



# Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 15, Issue No. 31 | Date: July 31, 2020

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

## PAKISTAN TIDINGS

### COVID-19 & Updates on SBP's Measures as at July 23, 2020

- Loans Deferred – Rs. 623 bn
- Loans Restructured – Rs. 152 bn
- Loans Sanctioned for Wages – Rs. 126 bn
- Loans Sanctioned for Hospitals – Rs. 6.0 bn
- Loans Sanctioned for Investment – Rs. 11.8 bn
- Bank Branches Open – 93pc
- ATMs Available – 95pc

### Export of Jute Products Begins

Pakistan has started export of jute products to several countries including Middle East. This was discussed in an internal strategy meeting, chaired by Advisor to the Prime Minister on Commerce and Investment Abdul Razak Dawood, to review the implementation of plans under the trade policy and other initiatives of the Ministry, to promote geographical and product diversification to enhance the exports of Pakistan. Talking about the diversification of products, he said that export of jute from Pakistan was an inspiring success story as Pakistan had tapped into the markets of Egypt, Iraq, Malaysia, Turkey, Italy, Australia and New Zealand. Underlining the principles of diversification, the Advisor stated that export of jute products is a key element in our product diversification policy, by placing emphasis on non-traditional exports. He further noted that geographical diversification policies were also showing signs of success as jute products had found new global markets. It was shared in the meeting that export sales of jute products went up by 148pc in terms of weight, fetching more than double foreign exchange in 2019-20, as compared to 2018-19.

### Facebook Issues Guidelines for Pakistani Users

Facebook has issued guidelines on account safety for Pakistani users to be more vigilant in protecting their personal data. Users can utilize security checkup to review and add more safety to their account. Security check-up will help them to log out of Facebook from unused browsers and apps. The users who have not used certain browsers or apps in a while or forgotten about them, are only logged into Facebook on the devices and browsers they approve. Facebook has recommended the customers to turn on the login alerts which will notify or send email if someone tries to log into their account from an unfamiliar device or browser. Users have been asked not to use their Facebook password anywhere else online and never share it with anyone. Two-factor authentication is an industry best practice for providing additional account security. It provides an extra security step whenever a user logs in from a new device. Facebook will send a notification or email with a special code to complete the login process.

\* Due to Eid-ul-Adha Holidays

## MARKETS AT A GLANCE

Rates are taken till Thursday 5:00 pm \*

### MONETARY POLICY RATE

**7pc** | Effective from June 25, 2020

### KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	6.44	6.69
ENDING	6.84	7.09
CHANGE	+0.4	+0.4

### FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 209.00	PKR 185.50	PKR 165.30
ENDING	PKR 209.00	PKR 185.50	PKR 165.30
CHANGE	0	0	0

### PAKISTAN STOCK EXCHANGE

#### 100 Index

STARTING	37,607
ENDING	39,258
CHANGE	+1651

### GOLD RATE

(10 gm)

STARTING	PKR 84,791
ENDING	PKR 84,791
CHANGE	0



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## PAKISTAN'S MAJOR ECONOMIC INDICATORS

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019 <sub>p</sub>	FY 2020 <sub>p</sub>	-----
REAL GDP	5.5	3.3	-0.38*	-----
CPI INFLATION (YoY%)	FY19	JUL 19 - JUN 20	MAY 2020	JUNE 2020
NATIONAL	6.8	8.6	8.2	8.6
URBAN	7.1	7.6	7.3	7.6
RURAL	6.3	10.0	9.7	10.0
FOOD INFLATION-URBAN	4.6	12.9	10.6	12.9
FOOD INFLATION-Rural	4.8	15.2	13.7	15.2
	FY-end June 2020	FY19 <sub>p</sub>	JULY 1 - JULY 10, 2020	-----
CURRENCY IN CIRCULATION (IN BILLION RUPEES)	6,142.016	562.210	176.472	-----
<b>p</b> - PROVISIONAL	-----	-----	-----	-----
<b>pa</b> - PERIOD AVERAGE	-----	-----	-----	-----
<b>t</b> - Target	-----	-----	-----	-----

Data Sources: SBP/ PSB/ ESP\*

### SBP Conducts a Review of Complaints Against Banks/DFIs/MFBs

State Bank of Pakistan (SBP) has conducted a four year (2016-2019) review of complaints against Banks/MFBs/DFIs. The objective of the review was to gain insights on effectiveness of complaint management at banks. The salient features of the review are being published to emphasize SBP's narrative that responsible complaint handling is the core element of Fair Treatment of Consumer (FTC). It considers consumer complaints as an opportunity to improve banking services and increase customer satisfaction. The review indicates that complaints against banks during past four years have increased from 774,656 in 2016 to 1,549,837 in 2019. This increase can be attributed to improved visibility

and access of dispute resolution mechanism coupled with enhanced consumer awareness. Further, this is also due to the fact that number and value of banking transactions have increased substantially. For instance, the number of deposit accounts per ATM and per branch shows increase of 62pc and 81pc respectively. Similarly, during 2016 to 2019, volume and value of E-banking transactions have substantially increased by 112pc and 152pc respectively on account of 71pc increase in E-banking users. Accordingly, the increase in complaints over the same period can be witnessed as concentrated in ATM/Debit Card, Account maintenance, E-Banking and Credit Cards. In terms of addressing the complaints, the resolution rate over the period 2016-2019 remained above 97pc at each year's end.



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## CPEC Projects Unaffected by COVID-19

China-Pakistan Economic Corridor (CPEC) projects have not only remained unscathed by the COVID-19 pandemic but Pak-China bilateral cooperation has increased during this period, officials and think tank representatives said recently. They were speaking at a webinar on 'New Opportunities and Challenges of China-Pakistan Cooperation in the Post- Epidemic Era', which was participated in by experts of Chinese and Pakistani think tanks. The webinar was organized by Pakistan-China Institute. Chinese Ambassador Yao Jing spoke about the cooperation between the two countries during the pandemic and said his country's assistance for Pakistan was worth \$ 15 mn. Equipment and experts were flown to Pakistan since the outbreak of the disease here through 10 chartered flights, he said, adding that about 1000 more ventilators are expected to be delivered by the end of the month. About CPEC, he said, over 60,000 Pakistanis had been employed with CPEC projects. He said 13,000 Chinese technicians, engineers and experts were also working on these projects.

## SNIPS

### Coronavirus-tracking Software

According to recent estimates, 60pc of a certain population would need to adopt contact-tracing apps to prevent the virus from spreading.

### The Practice of Mastery

The psychologist Anders Ericsson discovered in his research that it takes 10,000 hours of what he called "deliberate practice" to achieve expertise in a skill or field.

### Ministry Asked to Explore New Markets for Date Exports

A parliamentary panel has asked Ministry of Commerce to evolve a strategy to diversify export of dates to other markets following the suspension of trade ties with India. Pakistan is the world's fifth-largest producer of dates and exports have plummeted ever since Pakistan cut off trade ties with India last year. According to the Ministry of Food Security data, annual date production in the country is estimated at 550,000 tonnes. Moreover, 50pc of this is

produced in Sindh alone. The rest of is contributed by Punjab, Balochistan and Khyber Pakhtunkhwa. There are around 160 varieties of date palm in the country. However, Aseel of Khairpur, Dhakki of D. I. Khan and Begum Jangi of Mekran are in popular demand owing to their exotic taste. Statistics show that India, before the end of trade ties, was importing around 90pc of the country's total dry dates. The bulk of locally-produced dates are exported dry as the country lacks requisite facilities for processing and branding.

## BANKING BRIEFS IN BN RS.

July 17, 2020      July 10, 2020      July 3, 2020

### DEPOSITS

16,033.984      16,103.561      16,361.560

### % PLUS / MINUS COMPARED TO PREVIOUS WEEK

-0.43      -1.57      -----

### GROSS ADVANCES

8,119.00      8,114.343      8,154.813

### % PLUS/ MINUS COMPARED TO PREVIOUS WEEK

+0.57      -0.50      -----

## IT, ITeS Export Remittances Surge by 23.71pc

The Information Telecommunication (IT) and IT enabled Services (ITeS) export remittances comprising computer services and call center services surged by 23.71pc to \$ 1.230 bn in the fiscal year 2019-2020 compared to \$ 994.848 mn during the same period last year (2018-2019). This has been revealed in the performance report of the Pakistan Software Export Board (PSEB), the attached department of the Ministry of IT and Telecom recently. The ITeS export remittances surged from \$ 1.11 bn in May 2020 to \$ 1.230 bn in June 2020, registering a nominal growth of \$ 0.12 mn compared to around \$ 76 mn during the same period of the previous year (2018-2019), as it went up from \$ 917.875 mn to \$ 994.848 mn. The ministry has set target to increase this volume to \$ 5 bn in the next three years.



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## INTERNATIONAL SCENARIO

### WTO Hands Russia Partial Victory Against EU Anti-Dumping Measures

A World Trade Organization panel recently partially found in favor of Moscow in a case it brought against the European Union over anti-dumping duties imposed on imports from Russia. In its nearly 200-page report, the panel found that the cost adjustment methodology that Brussels uses to calculate dumping margins was inconsistent with international trade rules and urged the bloc to bring its practices in line. However, it rejected Russia's claim that the EU's framework anti-dumping regulation itself was inconsistent with the Anti-Dumping Agreement (ADA). This marks the third WTO ruling faulting the EU over its anti-dumping measures. Dumping means that an exporting country sells a product or service into the importing country at prices below what it charges at home. The use of anti-dumping duties are permitted under international trade rules as long as they adhere to strict conditions and disputes over their use are often brought before the WTO's Dispute Settlement Body. The WTO panel's ruling related to a case first brought by Russia in May 2015, when Moscow requested consultations with Brussels over the calculation methodology. When the two sides failed to reach an agreement, Moscow, in November 2016, asked the WTO to set up the expert panel to settle the issue.

### US Signs \$ 2 bn Vaccine Deal with Pfizer & BioNTech

The United States recently signed a \$ 1.95 bn agreement with US pharma giant Pfizer and Germany's BioNTech for 100 mn doses of their experimental COVID-19 vaccine, part of an aggressive push to start immunizing Americans early next year. It is the biggest deal to date under Operation Warp Speed, intended to accelerate the development, manufacturing and distribution of coronavirus vaccines, therapeutics and diagnostics. Pfizer and BioNTech, which are developing the drug together, said in statements that the American people would receive the future vaccine for free, in line with the Trump administration's pledge. Under the agreement, the US government has placed an initial order for 100 mn doses to be delivered if regulatory approval is granted.

### EU Nations to Diversify 5G Suppliers

EU countries must take urgent action to diversify their 5G suppliers, the European Commission said recently, a move set to shrink Huawei's presence in Europe as the United States pressured the bloc to follow Britain and ban the Chinese company from 5G networks. In November last year, the European Union agreed to take a tough line on 5G suppliers to reduce cybersecurity risks to next-generation mobile networks, seen as key to boosting economic growth and competitiveness. The strategy included reducing countries' and telecoms operators' dependency on one supplier. World No. 1 telecoms equipment maker Huawei competes with Finland's Nokia and Sweden's Ericsson.

### Renewables Now EU's Biggest Source of Electricity

Renewable energy sources such as the wind and the sun overtook fossil fuels as the European Union's main generators of electricity in the first half of this year, according to a new report published recently. In the first half of 2020, renewables — wind, solar, hydro and bioenergy — generated 40pc of the EU-27's electricity, whereas fossil fuels generated 34pc, according to a London-based think-tank Ember found in its study. The amount of electricity generated by renewables in the EU's 27 member states rose by 11pc in the period from January to June, Ember calculated. This was driven by new wind and solar installations and favorable conditions during a mild and windy start to the year. Wind and solar alone reached a record of 21pc of Europe's total electricity generation and reached even higher penetration in Denmark (64pc), Ireland (49pc) and Germany (42pc), the study said. Fossil fuels, on the other hand, fell by 18pc, squeezed both by rising renewable generation and a 7pc fall in electricity demand due to the coronavirus pandemic. As a result, the EU-27 power sector's emissions of carbon dioxide (CO<sub>2</sub>) fell by about 23pc, Ember said.

### Raids in Fiat Chrysler, Iveco 'Dieselgate' Probe

Investigators in Germany, Switzerland and Italy are searching several sites over suspicion that vehicles built by Fiat Chrysler and Iveco groups may have been fitted with illegal defeat devices, as the "dieselgate" emissions scandal widened. Coordinated cross-border raids were being carried out at ten commercial properties across the three countries, according to the public prosecutor for the German state of Hesse. Fiat Chrysler and



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Inveco's parent company CNH Industrial later issued statements confirming that their offices were among those searched. Both said they were providing full cooperation with officials. The automobile and industrial vehicle groups are suspected of having installed so-called defeat devices into their vehicles in order to illegally cheat on emissions tests. Such devices make vehicles appear to spew fewer harmful pollutants in the lab than on the road.

## MANAGEMENT VIEWS

### Managerial Tips

#### Managers, It is Okay to Ease Up Right Now

As a manager, it is important to acknowledge that everyone is a bit fatigued these days and you should recalibrate your expectations accordingly. There are several ways you can do this. First, do not expect the same level of responsiveness or availability from your direct reports as before. Consider reprioritizing by identifying which deadlines can be extended and which projects can be canceled altogether. You could also reassess the level of detail needed on each project. What is achievable under the current circumstances? And how can you adjust your metrics for success? Next, rebalance work among team members by taking time to understand their personal situations and capacity. Do not assume that everyone will tell you when they feel overwhelmed or need help – give your team explicit permission to do so and be proactive about making the necessary changes. Above all, remember that adjusting your expectations does not necessarily mean lowering the bar.

(This tip is adapted from *Managers, Adjust Your Expectations [Without Lowering the Bar]*, by Rebecca Zucker-HBR.)

#### Explain to Your Team Effectively

When people know why they are being asked to do something, they are much more likely to do it. So next time you are preparing to deliver an important message to your team,

make sure you are clear on the “why” behind it. Start by asking yourself a few “what” questions, such as: what are the stakes? What will the future look like if we get this done? Next, figure out how to clearly articulate your reasoning. Think about what action you are asking your team to take and then follow it with a clear, well-practiced explanation. For example: we need to improve our hiring practices, because our current process is not attracting a diverse enough pool of candidates. And be prepared to answer follow-up questions and explain the process that led to the decision. You will be more persuasive if you share ideas that you considered, explored, tested and then abandoned. This level of transparency will keep your team motivated to pursue the task at hand.

(This tip is adapted from *Good Leadership is About Communicating 'Why'*, by Nancy Duarte-HBR)

### SNIPS

#### The Power of Amazon

Amazon.com has more than 8 mn sellers.

#### Call Out Gender Inequity on Your Team

When it comes to gender equity, leaders must manage team behavior in the same way they manage safety, costs and productivity. Unfortunately, too many people in power ignore or downplay the impact of factors that can create an inequitable work environment. If you are a leader, it is imperative that you call out inappropriate or exclusionary behavior, even when it happens in informal interactions. Give employees who exhibit those behaviors direct, one-on-one feedback outlining how their comments or actions marginalized their colleagues and impacted the team as a whole. And use these experiences as opportunities for collective learning: Be transparent with your team about what happened and what will change as a result.

(This tip is adapted from *Leaders, Stop Denying the Gender Inequity in Your Organization*, by Michelle King-HBR.)

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





# IBP ONLINE TRAININGS

FROM AUGUST 10-17, 2020

**10 AUGUST  
MONDAY**

10AM - 1PM

**SBP CASH MANAGEMENT STRATEGY & PENALTY STRUCTURE**

**FACILITATOR: Muhammad Mazhar ul Haque**

**COURSE FEE: PKR 5,000/-**

**12 AUGUST  
WEDNESDAY**

10AM - 1PM

**COMPLIANCE OF REGULATORY INSTRUCTIONS ON FOREIGN EXCHANGE OPERATIONS**

**FACILITATOR: Zaheer Ahmed**

**COURSE FEE: PKR 5,000/-**

**15 AUGUST  
SATURDAY**

2PM - 5PM

**TRADE BASED MONEY LAUNDERING, COMPLIANCE AND RELATED RISKS**

**FACILITATOR: Salim Thobani**

**COURSE FEE: PKR 5,000/-**

**17 AUGUST  
MONDAY**

10AM - 1PM

**ADVANCE CREDIT ADMINISTRATION AND COLLATERAL MANAGEMENT (RISK & CHALLENGES)**

**FACILITATOR: Murtaza Yahya Rizvi**

**COURSE FEE: PKR 5,000/-**

## FOR REGISTRATION AND INFORMATION

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