



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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

PAKISTAN TIDINGS

Breakfast Session on AML Act 2010 (Amendment)

In view of the importance of AML/ CFT and FATF, The Institute of Bankers Pakistan, true to its tradition of taking up current topics to create awareness and ensure latest knowledge-sharing, organized a session on the latest Amendments to Anti-Money Laundering Act 2010 at its premises on Tuesday, February 25, 2020. Prominent experts were invited from banks and consultancy and they took part in the discussion, deliberating on all aspects of the amendments, including the impact these would have on the overall AML Scenario and the bankers on the whole. The discussion was participated by Syed Ali Zia Rizvi, AGM & Head of AML/ CFT, Bank AL Habib Ltd; Mr. Haroon Khalid, Group Head, Compliance, Bank Alfalah Ltd; Muhammad Ismail, Head of Compliance, Meezan Bank Ltd; Mr. Tariq Yar Khan, Chief Compliance Officer, Soneri Bank Ltd; Mr. Abadullah, Chief Compliance Officer, Faysal Bank Ltd; Mr. Farooq Ahmed, EVP/Divisional Head Compliance, National Bank of Pakistan; Mr. Zeeshan Sharif, Head of Compliance; Pak-Oman Microfinance Bank, while Mr. Faisal Anwar, a senior banker, Consultant/Advisor and Trainer presided over the session. Mr. Faisal Hussain, Director IT/Research & Product Development IBP moderated the discussion. He was assisted by Mr. Adnan Haider, Head Research & Development, IBP.

Governor SBP Apprises President

The President of Pakistan Dr. Arif Alvi visited State Bank of Pakistan for a roundtable discussion on 'Financial Inclusion of Differently Abled Persons', hosted by Governor State Bank of Pakistan, Dr. Reza Baqir. Senior officials of SBP, Presidents and CEOs of Banks and representatives of Network of Organizations Working for People with Disabilities, Pakistan (NOWPDP) also participated in this roundtable discussion. Governor SBP, Dr. Reza Baqir gave a detailed presentation on the two types of interventions by SBP for the differently abled persons. These include initiatives taken by SBP to facilitate the differently abled persons for accessing banking premises and services and providing access to finance through various SBP refinance schemes. With respect to the second type of SBP interventions, Dr. Baqir apprised the President about two credit schemes supported by SBP for the financial inclusion of differently abled persons. The first is the Small Enterprise Financing and Credit Guarantee Scheme, which is available to differently abled persons holding CNIC with a special logo/symbol for setting up new business enterprises or for expansion of existing ones at a subsidized financing rate of 5pc per annum for the tenor of 5 years including grace period of up to 6 months. The second SBP scheme is Financing Facility of Low Cost Housing for Special Segments including differently abled persons that provides subsidized loans to widows, children of Shaheeds, transgender, special persons and persons in the areas severe-

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%
STARTING	13.23	13.48
ENDING	13.20	13.45
CHANGE	-0.03	-0.03

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 201.00	PKR 166.70	PKR 154.30
ENDING	PKR 199.50	PKR 168.20	PKR 154.25
CHANGE	-1.5	+1.5	-0.05

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	40,249
ENDING	37,983
CHANGE	-2266

GOLD RATE

	(10 gm)
STARTING	PKR 79,304
ENDING	PKR 80,976
CHANGE	+1672



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ly affected by war against terrorism. Under the scheme, special segments can avail subsidized financing at 5pc per annum, for the tenor of 12.5 years including grace period of up to 6 months. The Governor said that SBP would set credit targets for banks under relevant SBP's refinance schemes for differently abled persons by 31 March, 2020. SBP's financial literacy program will contain special modules for differently abled persons. He added that banks are encouraged to provide access to internet banking, debit and credit cards to visually impaired literate persons. President, Mr. Arif Alvi, appreciated the initiatives taken by SBP for the differently abled persons and the way forward suggested by the Governor SBP to progress further in this regard.

Banking Briefs

Deposits of all scheduled banks as on February 14, 2020 stood at Rs. 14,465.858 bn when compared to the position as on February 7, 2020, the deposits amounted to Rs. 14,415.838 bn, more by 0.35pc. Gross Advances of all scheduled banks amounted to Rs. 8,141.926 bn as on February 14, 2020, when compared to the position on February 7, 2020, the same amounted to Rs. 8,127.233 bn, more by 0.18pc.

Govt. to Help K-Electric Raise Capacity

Amid delays in K-Electric takeover by the Shanghai Electric Limited (SEL) of China, the government has decided in principle to facilitate the Karachi-based power utility to increase its own generation capacity by 1,600 MW and enhance supply from the national grid to 1,400 MW on an urgent basis. For this to deliver, the government would immediately allow the KE to start construction of a 700 MW coal-based project, provide about 150 million cubic feet of imported liquefied natural gas (LNG) for another 900 MW project and enhance power off-take from the national grid to 1,400 MW through diversion of upcoming nuclear power projects in Karachi.

PAKISTAN'S MAJOR ECONOMIC INDICATORS

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019_p	FY 2020_T	-
REAL GDP	5.5	3.3	4.0	-
AGRICULTURE SECTOR	3.9	0.9	3.5	-
INDUSTRIAL SECTOR	4.9	1.4	2.3	-
SERVICES SECTOR	6.3	4.7	4.8	-
CPI INFLATION (YoY%)	FY 2019_{pa}	JUL 19 - JAN 20_{pa}	JAN 2020	-
NATIONAL	6.8	11.6	14.6	-
URBAN	7.1	11.3	13.4	-
RURAL	6.3	12.0	16.3	-
FOOD INFLATION-URBAN/RURAL	4.7/4.8	14.5/16.3	19.5/23.8	-
	FY 2018	FY 2019_p	Jul 2019 - 14 FEB 2020	-
CURRENCY IN CIRCULATION (IN BILLION RUPEES)	476.513	562.210	558.331	-
P PROVISIONAL	-	-	-	-
PA PERIOD AVERAGE	-	-	-	-
T Target from Annual plan 2018-19- PBS	-	-	-	-
R Revised	-	-	-	-

^pAs on February 04, 2020

Data Sources: The State of Pakistan's economy - 1st Quarterly Report 2019 - 2020. Real Sector



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Worst of Stabilization Now Over

State Bank of Pakistan (SBP) Governor Dr. Reza Baqir said the worst phase of economic stabilization is now over and the country's business sector has a bright future ahead of them. He made these remarks during his keynote address at the 'CEO Summit Asia 2020', organized by the CEO Club Pakistan and Management House at a local hotel on Thursday, February 20, 2020. On the growth front, he said that there are preliminary signs of a turnaround as January statistics regarding the sales of cement, imports of machinery, and large-scale manufacturing showed an uptick. The SBP chief was sure that businesses of the country have a very bright future in front of them but stressed on the need for reforms in public sector to stimulate growth in private sector. He said the SBP is actively supporting growth of small and medium enterprises (SMEs) to accelerate economic growth. In addition, he said the SBP would ensure SMEs are able to get financing from banks. He pointed out the 4.5pc growth in the country's exports during the first half of current fiscal year as an indicator of rising economic output. He said that during the same period, India's exports declined by 2.3pc, Thailand 2.5pc, Sri Lanka 3.6pc, Indonesia 5pc, Malaysia 6pc, and Bangladesh 7pc.

MoST to Set Auto Parts Quality Standards

Ministry of Science and Technology (MoST) has started the process to establish standards for auto parts in the country. Minister of Science and Technology Fawad Chaudhry has called a meeting with Pakistan Automotive Manufacturers Association (PAMA), the representative body of all major automobile companies in the country to discuss the issue of quality standard of automobiles and their parts. The meeting, expected to be held on March 3, will be the first meeting of government and auto industry related to formulating national standards for this sector. It has taken more than a month for the MoST to reach this stage after receiving guidelines from the Competition Commission of Pakistan (CCP) to formulate national standards for auto industry.

Where Innovation Is Low-Risk

Only about 13pc of directors in the energy and utilities industry view innovation as a major business obstacle.

INTERNATIONAL SCENARIO

Britain Could Lose \$32 bn in EU Exports Without Deal

Britain could lose up to \$32 bn annually in exports to the European Union if it fails to strike a trade deal with the bloc, UN economists said recently. The UN Conference on Trade, Investment and Development (UNCTAD) said the losses would be the equivalent of 14 pc of Britain's exports to the EU. UNCTAD said half of the losses would come from tariffs that could be imposed by both sides and half from non-tariff measures impacting trade such as health and environmental regulations or packaging standards. "The losses would deal a major blow to the UK's economy, as the EU market accounts for 46 pc of the UK's exports," said the study by the Geneva-based agency

France Stood Firm on EU Farm Budget: Macron

President Emmanuel Macron recently told farmers that France stood its ground in opposing cuts to agricultural subsidies and would continue to do so, a day after an EU summit on the bloc's next budget ended in deadlock. European Union leaders failed to agree on a next seven-year budget, as a funding shortfall created by Britain's departure sharpened debate over spending priorities. Like his predecessors, Macron has called on Europe to maintain a large budget for its Common Agricultural Policy (CAP), of which France is the main beneficiary. In the aisles of the recent agricultural show, Macron tried to reassure farmers that glyphosate would not be scrapped in cases where there were no alternatives, while rules on safe distances for pesticide spraying would be adopted progressively.

Tesla Resumes Tree Cutting to Build Gigafactory

Tesla Inc. said it had resumed tree cutting in Gruenheide, Germany so it can construct its first European car and battery factory following moves by environmentalists to stop local deforestation. Tree clearance is proceeding in an orderly manner, Tesla said recently. There were no environmentalists holding up the process, Tesla's spokeswoman Kathrin Schira said. The US electric car maker, last November, said it will build a factory in Gruenheide in the eastern state of Brandenburg near Berlin, creating up to 12,000 jobs, a decision that was

SNIPPETS



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initially lauded as a vote of confidence in Germany. Tesla wants to start production in 2021, but environmentalists have exploited legal loopholes in the planning process to halt felling of trees until an environmental audit is finalized to gauge whether any rare species could be endangered.

IMF Trims Global Growth Forecasts

The world's top economies recently called for a coordinated response to the coronavirus outbreak, which the International Monetary Fund (IMF) predicted would lower China's growth this year to 5.6pc and shave 0.1pc points from global growth. IMF Managing Director Kristalina Georgieva presented the outlook to central bankers and finance ministers from the Group of 20 countries, but said the IMF continued to look at more dire scenarios. The China outlook is 0.4 percentage points lower than it was last month. China reported a sharp fall in new deaths and cases, but the World Health Organization (WHO) warned it was too early to make predictions about the outbreak and said it was concerned about the number of new infections in other countries with no clear link to China such as travel history or contact with a confirmed case.

MANAGEMENT VIEWS

Management Tips

When joining a new company, find a 'cultural mentor'. We often assume that if we are successful at one company, we will easily succeed at another. But it can be jarring to join a new organization with a very different culture. One way to ease the transition is to find a cultural mentor: someone who can help you interpret and navigate the implicit codes of the new culture. Look for a person who has a deep understanding of your new company, wants you to succeed and does not have an overt political agenda that could cause them to give you biased information. This might be a former employee you know through social or professional circles,

or a respected colleague in another office or department. But even with help, it is possible that you will trip up at some point. If so, apologize, ("I am sorry if my feedback came across as too harsh,") explain the difference, ("That was a common way of expressing things at my last company,") and commit to adapting. ("I have come to understand that is not effective here, and I will take note of that for the future.") People will often cut you some slack. Observe the nuances of your new culture carefully to ensure you do not repeat your mistakes and damage your ability to succeed at your new job.

(This tip is adapted from *Navigating a New Job With a Very Different Culture*, by Dorie Clark-HBR.)

Build a Productivity System That Meets Your Specific Needs

It can be hard to find the right productivity tool. The good news is that with a new generation of do-it-yourself platforms, you do not have to be a programmer to build a system that works for you. Here are a few things to consider before setting out. First, know the problem that you are trying to solve. Your frustrations with your current tools are the best indicators of what you need, so jot those down. Then, if you find a tool that piques your interest, start using it on small tasks. You might have grand plans for an elaborate dashboard that will automate various parts of your work, but start with something easy, like a to-do list. Also, look for integrations with other important tools, such as your email client or phone apps that you regularly use. And be sure you have an escape plan. Because productivity tools come and go, make sure there is a way to export your work and make a point of doing so regularly, if only as a backup.

(This tip is adapted from *Create a Productivity Workflow That Works for You*, by Alexandra Samuel-HBR.)

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