



ECONOMIC LETTER

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

VOLUME 16

ISSUE 24

JUNE 11, 2021

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

PAKISTAN TIDINGS

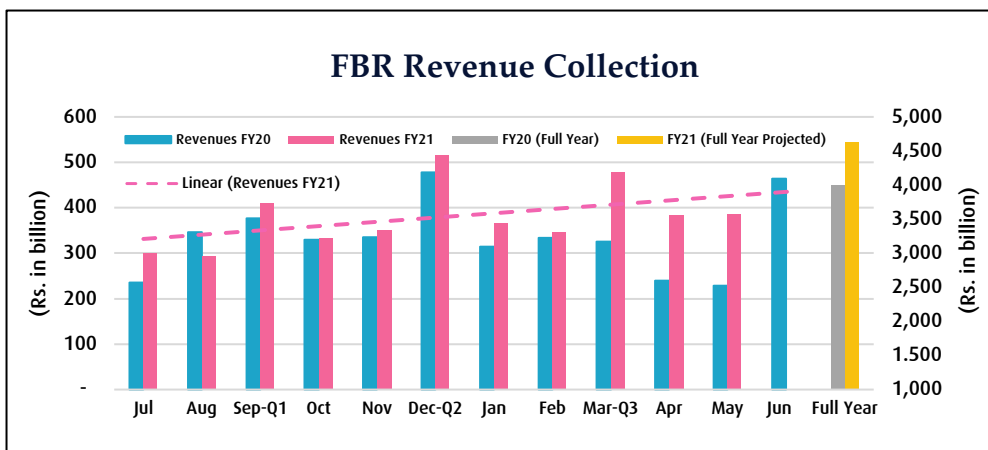
COVID-19: Impact of SBP's Measures as of April 16 – June 03, 2021

	(Rs. in billion)		
Loans Deferred	657.0	Loans Approved for Hospitals	13.4
Loans Restructured	253.6	Loans Approved for Investment	436.0
Loans Approved for Wages*	238.0	ATMs' Availability	97 Percent

* Since the scheme is no longer available, the data has not been updated after November 13, 2020.

11-Month's FBR Collections during FY21 Exceeded Full Year's Revenue Collection of FY20.

Federal Board of Revenue (FBR) has released the provisional revenue collection figures for the first eleven months of current fiscal year. According to the provisional information, FBR has collected net revenue of Rs. 4,170 billion during Jul-May period, which has exceeded the target of Rs. 3,994 billion by and increased by about 18 percent over the collection of Rs. 3,549 billion during the same period last year. Encouragingly, this eleven months' performance superseded the full fiscal year collection of Rs. 3,997 billion achieved during FY20. If the growth trend witnessed during last eleven months continues, the full year FY21 net revenue collection may be seen at around Rs. 4,630 billion.



The net collection for the month of May was Rs. 386 billion, against a required increase of Rs. 214 billion, representing an increase of 69 percent over Rs. 229 billion collected in May 2020 and 168 percent of the target. The year-on-year growth of 69 percent is unprecedented particularly as it is realized on the heel of 57 percent in April. These figures would further improve before the close of the day and after book adjustments have been taken into account.

MARKETS AT A GLANCE

Rates taken till Friday, June 11, 2021

MONETARY POLICY RATE

7pc | Effective from June 25, 2020

KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	7.45	7.70
ENDING	7.45	7.70
CHANGE	0	0

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 218.35	PKR 187.32	PKR 154.62
ENDING	PKR 220.57	PKR 189.47	PKR 155.74
CHANGE	+2.22	+2.15	+1.12

PAKISTAN STOCK EXCHANGE

100 Index	
STARTING	48,211
ENDING	48,304
CHANGE	+93

GOLD RATE

(10 GM, 24K)

STARTING	PKR 96,280
ENDING	PKR 95,850
CHANGE	-430



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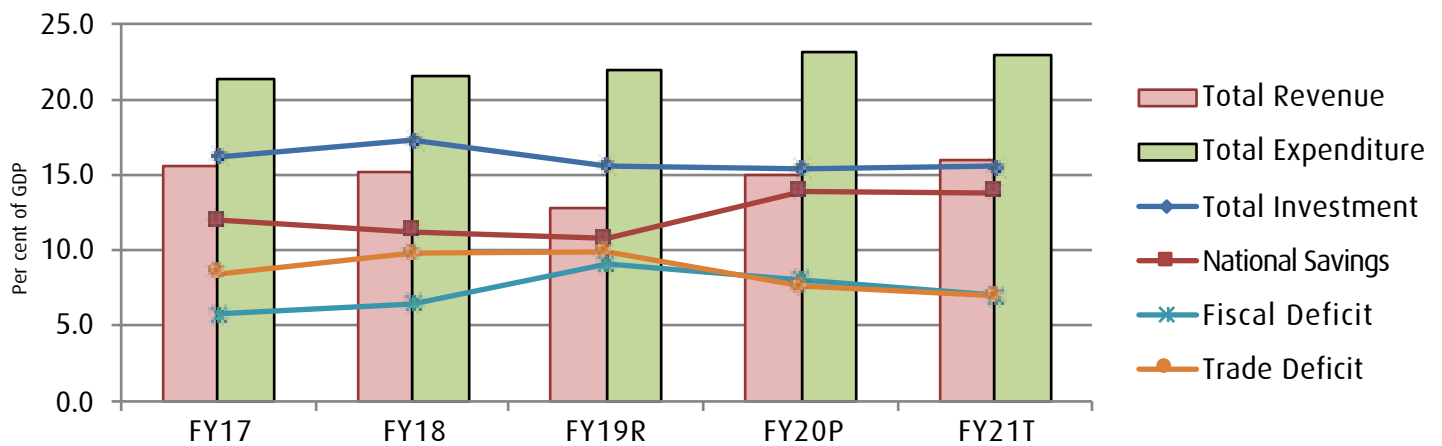
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Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY17	FY18	FY19 ^R	FY20 ^P	FY21 ^T
GDP (Real)	5.5	5.5	1.9	-0.4	2.1
Agriculture Sector	2.2	4.0	0.6	2.7	2.8
Industrial Sector	4.6	4.6	-2.3	-2.6	0.1
Services Sector	6.5	6.3	3.8	-0.6	2.6
GNP (mp) Rs. Per Capita	170,672	181,453	198,028	214,539	229,519
GNP (mp) US \$ Per Capita	1,630.1	1,651.9	1,455.1	1,355.0	1,408.1

As Percent of GDP (mp)



CPI INFLATION (YoY%)	FY17	FY18	FY19	FY20	MAR 2021	APR 2021
General	4.8	4.7	6.8	10.7	9.1	11.1
Food (Urban)	4.3	3.8	4.6	13.6	11.5	15.7
Non-Food (Urban)	5.1	5.8	8.5	8.3	7.1	8.2

Currency in Circulation as on (Stock data)

Rs. in billion

June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	May 21, 2021	May 28, 2021
3,911.3	4,387.8	4,950.0	6,142.0	7,054.4	6,943.0

T = Target | P = Provisional | R = Revised

Sources: i) Annual Plan 2020-21, Planning Commission | ii) Pakistan Economic Survey 2019-20, Finance Division
iii) Data published on SBP website



* As of previous week due to non-availability of latest data.

Banking Briefs – All Scheduled Banks*

	(Rs. in billion)			% age change over	
	21-May-21	14-May-21	22-May-20	Previous Week	Corresponding Week
Investments	13,050.1	12,860.4	10,082.2	1.48	29.44
Gross Advances	8,783.5	8,707.9	8,341.3	0.87	5.30
Borrowings	4,772.7	4,749.0	3,338.6	0.50	42.96
Deposits and other accounts	17,354.1	17,181.8	15,454.1	1.00	12.29

The improved revenue performance is a reflection of growing economic activities in the country despite facing the challenge of third wave of COVID-19. However, during the Eid holidays, revenue collection slowed down considerably. Meanwhile, FBR's efforts to broaden the tax base are expending apace. Early signs suggest such efforts are bearing fruits. As on 31 May, 2021, income tax returns for tax year 2020 have reached 2.93 million, compared to 2.63 million in tax year 2019. The tax deposited with returns was Rs. 52 billion compared to only Rs. 34 billion last year, showing an increase of 55 percent.

Pakistan's Economy is Moving on Higher Inclusive and Sustainable Growth Path

Unveiling the Pakistan Economic Survey 2020-21 at a press conference in Islamabad on June 10, 2021, Finance Minister Mr. Shaukat Tarin revealed that the industrial and services sectors had helped the country post GDP growth of 3.94 percent in the first 9 months of the fiscal year (July to March), significantly higher than the target of 2.1 percent.

The Economic Survey mentioned that despite enormous challenges, Pakistan's economy was seen moving progressively on higher inclusive and sustainable growth path on the back of various measures and achievements during the year. Major achievements highlighting the economic performance during FY2021 are mentioned below:

◇ Pakistan was implementing stabilization policy post crisis of 2017-18 and the economy was recovering from macroeconomic imbalances, but COVID-19 slowed down the pace, which was recovered initially but the advent

of 2nd and 3rd wave brought significant challenges which were met by the timely prudent policies.

- ◇ Pandemics like COVID-19 are once-in-a-century event that devastate global economies. Pakistan did much better in coping up with the pandemic compared to many countries.
- ◇ Government took several important policy decisions: monetary and fiscal measures, smart lockdowns, rapid vaccination etc. National Command and Operating Centre (NCO) as a single organization was made responsible to take key decisions in collaboration with the provinces. Situation was put under control due to government's timely decision making, numbers of daily COVID-19 cases are presently on declining trend.
- ◇ Prior to COVID-19, the working population was 55.74 million. This number declined to 35.04 million, which indicates people either lost their jobs or were not able to work. Due to prudent decisions by the government, working population reached 52.56 million till October, 2020.
- ◇ After last year's contraction of 0.47 percent, economy witnessed a V-shaped recovery. The current economic recovery has been achieved without compromising internal and external stability.
- ◇ Manufacturing has witnessed broad-based growth as major sectors of LSM have shown significant improvement i.e., Textile, Food Beverages & Tobacco, Non-Metallic Mineral Products and



Automobile. First nine months of FY2021 recorded highest period wise growth of 8.99 percent since FY2007.

- ◇ Current account posted a surplus of \$ 0.8 billion, during July-April, FY2021 for the first time in 17 years.
- ◇ Inflows of foreign exchange through the Roshan Digital Account (RDA) crossed the \$1 billion mark. During July-April FY2021, workers' remittances posted historically high growth of 29 percent and reached to \$24.2 billion.
- ◇ SBP's foreign exchange reserves rose to \$16 billion, four-years high.
- ◇ Keeping in view the significant performance pertaining to FATF conditions, potential of exports and e-commerce, Pakistan has been added into Amazon's seller list.
- ◇ FBR tax collection has witnessed a significant growth of around 18 percent during July-May FY2021 owing to the revival of domestic economic activity and ongoing comprehensive tax policy and administrative reforms.
- ◇ The policy rate remained unchanged at 7.0 percent which improved business sentiments and thus stimulating economic activities enabling employment to recover.
- ◇ Primary balance remained in surplus at 1.0 percent of GDP, highest level through the first three quarters in 12 years.
- ◇ On 27th May 2021, PSX witnessed an all-time high daily trading volume with 2.21 billion shares traded in a single session.

Due to its impressive growth, Pakistan Stock Exchange earned the title of being the best Asian stock market and fourth best-performing market across the world in 2020. During the year, all three major credit rating agencies, Moody's, Fitch and Standard & Poor's, reaffirmed their sovereign credit Ratings for Pakistan. This reaffirmation is reflective of the sound policies of the government and of the confidence reposed by these leading international institutions in the country's economic outlook. IMF has acknowledged that the government policies have been

critical in supporting the economy and saving lives and livelihoods. The IMF and Pakistan have announced the resumption of stalled \$6 billion loan program.

"Do you know what is backbiting?" They (the Companions) said, "Allah and His Messenger know best." Thereupon he (the Holy Prophet ﷺ) said, "Backbiting implies your talking about your brother in a manner which he does not like." It was said to him, "What is your opinion about this that if I actually find (that failing) in my brother which I made a mention of?" He said, "If (that failing) is actually found (in him) what you assert, you in fact backbited him, and if that is not in him it is a slander."

THE PROPHET MUHAMMAD ﷺ

Workers' Remittances Continue

Exceptional Streak in May 2021: SBP

Workers' Remittances remained above \$2 billion for a record 12th straight month. Remittances received during May 2021 amounted to US \$2.5 billion, 33.5 percent higher than the same month last year. These were also higher than the monthly average of US \$2.4 billion during July-April FY21. On a month-on-month basis, workers' remittances fell by 10.4 percent in May 2021 compared to April 2021. This fall was expected as remittances usually slow in the post Eid-ul-Fitr period. As Eid fell in mid-May 2021 with markets closed a week earlier, there was some front-loading of remittances in April 2021. However, the seasonal decline in May 2021 was less the half the average decline observed during FY2016-2019. In FY2020, remittances experienced an exceptional rise due to the easing of COVID lockdowns in the post-Eid period in Gulf countries.

On a cumulative basis, remittances surged to US \$26.7 billion during July-May FY21, higher by 29.4 percent over the same period last year. Remittances during the first eleven months of FY21 have already crossed the full FY20 level by \$3.6 billion. Remittance inflows during July-May FY21 were mainly sourced from Saudi Arabia (\$7.0 billion), United Arab Emirates (\$5.6 billion), United Kingdom (\$3.7 billion) and the United States (\$2.5 billion). Record high



inflows of workers' remittances during FY21 have been driven by proactive policy measures by the Government and SBP to incentivize the use of formal channels, curtailed cross border travel in the face of COVID-19, altruistic transfers to Pakistan amid the pandemic and orderly foreign exchange market conditions.

SBP Facilitates Account Opening of Mentally Disordered Persons through Court Appointed Manager

State Bank of Pakistan has provided a major facilitation to mentally disordered persons by allowing them to open a bank account through a well-defined account opening process. The process has been devised after thorough consultation with stakeholders. Now, for the first time in Pakistan, mentally disordered persons will be able to open a bank account under a new category of customers account namely "mentally disordered person account" introduced by SBP in its AML/CFT/CPF regulations.

State Bank has advised all banks to facilitate the mentally disordered persons by allowing them to open and maintain a bank account with the help of a court appointed manager as per the applicable laws related to mental health. Account opening process will include the presentation of valid identity documents and biometric verification through NADRA of mentally disordered person and court appointed manager. Moreover, bank will verify certified true copy of court order to ensure authenticity of the appointed manager. All CDD requirements should be completed for both persons to meet AML/CFT/CPF regulations. It may be recalled that SBP has earlier taken several measures and initiatives in consultation with banking industry for Persons with Disabilities like giving special consideration for their employment and improvement in accessibility infrastructure such as ramps and wheelchair facilities in their branches. SBP has also made available subsidized financial facilities and credit guarantee schemes for differently abled persons. All these measures are being undertaken under a broader objective of improving financial inclusion in the country. SBP's current step along-with a new comprehensive financial inclusion policy for Persons with Disabilities, to be unveiled shortly by SBP, will pave the way for universal financial inclusion including those of marginalized segments. For details:

<https://www.sbp.org.pk/bprd/2021/CL20.htm>

INTERNATIONAL SCENARIO

G-20 GDP Returns to Pre-Pandemic Levels, with China Seeing a Massive Rebound

The Group of 20 economies saw gross domestic product return to pre-pandemic levels in the first quarter of 2021, but with large differences emerging between nations. GDP of the G-20 area grew by 0.8 percent in the first quarter, compared with the fourth quarter of 2020, according to the latest data from the Organization for Economic Cooperation and Development released on June 10, 2021.

Year-on-year GDP growth for the G-20 rebounded to 3.4 percent in the first quarter of 2021, following a contraction of 0.7 percent in the previous quarter. China, where the coronavirus pandemic emerged, recorded the highest annual growth (18.3 percent), while the U.K. recorded the largest annual fall (minus 6.1 percent). Europe fared particularly badly in the first quarter, a period when a third wave of COVID infections swept the region, in contrast with other countries. India, Turkey and China (whose GDP was already above pre-pandemic levels in the previous quarter) continued to see a recovery in the first quarter of 2021, growing by 2.1 percent, 1.7 percent and 0.6 percent, respectively. In addition, Australia, South Korea and Brazil saw growth return to pre-pandemic levels in the first quarter.

But for the remaining G-20 economies, GDP is still below pre-pandemic levels, with countries recording startling divergences in the first quarter. While GDP growth accelerated in the United States (to 1.6 percent, after 1.1 percent in the fourth quarter of 2020) and Italy, growth slowed in Indonesia, Canada, South Africa and Mexico. Growth even turned negative in Germany (-1.8 percent, after 0.5 percent growth in the fourth quarter), the U.K. (-1.5 percent, after 1.3 percent growth), Japan and Saudi Arabia while in France, GDP continued to contract for the second consecutive quarter, although at a slower pace (-0.1 percent, after -1.5 percent). Overall, the U.K. and Italy recorded the largest gaps to pre-pandemic GDP levels, at -8.7 percent and -6.4 percent, respectively. But Germany,



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France, the euro zone and the European Union still recorded gaps of more than 4 percent.

“Belief means that you should prefer truth (even) when it harms you rather than falsehood (even) when it benefits you, that your words should not be more than your action and that you should fear Allah when speaking about others.”

HAZRAT ALI 

World's First Regulator-Approved Diamond Coin Launched

International Gemological Institute (IGI), which provides grading for gems and jewelry grading, has joined hand with Diamond Standard to launch – Diamond Standard Coin, an investment product which can be traded on the market as a regulated commodity, similar to gold.

The coin is the world's first regulator-approved, exchange traded, fungible diamond commodity that contains a set of statistically calibrated diamonds and a military-grade wireless encryption chip, allowing buyers to authenticate, audit and trade this brilliant new asset electronically, using blockchain technology. IGI will receive, inspect and validate the authenticity of over 50,000 natural diamonds acquired through the Diamond Standard Exchange using automated market making and transparent bidding. Post which, IGI will assemble the diamonds, sealing them into a transparent coin with a sophisticated wireless computer chip. Specialized equipment will be used to analyze and enroll the Diamond Standard Coin onto a blockchain, creating a regulator-licensed digital token that is used to authenticate, audit and transact the coins. The offering price of the coin is \$5,000, payable in USD or ETH (Ethereum, digital global money, like bitcoin). There are 5,000 coins available for an initial commodity offering of \$25 million. Following the initial sale, the market price of the coin will be established by independent trading on various digital exchanges. Like gold, there will be a daily fix, used to settle the futures and options, report the net-asset-value for any securities and mark-to-market institutional funds.

Trukkin Raises \$7 million in Series A Funding

The logistics and supply chain startup Trukkin has secured an investment round of SR 26 million (\$7 million) for its Series A round. The round was led by Saudi based Emkan Capital with the participation from Impact46 Seed Fund, Taya Group and other strategic investors. Founded in 2017 by former Barclays banker Janardan Dalmia, Trukkin is a leading aggregator that digitizes the process of matching shippers with truckers to bring about transparency, reliability and efficiency to the logistics industry. Trukkin also works towards building fintech solutions for payments, insurance and financial services. These solutions lay the groundwork for more financial inclusion for the unbanked and increase much needed transparency and efficiency for suppliers.

“I’m very proud of the team and the growth we’ve achieved over the course of the last year as we expanded into Pakistan and grew revenues despite the difficult environment presented by COVID. We are excited to close the round with strategic investors like Emkan Capital and Impact46, it confirms our vision of creating a world-class regional aggregation platform to enable logistics for the shippers and transporters,” said Janardan Dalmia, founder and CEO of Trukkin. Since their highly successful launch in Pakistan, Trukkin has continued to invest in technology and expand its services to newer markets while deepening their presence further in Saudi Arabia and the United Arab Emirates. Ghassan Alosban, GP at Emkan Capital, said Trukkin has exhibited incredibly efficient use of capital and “we’re very impressed with what they’ve been able to achieve in such a short time frame”. “Its core team with over 200+ years of combined industry experience have showcased their expertise in not only navigating but driving growth during the pandemic. We look forward to supporting Trukkin, in serving hundreds of corporate clients and individual shippers as they aggressively look for expansion and growth in reach, capability and business volume”. “Trukkin management team has shown its unique ability to build businesses across multiple geographies in 3 years while retaining the strong culture of the company. We are confident in their ability to build, manage and scale the business,” added Impact46 Team. “We see enormous growth potential in the logistics industry in the MENAP (Middle East and Pakistan) region,



the size of the market is considerable at over \$50 billion. Currently, local fragmented players dominate the market in the region and we are working to be an enabler that brings this fragmented market together on an integrated, world-class platform to showcase collective growth," said Janardan Dalmia while commenting on the platform's future plans. Trukkin has grown 3x since the onset of the pandemic and scaled into Pakistan midyear in 2020 becoming the first mover and the leading logistics platform in Pakistan while growing its business in the UAE and KSA and serving 12 countries in the broader Middle Eastern region.

MANAGEMENT VIEWS

Break the Cycle of Self-Criticism

It is tempting to think that if you are tough on yourself, you will perform better. But self-criticism can ruin your mood, focus and productivity if you let it. Try to take a more balanced approach to evaluating your own performance with these strategies.

- ◇ **Avoid generalization.** Resist the urge to zero in on a single negative event and instead consider your performance on aggregate. Think of a bell curve: Some days will be below average and that is normal.
- ◇ **Think about what could go 'right'.** To avoid focusing on the negative, consider positive 'what if' situations. For example: What if this idea is not stupid, but is the breakthrough that moves the project forward? What if this proposal revolutionizes how we work as a team? What if the senior leadership team loves my presentation?
- ◇ **Timebox your feelings.** Set a timer for between 30-50 minutes (the time it typically takes for feelings like shame to dissipate) and allow yourself to fully experience and process your emotions. Once the timer goes off, make a conscious choice about how to put those feelings behind you and move forward. (This tip is adapted from *Stop Being So Hard on Yourself*, by Melody Wilding – HBR.)

SNIPS

It is Raining Apps

The number of apps downloaded in Apple's App Store and Google Play in 2020 were 142.9 billion, according to Wall Street Journal.

Before Making a Big Career

Decision, Ask Yourself These 4 Questions

Making a big career decision — whether to accept a job offer, or leave your current job, or make a career pivot — is hard, especially because there is usually no 'right' answer. To figure out what is right for you, ask yourself these four simple questions. Answering them will narrow down your options and help you focus on what is important.

- ◇ **What are your feelings telling you?** Think about the kind of work you are doing now, or the kind of work you are planning to do. Brainstorm and jot down ideas of different careers you are considering. What feelings come up?
- ◇ **What matters to you?** Understanding your values will allow you to make choices that align with the things you care most about.
- ◇ **What matters to other people?** Consider how your decision will impact your loved ones. Ask them for their thoughts, input and feelings.
- ◇ **What is the reality of the situation?** You want to make choices for the right reasons so be objective. Consider the facts and data, not just your hopes and assumptions. If you make the decision based on an erroneous interpretation of your options, you are likely to be disappointed in the long run. (This tip is adapted from *How to Make Better Decisions About Your Career*, by Timothy Yen – HBR.)

IBP TRAINING CALENDAR - JUNE 2021



JUNE 15
Tuesday

9AM - 1PM

Creating Digital Marketing Promotional Campaigns

FACILITATOR: Asif Iqbal

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 16
Wednesday

2PM - 6PM

Managing SBP's Audit - A Proactive Approach

FACILITATOR: Atta Ullah Memon

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 17
Thursday

2PM - 6PM

Analysis of Financial Statements: An Effective Risk Management Tool

FACILITATOR: Murtaza Rizvi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 18
Friday

9AM - 1PM

Pool Management in Islamic Banks

FACILITATOR: Hasan Faraz

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 19
Saturday

10AM - 2PM

Role of Banks in Mutual Evaluation of Pakistan (AML & CFT Measures)

FACILITATOR: Kamran Hyder

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 22
Tuesday

9AM - 1PM

Credit Risk Modeling

FACILITATOR: M.A. Hijazi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JUNE 22
Tuesday

2PM - 6PM

Smart Analytics with Lookup Functions in Excel

FACILITATOR: Rahim Zulfiqar Ali

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING