



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 15, Issue No. 24 | Date: June 12, 2020

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

PAKISTAN TIDINGS

SBP Reiterates Not to Share Personal Details on Fake Calls

It has come to the knowledge of State Bank of Pakistan (SBP) that unscrupulous elements are making phone calls to individuals, impersonating as officials of SBP or other agencies, seeking personal information regarding their deposit accounts on the pretext that SBP is collecting information from banking customers in light of emergency declared in the country due to COVID-19. In some instances, the fraudsters also claim that the information is required to ensure smooth functioning of their accounts in case ATM services become unavailable. State Bank of Pakistan never seeks details of account holders of any bank and all such calls made on its behalf are a hoax and with fraudulent intentions. Public is advised not to respond to any such calls and provide any information. (SBP notification dated June 7, 2020).

Large Gap Between Govt. and IMF on Revenues

The government plans to set revenue collection target between Rs. 4.5 tr to Rs. 4.7 tr in the budget for fiscal year 2020-21, as revealed recently. The government also shared revenue targets with the International Monetary Fund (IMF) officials in the latest round of meetings, according to sources in the Finance Division. However, the IMF's approval of the revenue plan has been delayed and the matter will be taken up during a meeting scheduled in the third week of June. The government has already shared its revenue collection proposals with fund officials to seek approval. The IMF has set the Federal Board of Revenue (FBR) revenue collection target for the year 2020-21 at Rs. 5.1 tr, up 30pc from the FY20's proposed collection. For the current year, the IMF has lowered the FBR's tax target to Rs. 3.9 tr, from Rs. 4.8 tr accounting for the impact of COVID-19 on businesses.

Mobile Subscribers Hit 89 mn by 2019 End: Study

Mobile phones are the dominant form of digital connectivity in Pakistan, with 89 mn unique subscribers as of the end of 2019, according to the GSMA — an industry body representing mobile networks. In a report, *Pakistan Progressing Towards a Fully-Fledged Digital Economy*, launched recently, it suggested that to achieve digital ambitions and unleash the potential of the mobile economy, the country must facilitate access to high-quality mobile broadband networks, affordable services and smartphones.

Economy to Contract Even More Than Estimated Earlier: WB

The World Bank forecast recently that Pakistan's economy would actually perform even worse than what previous estimates had warned about, citing the COVID-19 fallout. In its latest report, *Global Economic Prospects*, the Washington-based lending agency assesses the country's economy was likely to go into the red this fiscal year and would be unable to recover even next year. It forecast a negative

MARKETS AT A GLANCE

Rates are taken till Friday 1:00 pm

MONETARY POLICY RATE

8pc | Effective from May 15, 2020

KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	7.72	7.97
ENDING	7.70	7.95
CHANGE	-0.02	-0.02

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 188.00	PKR 171.00	PKR 158.50
ENDING	PKR 188.00	PKR 171.00	PKR 158.50
CHANGE	0	0	0

PAKISTAN STOCK EXCHANGE

100 Index

STARTING	34,350
ENDING	34,611
CHANGE	+261

GOLD RATE

(10 gm)

STARTING	PKR 76,732
ENDING	PKR 76,732
CHANGE	0



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PAKISTAN'S MAJOR ECONOMIC INDICATORS

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019 _p	FY 2020 _t	-----
REAL GDP	5.5	3.3	3.0	-----
CPI INFLATION (YoY%)	FY19 _{pa}	JUL 19 - APR 20 _{pa}	MAR 2020	APR 2020
NATIONAL	6.8	11.2	10.2	8.5
URBAN	7.1	10.7	9.3	7.7
RURAL	6.3	12.0	11.7	9.8
FOOD INFLATION-URBAN	4.6	14.0	13.0	10.4
FOOD INFLATION-Rural	4.8	16.2	15.5	12.8
	FY18	FY19 _p	JUL 1, 2019- 29 MAY, 2020	-----
CURRENCY IN CIRCULATION (IN BILLION RUPEES)	476.513	562.210	1,421.823	-----
p - PROVISIONAL	-----	-----	-----	-----
pa - PERIOD AVERAGE				
t - Target				

Data Sources: SBP/PSB/PC

GDP growth of -2.6pc for the current fiscal year (2019-20) and -0.2pc during the next (20-21). Pakistan (-2.6pc in FY2019/20) and Afghanistan (-5.5pc in 2020) are both projected to experience contractions as mitigation measures are anticipated to weigh heavily on private consumption. Key labor-intensive export sectors are expected to contract sharply and recover only slowly, the Bank said in its report.

PBC Identifies Key Issues Promotion of Exports

The Pakistan Business Council (PBC) has identified some key issues and proposed the way forward for the export promotion through branding and overseas presence. In its report titled Export Promotion Through Branding & Overseas Presence, the business advocacy body has said that building

further on the potential of maximizing export earnings, this proposal addresses the opportunity of using Pakistan owned brands and other marketing and distribution assets and initiatives. Brands fetch a premium. Yet there is no Pakistan-owned brand in international markets other than some food brands targeted at the diaspora. Even these are sold mainly through ethnic shops and not through the mainstream retail chains. As consumers move from high street to online shopping, it is vital that Pakistani branded and other exports are made available on platforms such as Amazon. This entails warehousing in the markets where such platforms are located so that shipments can be affected to shoppers within 24-48 hours.



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PAYMENT SYSTEMS IN PAKISTAN: JANUARY - MARCH 2020

Snapshot Details as on March 31, 2020

Total Population	204.65 mn
Currency in Circulation (in mn PKR)	6,007,758
Number of Banks' Accounts	54.73 mn

(Source SBP)

Payment Systems Infrastructure as on March 31, 2020

Number of Banks (Branches)	44 (16,069)
Commercial/Specialized Banks Branches	14,796
Microfinance (Branches)	1,273
Number of Real Time Online Branches	15,947
Number of Banks Having ATM Machines	34
Number of ATMs	15,559

Building Brands Abroad

Regarding building brands abroad, PBC said Pakistani brand exporters desirous of investing more than 10pc of the annual exports to establish and entrench their share abroad would be required to present their proposals to obtain permission from the State Bank of Pakistan. The proposal should outline the expected benefits over a three-year period. SBP will use the following guidelines for evaluating such proposals: The brands covered must have audited annual sales of an average of Rs. 500 mn in Pakistan over the three most recent full years. They should have achieved an average annual growth of 10pc over three years, of which at least a third should have been derived from volume growth.

Exports Fall Again in May, but Recover From April Low

Pakistan's exports tumbled for the third consecutive month in May, falling 33.6pc year-on-year to \$1.39 bn compared to \$2.09 bn in the corresponding month last year, data released by the Pakistan Bureau of Statistics showed recently. Compared to 54pc decline in April, when exports fell to \$957 mn, month-on-month proceeds in May fared better owing to gradual recovery in the textile and clothing shipments to international markets. The impact of global lockdown in the North American and European countries — top export destinations for Pakistani goods — brought down the demand for country's exports during the last four months since the spread of pandemic. However, the data showed exports grew 45.35pc in May, compared to April,

indicating a revival in exports. One of the main reasons for the rebound is the resumption of orders. International buyers had earlier, in the last few months, deferred and cancelled various import orders due to the global lockdown. The government has also allowed exports through the land routes during the month to Iran and Afghanistan. The data showed resumption of exports on land routes also contributed to an improvement in overall exports from the country. Cumulatively, exports during July-May fell to \$ 19.79 bn compared to \$ 21.25 bn over the corresponding months of last year, indicating a decline of 6.87pc.

BANKING BRIEFS IN BN RS. (WEEK DATE)

MAY 29, 2020 MAY 22, 2020 MAY 15, 2020

DEPOSITS

15,480.920 15,454.087 15,127.295

% PLUS / MINUS COMPARED TO PREVIOUS WEEK

+ 0.17 +2.16 -----

GROSS ADVANCES

8,356.599 8,341.281 8,328.264

% PLUS/ MINUS COMPARED TO PREVIOUS WEEK

+ 0.18 + 0.16 -----



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INTERNATIONAL SCENARIO

World Bank's Latest Global Economic Prospects Report

The coronavirus pandemic inflicted a swift and massive shock that has caused the broadest collapse of the global economy since 1870 despite unprecedented government support, the World Bank said recently. The world economy is expected to contract by 5.2pc this year, the worst recession in 80 years but the sheer number of countries suffering economic losses means the scale of the downturn is worse than any recession in 150 years, the World Bank said in its latest *Global Economic Prospects* report.

China to Strengthen Global Cooperation in COVID-19 Vaccine Trials

China will strengthen international cooperation in future COVID-19 clinical vaccine trials, building on earlier collaboration in vaccine development, the science and technology minister said recently. China is expending great efforts in the global scramble to develop a vaccine for the new coronavirus epidemic that began in its central city of Wuhan, with Chinese researchers conducting five separate clinical trials on humans, or half of all such trials globally, according to the data compiled by the World Health Organization. President Xi Jinping vowed last month at the World Health Assembly, the WHO's governing body, that vaccines China develops will become a "global public good" once they are ready for use and it will be China's contribution to ensuring vaccine accessibility and affordability in developing countries.

Can Fitbit or Apple Watch Detect a Coronavirus Infection Before the Onset of Symptoms?

Researchers are increasingly looking at these devices and other such wearables as a possible early warning system for the deadly virus. Last month, scientists at the West Virginia University Rockefeller Neuroscience Institute said they had created a digital platform that can detect COVID-19 symptoms up to three days before they show up using the Oura ring, a wearable fitness and activity tracker. An app developed by the researchers uses artificial intelligence to forecast the onset of COVID-19 related symptoms such as fever, coughing, breathing difficulties and fatigue,

with over 90pc accuracy, according to the university. The researchers said the system could offer clues of infection in people not yet showing symptoms — helping address one of the problems in detection and containment of the deadly outbreak. Separately, Scripps Research Institute has enrolled more than 30,000 people — and aims for much more — in a similar study aiming to use wearables to find presymptomatic and asymptomatic people with COVID-19.

China: Imports, Exports Plunge in May

China's exports and imports fell in May as the economic slowdown abroad started to take its toll and after a surprise jump driven by increased demand for anti-epidemic supplies, official data showed recently. With consumer demand muted and key overseas markets suffering downturns, imports saw their sharpest on-year fall in over four years, even as the country worked to restart its economy after bringing activity to a standstill to curb the coronavirus. Exports from the manufacturing powerhouse fell 3.3pc on-year last month, better than the 6.5pc slide expected by a Bloomberg poll of analysts. But the return to negative territory came after a surprise 3.5pc jump in April, which was partly due to medical exports. Analysts have warned of signs that a larger downturn awaits. Customs recent data release also showed a larger than expected drop in imports on-year, which were down by 16.7pc and at a four-year low. Part of the plunge in the value of imports could be explained by falling commodity prices worldwide said IHS Markit.

Malaysia to Reopen Most Economic Activity

Malaysia recently said it would reopen nearly all economic activity and allow interstate travel, lifting coronavirus restrictions imposed nearly three months ago as it moves to revive an economy battered by the pandemic. Prime Minister Muhyiddin Yassin announced in a televised address the novel coronavirus outbreak was successfully under control and Malaysia would begin a new recovery phase until Aug. 31. The government will ease restrictions on social, education and religious activities in phases with health guidelines in place and businesses will be allowed to return to normal operating hours. Entertainment centers such as theme parks and night clubs, sports that involve close contacts and events involving a large gathering of people will also not be allowed. Malaysia had gradually



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reopened businesses over the past month with social distancing protocols, after shuttering all non-essential businesses and schools, banning public gatherings and restricting travel on March 18. The pace of new coronavirus infections in the country, which in March was amongst the highest in Southeast Asia, have slowed in recent weeks.

MANAGEMENT VIEWS

MANAGERIAL TIPS

Make Your Virtual Meetings More Interactive

While you may not all be in the same room, your virtual meeting can still be engaging and interactive. One big advantage is that a virtual setting can lower the bar for participation, so you have an opportunity to glean thoughts and insights from people who ordinarily might not speak up in person. You might use a polling function as a warm-up for discussion and an early opportunity to engage people. You can also encourage attendees to use the chat function, so they can comment in real time. Invite them to participate in the discussion, rather than just talking at them. For example, you might say: "Anita just wrote a great point — and it seems Juan had a similar thought. Do either of you want to go into a bit more detail?" If your chosen platform offers virtual breakout rooms, use them liberally. You might divide people into smaller groups to discuss ideas among themselves. You can join these rooms yourself if you wish, the same way you would roam around the room during a live meeting. Finally, when you are ready, you can bring everyone back to the larger group with a click of the mouse. You have the tools to recreate the vibrancy of an in-person meeting, so take advantage of them virtually.

(This tip is adapted from *Virtual Meetings Don't Have to Be a Bore*, by Andy Molinsky-HBR.)

Adapt Your Leadership Style to The Situation

There is not a uniform leadership style that works for everyone all the time. You may need to adjust your style based on the people you are managing, the context in which you are leading or the external pressures you are under. Some situations call for a more directive style, while others call for a more open-ended approach. Sometimes you need to stick to the plan, while at other times it is best to adapt on the fly. To navigate this, develop a portfolio of micro behaviors that you can employ depending on the situation at hand. Start by understanding your natural tendencies. What is your default leadership style? What is your comfort zone? If you are not sure, get feedback from others. Then learn, adjust and practice. Formal coaching can help — whether it is by another person or even an artificial intelligence coaching bot. Finally, work on your emotional intelligence and contextual awareness skills. This can be tricky, but if you are wondering which style is right for a given moment, trust the people around you to give you feedback. Developing the dexterity to move between different leadership styles is extremely challenging, but it can be achieved with focused efforts.

(This tip is adapted from *Every Leader Needs to Navigate These 7 Tensions*, by Jennifer Jordan, Michael Wade and Elizabeth Teracino-HBR.)

SNIPS

A New Crop of Home Cooks

According to Hunter, a marketing and public relations firm, 54pc of Americans are cooking at home more than they were before the COVID-19 pandemic.

Housekeeping Duties

A Robert Half survey found that managers spent about 17pc of their time dealing with issues resulting from poor performance.

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DONATE FOR THE PRIME MINISTER'S COVID-19 PANDEMIC RELIEF FUND



IBP ONLINE TRAININGS

FROM JUNE 15 - 25, 2020

JUNE

**16 JUNE
TUESDAY**

10AM - 1PM

TRAINING TITLE: Strategy and Leadership Development

FACILITATOR: Dr. Hanif Mohammad

FEE: PKR 3,500/-

**22 JUNE
MONDAY**

10AM - 1PM

TRAINING TITLE: Signature Verification and Forged Signature Detection

FACILITATOR: Naveed Elahi Malik

FEE: PKR 3,500/-

**23 JUNE
TUESDAY**

10AM - 1PM

TRAINING TITLE: SBP Guidelines: Branch Internal Control Procedures for Payment & Collection of Cheques

FACILITATOR: Hafiz Riaz Ahmad

FEE: PKR 3,500/-

**25 JUNE
THURSDAY**

10AM - 1PM

TRAINING TITLE: Managing SBP's Audit - A Proactive Approach

FACILITATOR: Syed Muhammad Jamil, Mahmood Ahmed

FEE: PKR 3,500/-

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