of the banking sector through broadening access to products and services that meet consumer and small business needs.

SG4 – Increase Financial Inclusion

Tactical Objectives and Key Activities		
SG4-TO1	Implement the National Financial Inclusion Strategy (NFIS)	<ul style="list-style-type: none"> ○ Support Steering Committee to implement the NFIS ○ Support work of the NFIS Technical Committees ○ Participate in governance, secretariat support and working groups in progressing the Action Plan of the NFIS ○ Monitor and evaluate progress of NFIS Action Plans
SG4-TO2	Revise legal framework to remove obstacles to inclusion, such as those that inhibit secured lending	<ul style="list-style-type: none"> ○ Establish a working group with industry to identify obstacles to mobilization of savings and lending ○ Assess the effectiveness of policy interventions and initiatives ○ Develop a plan to address weakness in laws and judicial administration of contract and security laws ○ Develop infrastructure to support secured lending (e.g., regist
SG4-TO3	Enable and promote alternative channels for delivery of financial services that meet consumer needs	<ul style="list-style-type: none"> ○ Promote the offering of simple, easily understood, low-cost banking products and services, including both deposit and lending products ○ Encourage innovative, alternative delivery channels and integrate branchless banking platforms with national payments systems ○ Facilitate e-wallet-level interoperability agreements between financial services providers ○ Encourage innovative and flexible products/services that meet the needs of MSMEs and farmers (e.g., value chain and warehouse receipt financing) ○ Develop a financial services access map to identify under-served areas and monitor changes over time
SG4-TO4	Enable and promote Islamic Banking	<ul style="list-style-type: none"> ○ Support implementation of the Islamic Banking Strategic Plan ○ Implement a long-term strategy to enable Islamic finance (both collection and provision of finance) by promoting participatory modes of finance ○ Develop knowledge and capacity in Islamic financial services to improve regulation and supervision ○ Develop an Islamic Interbank Market ○ Establish Centres of Excellence in Islamic Finance
SG4-TO5	Implement Financial Literacy Initiatives	<ul style="list-style-type: none"> ○ Support implementation of a comprehensive approach to design and delivery of financial literacy initiatives ○ Support and leverage partnership arrangements with various sectors and consumer groupings ○ Monitor and evaluate the success of each program with a view to improving design and delivery across all programs



Develop modern and robust payments systems

Safe, competitive and efficient national payments systems provide essential support for the stability of the financial system as well as contribute to the proper functioning of the economy and its growth.

Pakistan faces many economic challenges, including a large cash-based informal economy. SBP will take steps to influence, enable and implement improvements in existing payments systems, with a view to promoting a shift from cash to electronic payments and digital platforms.

The growth of e-payments in other countries has provided a direct stimulus to economic activity and GDP growth. Similar experiences can be expected in Pakistan, especially if the Government moves to e-payment platforms. During this planning period, Pakistan could see a three- to six-fold increase in e-payments, a commensurate reduction in paper-based payments, greater access to non-cash payment instruments and a relative reduction in the currency in circulation.

There is also a growing potential for disruptive, innovative technologies to change the face of payments in Pakistan and elsewhere. SBP needs to be receptive to these new technologies. It will need to monitor and assess the benefits and risks involved and provide scope for new technologies to play a role where they can do so without compromising the safety of the financial system.

During the planning period, SBP aims to improve innovation, efficiency, coverage and operation of Pakistan's payments systems by:

- developing, in consultation with Government and industry, an overall National Payments Systems Blueprint for Pakistan aimed at providing efficient, cost-effective, robust and ubiquitous payments systems that meet the needs of consumers and business and support economic development;

- modernizing Pakistan's payments systems infrastructure; and

- strengthening the regulation and oversight function of Pakistan's payments systems, and other financial markets infrastructure, with the objective of promoting financial stability, innovation, competition, access to finance and increasing economic activity; and maintaining the quality, security and quantity of notes and coins in circulation.

Successful payments systems initiatives will support SBP Vision 2020 by:

- strengthening the financial system stability regime by improving the risk management framework for clearing houses, thereby reducing transmission risks;
- improving the efficiency, effectiveness, and fairness of the banking system by upgrading payments system infrastructure, establishing clear rules to allow new providers to compete while at the same time reducing costs; and
- supporting financial inclusion to the extent that new payments technologies lower the cost of participating in the financial system.

SG5 - Develop modern and robust payments systems

Tactical Objectives and Key Activities		
SG5-TO1	Develop Pakistan's National Payments Systems Blueprint	<ul style="list-style-type: none"> ○ Establish National Payments Systems Consultative Council ○ Develop and approve the National Payments Systems Blueprint ○ Ensure that Blueprint includes monitoring and assessing emerging and potentially disruptive technologies in payments, including developing policy to harness positive aspects without sacrificing safety ○ Implement the initiatives under the Blueprint
SG5-TO2	Modernize payments, clearing and settlements infrastructure to improve efficiency, security, costs and access	<ul style="list-style-type: none"> ○ Upgrade large-value payments infrastructure such as RTGS and SBP's Internal Core Banking Systems and Straight-Through-Processing capabilities ○ Provide an enabling environment for the development of payment systems infrastructure such as Automated Clearing Systems and Automated Transfer Systems ○ Conduct an assessment of the structure of interchange and other fees within the payments systems ○ Identify and address factors inhibiting the transition to a cashless economy
SG5-TO3	Implement a robust regulatory and supervisory framework for Financial Markets Infrastructure	<ul style="list-style-type: none"> ○ Develop an oversight framework consistent with FSB Principles for FMIs and develop supporting regulatory capacity ○ Develop and implement a risk management framework for clearing houses ○ Identify and develop appropriate risk management arrangements for reduction of settlement risk in foreign exchange transactions ○ Establish industry standards to ensure ongoing security, integration and interoperability of various payments systems
SG5-TO4	Maintain the quality, security and quantity of notes and coins in circulation	<ul style="list-style-type: none"> ○ Maintain high quality banknotes in circulation and educate the public and cash handlers about security and counterfeit mitigation ○ Improve the efficiency of currency management and distribution through automation of processes



Strengthen SBP's organizational efficiency and effectiveness

Leadership volatility at SBP has impacted its people, culture and effectiveness. Ensuring SBP's operations and culture are robust in the face of potential political, economic and social instability requires a comprehensive and determined approach.

In this planning period, SBP intends to implement organizational improvements to strengthen effectiveness, improve efficiency and resilience, and embed a more robust culture. This will position SBP as a positive driver of long-term reforms in Pakistan's financial landscape.

Human Resources

During the planning period, SBP aims to implement a modern, robust and integrated HR management framework. The HR function will be central to cultural change and will seek organizational alignment of SBP's key resource – its staff – with delivery of its objectives under SBP Vision 2020.

SBP will develop a comprehensive HR strategy, philosophy, board-approved policies, and supporting standard operating procedures. Among other things, the HR transformation project aims to streamline and automate HR processes and activities; update the Performance Management System (PMS); improve HR policies, procedures and frameworks; and improve staff engagement and the effective management of change.

Process re-engineering

SBP will support improvements to the governance and integrated HR frameworks through review and redesign of processes to incorporate new technologies and practices. The overall objective is to increase efficiency, reduce regulatory burden and improve decision making. This will be achieved by eliminating unproductive activities (such as double handling), reducing the fragmentation of work, and establishing clear ownership of processes.

Communications

Following challenges over the past few years, SBP

acknowledges that it can do more in managing communications with its stakeholder groups and keeping pace with the speed and reach of technology.

SBP understands the important link between communication and confidence in the financial system. SBP endeavours to have transparent, comprehensive and active systems of public accountability and external reporting.

SBP will review and improve all channels of communication to ensure accurate and timely information is made available. The website will be relaunched, publications will be subject to greater editorial and quality assurance, and the financial literacy and awareness program will be expanded.

SBP will also develop a standardized process for industry consultation on the development and issue of regulations and other guidance.

From survey feedback it is clear that SBP needs to enhance internal communication to improve staff understanding of initiatives and policy changes.

Corporate Governance and Internal Controls

SBP will implement a Corporate Governance Framework which reflects global best practice. A set of principles, policies and standard operating procedures will be developed, with identified internal controls to foster compliance with key corporate governance and organizational objectives. The effectiveness of these internal controls will be reviewed regularly through an independent audit process, with findings incorporated into the performance management process.

SBP's policies and procedures will include clear processes for the delegation and exercise of authorities. Staff will be expected to exercise this authority to improve efficiency, decision making and accountability.



At the organization level SBP is committed to high standards of public accountability. A strong accountability framework is essential for an organization that has the independence needed to fulfil its statutory responsibilities in the best interests of all Pakistan. SBP embraces both independence and accountability.

During the planning period, SBP aims to:

- review and update policies and procedures for consistency and compliance with legal obligations and corporate policies;
- enhance Internal Audit capability;
- adopt a balanced scorecard approach to support implementation of SBP Vision 2020;
- strengthen cultural alignment across staff;
- improve efficiency and effectiveness of executive governance structures and operations; and
- formalize and implement a well-defined delegation and authority matrix.

Management of Risk

SBP will implement an effective risk management framework for the identification, management and mitigation of risk at or above the level of prudence expected of regulated institutions.

SBP aims to:

- ensure all risks are identified and risk tolerances appropriately defined;
- create a culture of risk governance and risk management across the organization; and
- identify and actively manage operational risks in accordance with the Bank for International Settlements Principles for the Sound Management of Operational Risk.

Knowledge Management and Information Sharing

Like all central banks, SBP is a knowledge institution that relies on the understanding and collective wisdom of its staff and a vast array of data and information collected domestically and globally. However, SBP's practices for managing knowledge and information sharing need to be modernized and more strategic. Information and Communications Technology (ICT) architecture and communications practices should support well-coordinated and coherent knowledge identification, creation, storage, sharing, archiving and use. Modern knowledge management solutions support a collaborative approach.

Adopting an ICT-based information management system as the “default” for SBP will deliver greater administrative efficiency by reducing reliance on a paper-based environment and double handling of documents. It has the potential to provide a single view of the history and relationship with each licensed entity. It will provide a superior collaborative research environment. It will also assist the capture and retrieval of SBP’s corporate memory on issues and events.

Support for other Strategic Goals

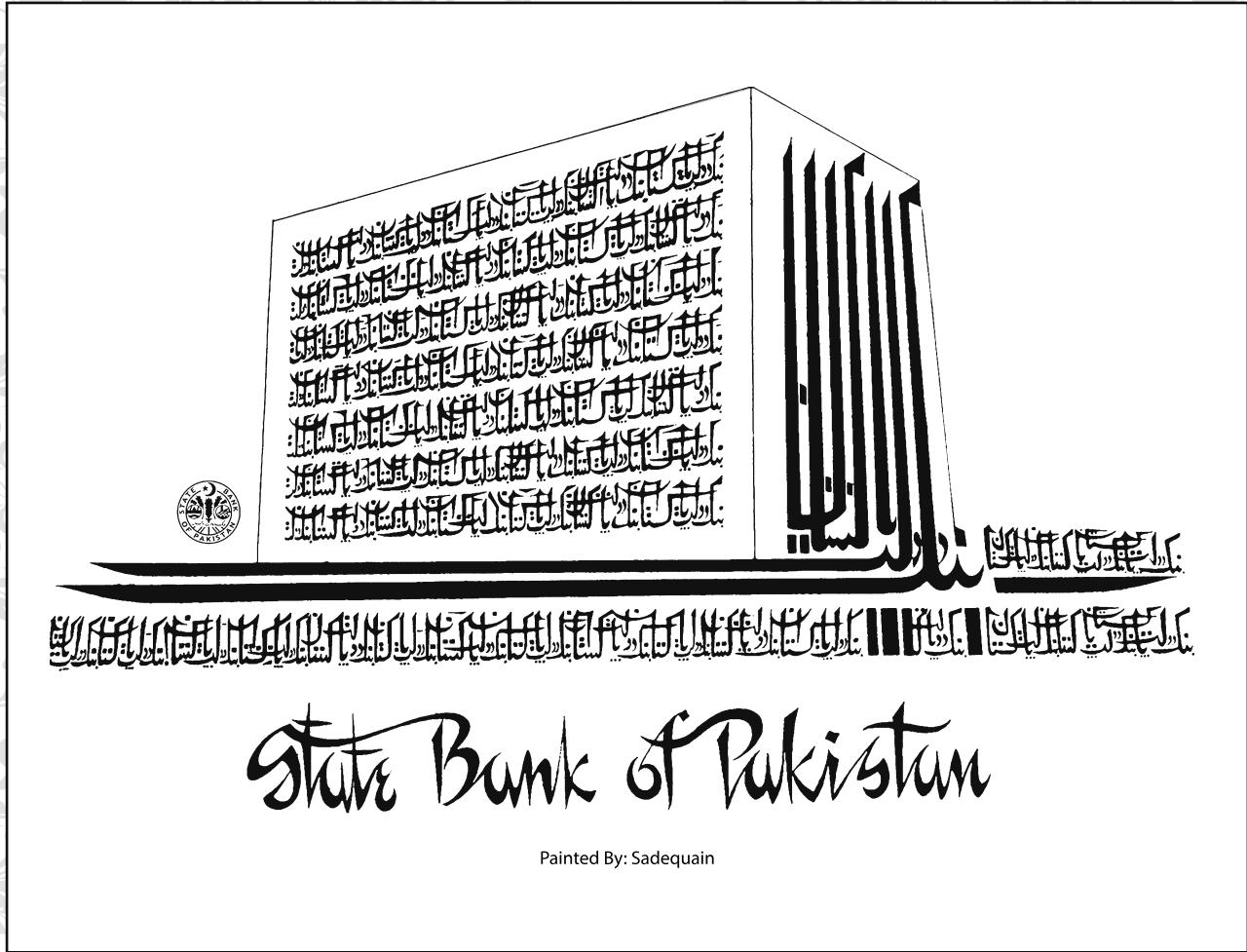
Strategic Goals 6 is fundamental in that it involves cultural transformation within the SBP. This transformation is integral to meeting all the other Strategic Goals.

SG6 - Strengthen SBP's organizational efficiency and effectiveness

Tactical Objectives and Key Activities		
SG6-TO1	Implement a fully supported, integrated HR management strategy that aligns staff with SBP's strategic direction, values and delivery of Vision 2020	<ul style="list-style-type: none"> ○ Streamline and automate HR processes and activities ○ Integrate job design, job descriptions, PMS and appraisal ○ Develop a standardized competency framework to support job design, recruitment and promotions ○ Implement objective and transparent recruitment, selection and promotion procedures that support best fit for the individual and SBP ○ Implement life-long learning and develop career training plans for all professional staff, including development of technical and soft skills through formal training, job rotation, potential secondment, and formal leadership development programs ○ Undertake demographic analysis to support succession planning and implement talent management and career planning for professional staff ○ Strengthen business alignment and performance through rollout of a redesigned PMS that provides fairer assessment, aligns with achieving strategic outcomes, and includes a gateway around values, cultural, efficiency and productivity and commitment - rollout to include management and supervisor training and quality assurance of implementation ○ Review of the total rewards framework and potential redesign to ensure good practice, alignment with strategic direction, performance and cultural outcomes ○ Improve resource deployment, workload balancing and staff utilization ○ Improve staff engagement and the effective management of change
SG6-TO2	Re-engineer business processes to support automation, and deliver workload and productivity improvements	<ul style="list-style-type: none"> ○ Establish a cross-functional team to drive business process review and identify and prioritize opportunities across all SBP Departments ○ Develop process registers and identify and prioritize opportunities to reduce regulatory and administrative burdens, eliminate duplication and reduce unproductive activities ○ Implement redesigned core processes to improve productivity, response times, information flows and decision making
SG6-TO3	Implement a comprehensive, modern and effective communications strategy	<ul style="list-style-type: none"> ○ Recruit and develop communications professionals to support development and delivery of communications strategies and plans across all stakeholder groups ○ Develop a comprehensive multi-channel approach for staff communication to support cultural transformation and engagement ○ Formulate supporting communication plans for each major initiative as well as crisis management readiness ○ Evaluate the effectiveness of communications

SG6 - Strengthen SBP's organizational efficiency and effectiveness

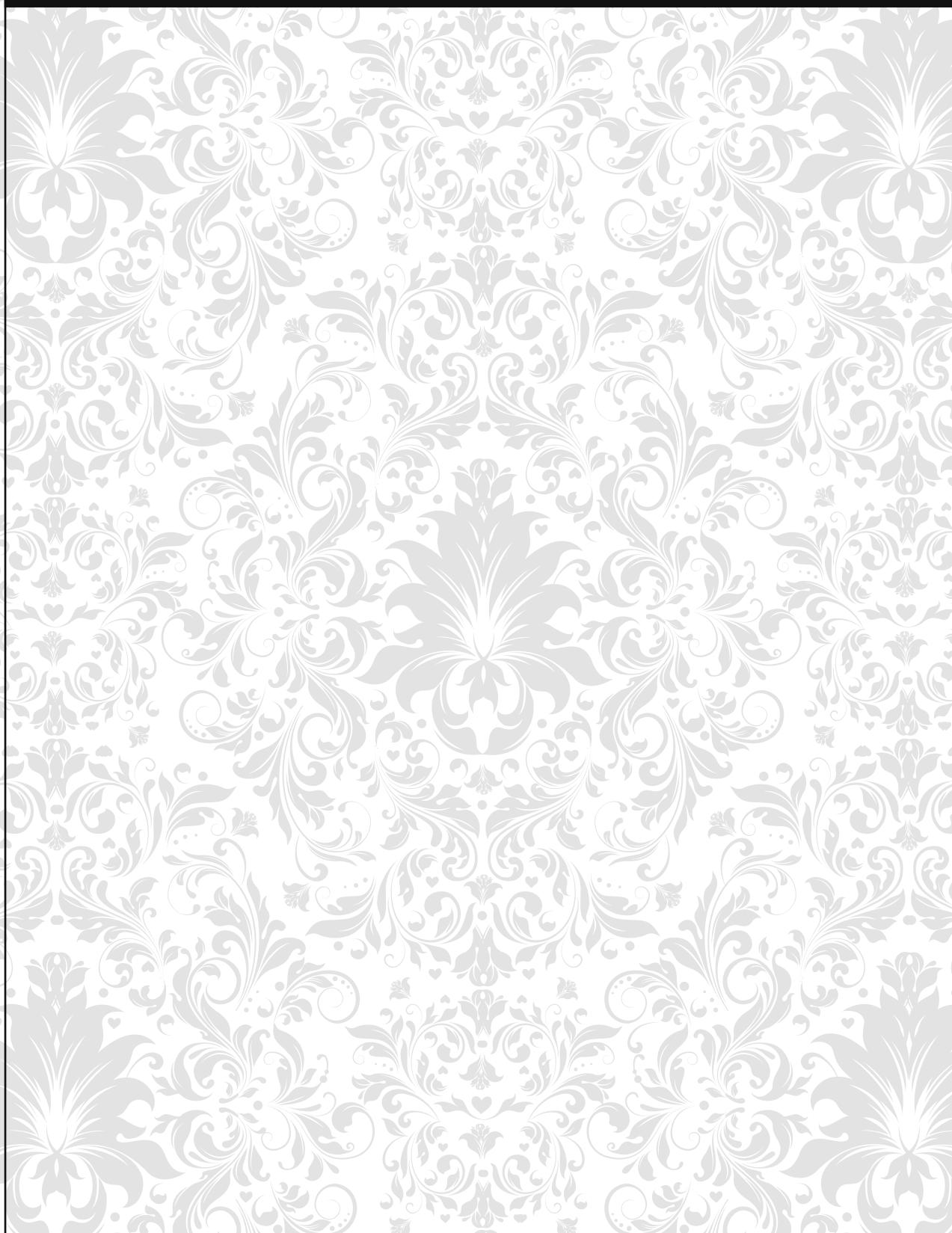
Tactical Objectives and Key Activities		
SG6-TO4	Improve corporate governance and effective internal control framework	<ul style="list-style-type: none"> ○ Develop Standard Operating Procedures to ensure compliance with legal obligations and corporate policies ○ Enhance Internal Audit capability with additional resources; greater clarity around scope and objectives; application of best internal audit practices; and strong follow-through and escalation of findings, with recommendations ○ Establish an Office of Strategic and Project Management to support delivery of SBP Vision 2020 ○ Evaluate and implement a balanced scorecard approach, supported by appropriate software, to manage SBP Vision 2020 implementation ○ Incorporate values and staff Code of Conduct including potentially through introduction of a behavioural gateway mechanism ○ Review and update terms of reference and procedures for all committees and working groups to reflect responsibilities, delegations and decision making and regularize schedule for meeting dates ○ Formalize and implement a well-defined delegation and authority matrix
SG6-TO5	Implement a comprehensive Enterprise Wide Risk Management Framework	<ul style="list-style-type: none"> ○ Develop and maintain a comprehensive risk register ○ Promote a culture of risk governance and risk management across SBP through training and performance management ○ Manage financial and balance sheet risks through enhanced qualitative and quantitative analyses and forward-looking risk management ○ Implement and test a business continuity risk management system ○ Implement operational risk management practices consistent with BIS principles for the Sound Management of Operational Risk
SG6-TO6	Implement a modern framework for retention and sharing of information and knowledge	<ul style="list-style-type: none"> ○ Establish project teams to develop SBP-wide knowledge sharing and support services ○ Develop a knowledge management framework ○ Invest in integrated databases and supporting infrastructure and training to implement a technological solution to knowledge and information capture and sharing

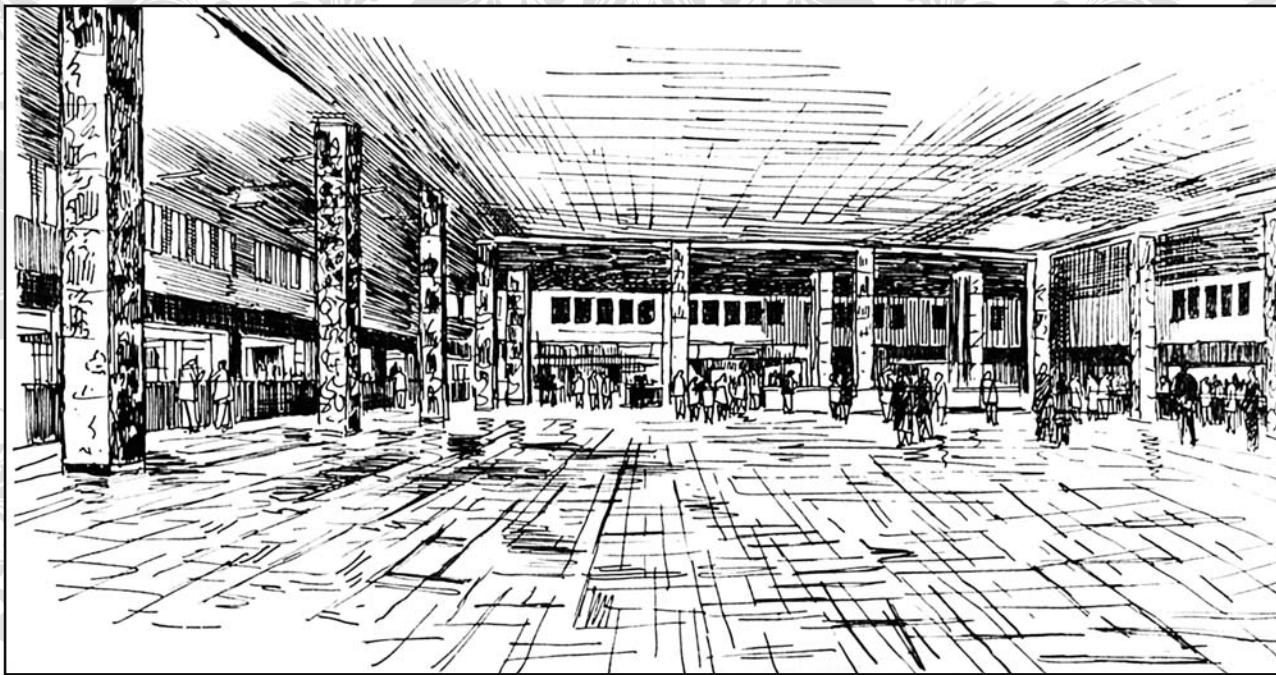


State Bank of Pakistan

Painted By: Sadequain

Notes



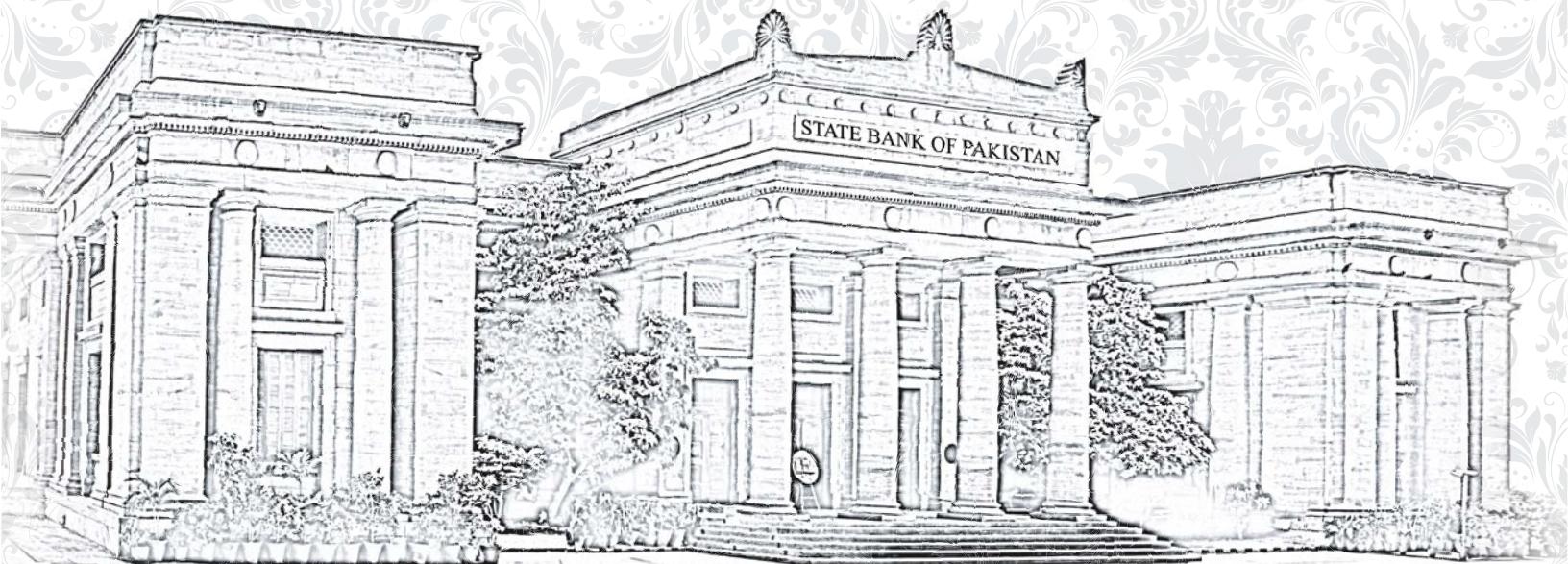


State Bank of Pakistan "Banking Hall" Sketched By: Sadequain

For details, please contact:

S. No	Name	Designation	Email
1.	Asif Mahmood	Director	Asif.mahmood@sbp.org.pk
2.	Shehzad Ali Sharif	Joint Director	Shehzad.sharif@sbp.org.pk
3.	Muhammad Zohaib Alvi	Assistant Director	Zohaib.alvi@sbp.org.pk

Strategic Planning Department
State Bank of Pakistan
I.I. Chundrigar Road Karachi Pakistan.
Phone: 111-727-111
sp@sbp.org.pk
www.sbp.org.pk



Printed at the State Bank of Pakistan, SBP-BSC, Printing Press, Karachi.