



SBP Framework for **RISK MANAGEMENT IN OUTSOURCING ARRANGEMENTS BY FINANCIAL INSTITUTIONS**

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WORKSHOP OVERVIEW

Financial Institutions (FIs) are increasingly using third party services to carry out activities, functions and processes as outsourcing arrangements to meet new & complex challenges like innovation in technology, increasing competition, economies of scale and improvement in quality of service to stakeholders (i.e. customers, depositors or investors).

The FIs, while deciding to outsource any function, activity or process shall ensure that outsourcing should neither reduce the protection available to depositors or investors nor be used as a way of avoiding compliance with regulatory requirements.

The guidelines contained in this framework are applicable on all outsourcing arrangements entered into by Commercial Banks, Islamic Banks, Microfinance Banks (MFBs) and Development Financial Institutions (DFIs) hereinafter jointly referred to as Financial Institutions (FIs).



Lead Trainer

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Former Additional Director | State Bank of Pakistan

WHO SHOULD ATTEND?

- Senior Officials / Managers from
- Risk Management
- Compliance
- Operations
- IT Department
- General Administration
- Human Resources
- Vendor / Third-Party Risk Manager
- Internal Audit
- Legal Counsel / Legal Affairs
- Outsourcing / Vendor Management Officer
- Business Continuity
- Strategic Team





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WORKSHOP OUTLINE:

- 1) Applicability of outsourcing arrangements.
- 2) Policy for outsourcing arrangements.
- 3) Material Outsourcing.
- 4) Governance of outsourcing arrangements:
 - a) Responsibilities of Board,
 - b) Responsibilities of Senior Management, &
 - c) Responsibilities of Internal Audit
- 5) Risk Management in outsourcing Arrangements:
 - a) Risk Management,
 - b) Service Provider Due Diligence & Selection,
 - c) Outsourcing Agreement,
 - d) Performance Standards
 - e) Ongoing Monitoring, and
 - f) Contingency Planning
- 6) General controls
- 7) Redressal of grievances about outsourced activities
- 8) Outsourcing outside Pakistan
- 9) Group outsourcing
- 10) Outsourcing by foreign branches of banks
- 11) Collaboration with Fintechs
- 12) In-sourcing
- 13) Information technology outsourcing

Annexures:

List of functions/ activities not to be performed by third party employees in Financial Institutions

