



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 15, Issue No. 07 | Date: February 14, 2020

A Company Set Up Under Section 42 of the Companies Act, 2017

PAKISTAN TIDINGS

Pakistan, Turkey Likely to Ink SEF

Pakistan and Turkey are likely to ink Strategic Economic Framework (SEF) during the visit of Turkish President Tayyip Erdogan, including defense, finance, trade, economy, customs, agriculture, banking and finance etc., well-informed sources said. Pakistani side, sources said, is committed to delivery of 52 Super Mushak Primary Trainer Aircraft to Turkey. Turkish side will collaborate with Pakistan Defense Production Establishments (POF, HIT, PAC Kamra, NRTC, KSEW) for cooperation in the field of avionics, IT/Communication equipment, weapon and ammunitions and security equipment. Both sides have agreed in principle to develop collaboration between the relevant companies and organizations of the two countries for joint production of defense equipment including the following: (i) manufacturing of fifth generation fighter aircrafts; (ii) avionics components; (iii) establishment of MRO facilities; (iv) establishment of Gwadar shipyard; (v) manufacturing of ammunition/weapons; (vi) development/manufacturing of engines/ bodies; (vii) communication equipment; and (viii) artificial intelligence, UAVs.

Digitizing Retail Transactions

Digitizing economic transactions will have multifaceted benefits. As per SBP data, total banking transactions (excluding PRISM) stood at Rs. 205 tr in FY19. Out of which mere Rs. 366 bn was spent on Point of Sale (POS) machines. In 2019, store-based retailing in Pakistan was estimated at Rs. 7.1 tr by Euro Monitor. Looking from any lens, the digital gap is huge. SBP is cognizant of the fact, as it has issued a circular on 31st January on improving payment-card acceptance infrastructure in Pakistan.

Nepa Advises Producers to Install Solar-wind Hybrid Plants

The National Electric Power Regulatory Authority (NEPRA) has advised the wind power producers (WPPs) to explore the possibility of utilizing their sites and available land to set up solar-wind hybrid power projects with an eye on augmented capacity and to make their product economical. This has been proposed by the regulator to the existing WPPs facing their load curtailments by the power operators — National Transmission & Dispatch Company (NTDC) and National Power Control Centre (NPCC) — because of their relatively higher tariff and substantial surplus capacity available in the base load and conventional power supplies — oil, gas and coal, etc.

Exports to European Union Double Under GSP+

The European Union's imports from Pakistan almost doubled from \$3.6 bn in 2008 to \$6.8 bn in 2018, the European Commission said in its third biennial report

FOR UPCOMING TRAINING PROGRAMS OF IBP, PLEASE SEE THE LAST PAGE.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

MONETARY POLICY RATE

Effective from July 16, 2019 - 13.25pc

KIBOR (6 MONTHS)

Bid% offer%

	Bid%	offer%
STARTING	13.26	13.51
ENDING	13.24	13.49
CHANGE	-0.02	-0.02

FOREIGN EXCHANGE RATES

GBP (£) EURO (€) USD (\$)

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 201.50	PKR 170.50	PKR 154.50
ENDING	PKR 201.00	PKR 168.50	PKR 154.60
CHANGE	-0.5	-2.00	+0.1

PAKISTAN STOCK EXCHANGE

100 Index

	100 Index
STARTING	40,143
ENDING	40,243
CHANGE	+100

GOLD RATE

(10 gm)

	GOLD RATE
STARTING	PKR 77,761
ENDING	PKR 77,718
CHANGE	-43



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on the Generalized Scheme of Preferences (GSP) released on February 10. The report covers 2018 and 2019 and will be tabled in the European Parliament. The GSP+ is one of three 'one-way preferential trade schemes' which grants full duty suspension for essentially the same 66pc of tariff lines to eligible countries that are vulnerable in terms of their economic diversification and export volumes. Pakistan is a beneficiary of the GSP+ scheme since January 2014.

Entering GSP+, countries agree to implement effectively 27 international conventions related to human rights, labor rights, environmental protection and good governance.

IMF Asks Govt. to Focus on Human Development

The International Monetary Fund (IMF) has asked Pakistan to reduce import tariffs, ensure General Sales Tax harmonization, enter into free-trade agreements and take ownership of underfunded Sustainable Development Goals (SDGs). At a joint meeting of the Senate and National Assembly standing committees on finance, a visiting staff mission of the IMF briefed the parliamentarians on Pakistan's trade growth, SDGs financing and GST harmonization. Informed sources said the IMF team put SDGs costing at Rs. 6.196 tr until 2030 and wanted creation of additional fiscal space. This came amid media reports that Pakistani authorities and the IMF mission had completed the second review of the \$6 bn bailout program and agreed not to bring a mini-budget or increase taxes during the current fiscal year despite a massive revenue shortfall.

Remittances Rise to \$13.3 bn in 7 months

Foreign remittances grew to \$13.3 bn during the first seven months of this fiscal year, from \$12.774 bn in the corresponding period of 2018-19. Inflows from workers abroad rose by just 4.13pc during July-January period of 2019-20 as compared to a healthy growth of 10.8pc in the same months of FY19. However, remittances declined 9.06pc to \$1.907 bn in January as compared to \$2.097 bn in December 2019 while jumping by 9.34pc over \$1.744 bn in same month last year. As is the norm, remittances from Saudi Arabia

PAKISTAN'S MAJOR ECONOMIC INDICATORS

REAL SECTOR (GROWTH IN %)	FY 2018 _R	FY 2019 _P	FY 2020 _T	-
REAL GDP	5.5	3.3	4.0	-
AGRICULTURE SECTOR	3.9	0.8	3.5	-
INDUSTRIAL SECTOR	4.9	1.4	2.3	-
SERVICES SECTOR	6.2	4.7	4.8	-
CPI INFLATION (YoY%)	FY 2019 _{pa}	JUL 19 - JAN 20 _{pa}	JAN 2020	-
NATIONAL	6.8	11.1	14.6	-
URBAN	7.1	11.3	13.4	-
RURAL	6.3	12.0	16.3	-
FOOD INFLATION-URBAN/RURAL	4.6/4.8	14.5/16.3	19.5/23.8	-
	FY 2018	FY 2019 _P	Jul 2019 - 31 JAN 2020	-
CURRENCY IN CIRCULATION (IN BILLION RS.)	476.513	562.210	408.565	-
_P PROVISIONAL	-	-	-	-
_{PA} PERIOD AVERAGE				
_T Target from Annual plan 2018-19- PBS				
_R Revised				

Data Sources: Planning Commission- PBS/ STATISTICS-SBP NEWS/ PROVISIONAL DATA



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remained the highest as they edged up 2.69pc to \$3.051 bn during 7MFY20, as compared to \$2.971 bn in corresponding period last year.

State Bank Raises Freelance Payment Limit to \$25,000

The State Bank of Pakistan, on February 13, increased the payments limit for freelance services in information and communication technology by five times. In a circular issued recently, the bank said the decision has been made to broaden the scope of business-to-customer transactions through home remittance channel. As a result, the payment limit against freelance services in the said area has been enhanced to \$25,000 per individual a month, from \$5,000 previously. This increase in limit will facilitate freelancers to route greater value of funds through a more economical and efficient channel of home remittances and help in receiving foreign exchange flows through formal banking, said the SBP.

SBP Reserves Rise

Reserves held by the State Bank of Pakistan jumped by \$157 mn to \$12.430 bn during the week ended on February 7. This took the country's total liquid reserves to \$18.875 bn during the period under review while holdings of the commercial banks stood at \$6.304 bn.

OICCI Survey: Five Major Concerns Impede Business, Investment

A survey done by the Overseas Investors Chamber of Commerce and Industry (OICCI) shows that more than 50 percent respondents identified five major concerns, including rupee devaluation, gap between policies and implementation, increasing tax burden, cost of doing business and increase in interest rates. The Overseas Investors Chamber of Commerce and Industry (OICCI) announced the results of the biannual "Perception & Investment Survey 2019" recently that was conducted during the last quarter of 2019 amongst the leading foreign investors of the country, who are members of OICCI. The survey shows that on a number of business climate parameters foreign investors remain positive and are upbeat on the performance of their respective business entities in Pakistan, with 75 percent of the respondents indicating willingness to recommend new FDI in Pakistan to their parent companies.

INTERNATIONAL SCENARIO

Facebook-owned WhatsApp Has 2 Billion Users

The Facebook-owned messaging service WhatsApp said recently it now has more than 2 billion users around the world, as it reaffirmed its commitment to strong encryption to protect privacy. WhatsApp, acquired by Facebook in 2014, has grown into one of the most-used services in the Facebook 'family' of apps, offering free messaging along with voice and video calls.

UK Asked to Meet Fair Trade Promise

Chief EU negotiator Michel Barnier recently urged London to meet what he sees as its promise to compete fairly with Europe as both sides gird for a tough talk on a post-BREXIT relationship. In the upcoming trade discussions, Europe's top concern is that Britain, which has just split with the EU, will choose to deregulate certain strategic sectors of its economy to gain an advantage over its neighbors. The UK Prime Minister Boris Johnson explained that he wanted a free trade agreement with the European Union while reserving for the British the right to diverge from European rules on competition, state aid, social protection or the environment, it was revealed after a meeting in Luxembourg with Prime Minister Xavier Bettel. "We respect the British desire to re-appropriate their rules, standards and laws: it is a sovereign choice. But we must be clear: the political declaration, which was agreed word for word, line for line, with Boris Johnson last October, remains and will remain the foundation of all negotiations," he added.

Amazing Insights

Did you know that some of Silicon Valley's top-notch personalities are not IT personnel; they belonged to the world of liberal arts and literature. LinkedIn's founder, Reid Hoffman did his Masters in philosophy; You Tube's CEO, Susan Wojcicko majored in History and Literature; Airbnb's founder, Brian Chesky, in the Fine Arts; Alibaa's CEO, Jack Ma, graduated with a BA in English. It seems as if coping with challenges that the modern world is confronted with requires the ability to think critically about their human context, which persons with a liberal arts background are supposed to be best trained in. The primary function of education is to enhance



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the humanizing potential of Homo sapiens. The other possible alternative is dehumanization. Between the two, only humanization can be the real vocation of humankind. The study of liberal arts and science promotes humanization and also stands as a bulwark against dehumanizing forces.

First Drop in US Trade Deficit in 6 years

The US trade gap narrowed last year for the first time since 2013 after President Donald Trump escalated trade confrontations, causing imports from China to plunge, according to data released recently. The narrowing of the US trade gap, the stated goal of Trump's trade policy comes after a year when the deficit reached its highest level in a decade. The total trade deficit shrunk by nearly \$10 bn to \$616.8 bn in 2019 as exports fell by 0.1pc and imports dropped 0.4pc, the Commerce Department reported. Excluding services, the US deficit in goods fell by nearly \$20 bn to \$866 bn last year, as imports of Chinese products hit by Trump's punitive tariffs dropped 17.6pc, according to the report.

MANAGEMENT VISTA

TIPS

Silence Your Inner Critic Before Your Next Job Interview

Job interviews can make even the most confident person question themselves. But it is important to quash those negative thoughts so that you can allow your best self to shine. First, remember that the interview is not about proving your technical expertise or subject matter mastery. You already demonstrated that in your application and the interviewers want to know what it will be like to work with you. So let go of needing the interview to be technically perfect. As with every skill, the more you do it, the better you will be, so practice, practice and practice some more. As your aptitude improves, so will your confidence level. Manage your anxiety by focusing on the elements you can

control. For example, if you are worried about arriving on time, try taking multiple routes to your destination before the day of the interview to see which one gets you there fastest. Above all, put yourself in the hiring manager's shoes. Articulate the team's needs as you understand them and tell a story of how you have solved similar problems. Following these tips will help you overcome your nerves and place yourself head and shoulders above the competition. (This tip is adapted from *Don't Let Impostor Syndrome Derail Your Next Interview*, by Susan Peppercorn-HBR.)

Put Your Audience's Needs First When Preparing for a Speech

When you are giving a speech or presentation, it is not your job to get the audience to like you. In fact, if the audience is paying too close attention to you, they may actually miss your message. Instead, focus on being present and staying attuned to your audience's needs. From the moment you begin to prepare, think about who will be in the room. Each time you practice, maintain focus on your imaginary audience. The moment you catch yourself going into autopilot, stop and restart your sentence. And right before you speak, take a moment to breathe and look directly at your audience. Then begin with a "you" statement, e.g., "Each of you in this room ..." or "I want to share a story with you about the power of ..." This immediately signals to your audience that you are there to help them. (This tip is adapted from *Do You Need Charisma to Be a Great Public Speaker?* by Sarah Gershman-HBR.)

SNIPS

Disruptive Business

Even small distractions, such as pausing to check on another task, can result in a 40pc loss in productivity over the whole workday.

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KARACHI

	WORKSHOP	FACILITATOR	FEE*	TIMINGS
17-FEBRUARY MONDAY	Internal and External Frauds - Tools for Fraud Investigation and Reporting	Naveed Elahi Malik	PKR 12,500	9 am - 5 pm
20-FEBRUARY THURSDAY	Enterprise Technology Governance and Risk Management	Syed M. Ali Naqvi	PKR 12,500	9 am - 5 pm
22-FEBRUARY SATURDAY	Risk Mitigation Measures for Financial Crimes	Naveed Elahi Malik	PKR 12,500	9 am - 5 pm
22-FEBRUARY SATURDAY	Customer Complaint Handling Skills	Ayesha Bela	PKR 12,500	9 am - 5 pm
25-FEBRUARY TUESDAY	Consumer Mortgage Finance - A Technical Finance (Housing Finance)	Murtaza Rizvi	PKR 12,500	9 am - 5 pm
26-FEBRUARY WEDNESDAY	Data Analytics & Business Intelligence	Rahim Zulfiqar Ali	PKR 12,500	9 am - 5 pm
29-FEBRUARY SATURDAY	Risk Based Approaches in International Trade	Aqeel Muslim	PKR 12,500	9 am - 5 pm

LAHORE

	WORKSHOP	FACILITATOR	FEE	TIMINGS
14-FEBRUARY FRIDAY	SBP Inspection, Regulatory Compliance and Banks' Operational Issues	Mudayyar Naqvi	PKR 12,500	9 am - 5 pm
14-FEBRUARY FRIDAY	AML/CFT - SBP Framework for Exchange Companies with Latest Updates and International AML Paradigm	Rizwan Khaleel Shamsi	PKR 12,500	9 am - 5 pm
20-FEBRUARY THURSDAY	Trade Based Money Laundering & FATF Sanctions	Omer Zaheer Meer	PKR 12,500	9 am - 5 pm
26-FEBRUARY WEDNESDAY	Cyber Crimes Preventive Methods & Strategies	Arshid Rathor	PKR 12,500	9 am - 5 pm

ISLAMABAD

	WORKSHOP	FACILITATOR	FEE	TIMINGS
14-FEBRUARY FRIDAY	SBP Currency Management Strategy & Penalty Structure - Latest Updates	Hafiz Riaz Ahmed	PKR 12,500	9 am - 5 pm
18-FEBRUARY TUESDAY	Processing Effective Credit Proposal & Risk Analysis	Imran Ali Soomro	PKR 12,500	9 am - 5 pm

*per participant

HYDERABAD

WORKSHOP

FACILITATOR

FEE

TIMINGS

21-FEBRUARY
FRIDAY

AML 360°

Sehba Ehsan

PKR 12,500

9 am - 5 pm

MULTAN

WORKSHOP

FACILITATOR

FEE

TIMINGS

20-FEBRUARY
THURSDAY

Processing Effective Credit Proposal & Risk Analysis

Mughees Raza Malik

PKR 12,500

9 am - 5 pm

GUJRANWALA

WORKSHOP

FACILITATOR

FEE

TIMINGS

26-FEBRUARY
WEDNESDAY

SBP Guidelines on Payment & Collection of Cheques -
Fraud & Forgery Measures to Mitigate Risk in Payment

Hafiz Riaz Ahmad

PKR 12,500

9 am - 5 pm

QUETTA

WORKSHOP

FACILITATOR

FEE

TIMINGS

18-FEBRUARY
TUESDAY

SBP Guidelines on Payment & Collection of Cheques -
Fraud & Forgery Measures to Mitigate Risk in Payment

TBA*

PKR 12,500

9 am - 5 pm

*per participant

**To be announced

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