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**CORPORATE CULTURE**

*In Banks*

*Role of Digitization in*  
**FINANCIAL INCLUSION**

**THE BEST BANK  
CUSTOMER SERVICE**

*Story I Ever Heard*



**EMOTIONAL  
INTELLIGENCE  
IN BANKING**

IBP

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So let's celebrate together, as we always have. And continue to pave the way forward with innovation and great ideas.



## THE SAGA OF AUTOMATED TELLER MACHINE

**J**ohn Adrian Shepherd-Barron, a Briton, was lying in his bath immersed in warm water and enjoying the hydrotherapy, then all of a sudden an idea cropped up in his inquisitive mind.

He was thinking about the trouble of fixed banking hours for withdrawing cash, as one day having gone to his bank and returned frustrated after being refused to cash his cheque, as the bank had closed the shop. Then while engrossed in bathtub, he was reported to be inspired by chocolate vending machines. Shepherd-Barron said: "It struck me there must be a way I could get my own money anywhere in the world or in the UK. I hit upon the idea of a chocolate bar dispenser. But replacing chocolate with cash." This was serendipity, which is defined as an aptitude or faculty for making desirable and fortunate discoveries by chance or accident. This sparked Shepherd-Barron and lit the fire of innovation lurking in his quirky mind. At that time, he was the Managing Director of De La Rue Instruments, which to date prints banknotes and is involved in security printing of passports and tax stamps, brand authentication and papermaking, with headquarters in Basingstoke, Hampshire, England.

The word Serendipity was coined by Horace Walpole in 1774, who had inferred it from a Persian fairy tale, namely: The Three Princes of Serendip, whose main characters were always making strange discoveries, although they were not in whose quest. The word Serendipity is derived from Serendip, an archaic name for Ceylon, which is nowadays known as Sri Lanka and which means the Land of Lions.

Some of these inspirations have always led to disruptive discoveries. In 1907, Belgian Scientist Leo Bakeland was making efforts to find an alternative of Shellac, which was an expensive resin, secreted by a South Asian beetle, when he landed in producing the world's first heat resistant plastic—now known as Bakelite in his honor. It has another pretty long tongue-twisting nomenclature: Polyoxybenzylmethyleneglycolanhydride, which is difficult to pronounce and remember.

There are numerous such discoveries and accidents. Alexander Fleming famously remarked: "When I woke up just after dawn on September 28, 1928, I certainly didn't plan to revolutionise all medicine by discovering the world's first

antibiotic, or bacteria killer. But I suppose that was exactly what I did".

Thus, his valuable discovery resulted in release of Penicillin on 7 March 1929, this marvellous breakthrough saved billions of lives the world over since then. There are many such stories and anecdotes which have changed the course of life in this universe.

Reverting back to Shepherd – Barron, he passed on his idea to the then head of Barclays Bank just for a bottle of pink gin. The head of Barclays Bank did not pooh-pooh the exotic idea, but gave it a serious thought. It was no small feat, it merited serious attention and thus laid the foundation stone of the first branchless banking which transformed every day banking for millions of people across our global village. It is since more than 50 years when on June 27, 1967, the cash machine, called Barclaycash, was installed outside a Barclays Bank branch located at Enfield, North of London. The plaque installed near the ATM was inscribed with the quote: LIVES MADE MUCH EASIER. The first person to withdraw the epoch-making cash was actor Reg Varney, a celebrity comedian of those times. An incredible historic landmark was born. A dream comes true.

Thus ATM morphed the entire banking with a big bang, as the customers who wanted to withdraw money after banking hours no longer had to rely on Bank branches and fixed timings, but were able to do so anytime, anywhere by withdrawing from ATMs. There is a very interesting anecdote relating to the evolution of its password, also known as PIN (Personal Identification Number). In the beginning, a PIN length of six digits was proposed, Shepherd - Barron discussed this scheme with his wife, Caroline but noted that she could remember only four digits. As a result, four-digit PINs were selected and with the increase in ATMs, this was recognized as the ultimate standard parameter all over the world. As most people are aware, PINs (now more commonly referred to as Passwords) are used as an effective tool, to safeguard the secrecy and identity of the user and also to deter any possible thefts.

Automated Teller Machines are called with different names, such as automated banking machine, automatic till machine or remote service unit. Nowadays, the ATM operations are no longer restricted to cash withdrawals only, multifarious tasks are performed with this magic machine. One can withdraw

money, deposit savings, obtain a bank statement, effect fund transfers and pay utility bills. ATMs have a full share of wit and folklore associated with them. Just see the following remarks of an Indian Businesswoman extolling how ATM changes the world.

“India did not innovate with the ATMs. But when we brought ATMs into India and made the machines talk in 15 regional languages to the people in rural India, we got millions of transactions on the ATM”- Chanda Kochhar.

Then we have the American Businessman who said: “The idea of money being something physical is almost entirely a fiction. Sure, you can go to your ATM and pull out cash. And you can feel cash in your back pocket and have some tangible comfort there - but in reality, the majority of your money is a number on a screen”- Tyler Winklevoss

ATMs have become deeply rooted and embedded into our lifestyles and cultures, irrespective of cast, colour, creed, country, currency or class. It is the most egalitarian dispensation, which does not discriminate at all between human beings.

As regards ATM density based on available data, that is the number of ATMs per 100,000 people in the region of South and South East Asia, South Korea has 278 Automated teller machines (ATM). This is followed by Australia with 168 ATMs. Japan has 127 ATMs. Thailand 113 ATMs, the small oil-rich kingdom of Brunei 79 ATMs, while Singapore has 59 ATMs and Indonesia 55 ATMs. India has 21 ATMs. Our great neighbor China has the density of 82 ATMs per 100,000 people.

In our own country, SBP is effectively playing its role as the spearhead of branchless banking in Pakistan but the ultimate responsibility rests on the shoulders of the commercial banks to expand the ATM network. As at December-end 2017, the total number of Automated Teller Machines (ATMs), installed by 32 banks reached to 13,409 up from 12,963, which depicts a quarterly growth of 3.4%. And the ATMs per 100,000 people is 10. The figure needs to be expanded, if we are to become a more branchless banking nation.

Then Automated Teller Machines have many surprising marvels and oddities also. It seems to be ubiquitous, as its scope is unlimited and vast, or more or less we can say it is ATM Sans Frontiers, as it ranges from the heights of 15,397 feet above the sea level down to 1381 feet below sea level, thence to perma-frigid Antarctica.

We are proud that The National Bank of Pakistan (NBP) has the unique distinction of installing a cash machine at Khunjerab Pass at a height of 15,397ft, making it the world's highest ATM. Khunjerab Pass is nestled in the Karakoram Mountains in a strategic position on the northern border of Pakistan's Gilgit-Baltistan's Hunza – Nagar District, on the southwest border of the Xinjiang region of China.

On the other hand, India was touted for long as having the highest ATM at 14,400 feet at Kupup outpost in Nathu La, the centuries – old mountain pass on the ancient Silk Route. The ATM, installed by the Union Bank, now holds second position. In contrast to highest places, ATM is being widely used in the lowest elevations on Earth also. The world's lowest installed ATM is at Ein Bokek, Israel; it was installed independently by a grocery store at 421 meters (1381 ft) below sea level on the shores of the Dead Sea.

In spite of perpetually frozen temperatures and months of everlasting gloom and murk, Antarctica is a place which is alive with ATMs. Wells Fargo, the banking conglomerate had installed an ATM back in 1998 at McMurdo Station, the largest science hub on the continent. It caters to about 1000 people. The saga of ATM goes on —we all benefit from it— as it is visible in every nook and corner.

*Au Revoir.*



**Rafi Ahmed**  
Editor-in-Chief

**Muhammad Rafiq** is an accomplished senior banker currently employed in one of the leading banks of Pakistan. He is an avid writer and regularly contributes to magazines. He was one of the recipients of the first prize and awarded a Gold Medal in IBP Essay Competition 2016 for his contribution: Impact of CPEC on Pakistan Banking Industry.

**Rafi Ahmed** was formerly Head of Learning & Development Department of Summit Bank Ltd and SVP in Training / Consumer Divisions of MCB Bank. He was also the Editor of Summit Bank's monthly magazine, The Reflection. He has also authored a book of short stories: Notes from My Noctuary. He is an alumnus of IBP.

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**Arslan Ahmed Khan** is a young banking professional. His essay, The Role of Digitization in Financial Inclusion, was one of the essays which was awarded First Prize and Gold Medal in the IBP Essay Competition 2016

**Ron Shevlin** is Director of Research at Cornerstone Advisors, his best-selling book is ; Smarter Bank: Why Money Management is More Important Than Money Movement.

*We would like to thank Chartered Banker magazine for granting us permission to reproduce their articles in this issue.*



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STAY AHEAD



# SECOND PAKISTAN BANKING AWARDS 2017



Mr. S.M. Shabbar Zaidi, Senior Partner, A.F. Ferguson & Co., was of the opinion that the awards have been “conceptualized with the aim to set a novel benchmark that recognizes the superior performance of banking institutions.”

The Chief Executive of IBP, Mr. Husain Lawai congratulated the winning banks and remarked in his address, “The financial sector of Pakistan eagerly awaits the results of their performance every year, as these awards recognize the best performers in various categories in the banking sector.”

Mr. Syed Ali Hasan Naqvi, General Manager Marketing, The Dawn Media Group, added, “We believe that a successful bank is not only one that rewards its shareholders, but one which contributes positively to national economic development.”

Eight awards were presented in different categories. A total of 18 banks submitted their nominations. The winners were selected by a distinguished jury, whose decision was based on the performance of the banks during 2016.

*Bank Alfalah was declared The Best Bank of Pakistan* for demonstrating the most significant contribution to national development and for the most effective management of its resources including its employees, clients, franchise, community and financials.

*Best Customer Franchise: Bank Alfalah*, the bank with the most efficient service delivery and attention to customer requirements.

*Bank the Unbanked: Telenor Bank*, the bank that has paid the most attention to financial inclusion by expanding its outreach through rural and low-income urban penetration and diversification among all segments of account holders, including female account holders.

*Best Micro Finance Bank: Telenor Bank*, the best all-around Micro Finance Bank in terms of penetration, outreach, efficiency and access to low-income communities across Pakistan.

*Best Bank for Small Businesses and Agriculture: Habib Bank Limited (HBL)*, the bank with the strongest performance,

The Institute of Bankers Pakistan, the leading knowledge hub of banking and finance in the country, is always in the forefront as a strong driving force striving to create vistas for excellence among the banks. With this view in mind, it had launched the first Banking Awards in 2016, to acknowledge the innovations and encourage significant contribution to national development and financial inclusion, besides promoting a better performance. The initiative of launching the first ever Banking Awards by The Institute of Bankers Pakistan in collaboration with Dawn Media Group and A.F. Ferguson & Co in 2016, is indeed a landmark in the history of banking in Pakistan.

The Second Pakistan Banking Awards Distribution Ceremony 2017, was held on September 19, 2017 at the Pearl Continental Hotel, Karachi. The awards honored excellence and innovation in banking and were organized by the Dawn Media Group and The Institute of Bankers Pakistan (IBP) in collaboration with A.F. Ferguson & Co. It was attended by the representatives of the Banking sector, regulators, financial institutions, stakeholders and media personnel.

Mr. Tariq Bajwa, Governor of the State Bank of Pakistan, who was the Chief Guest at the Awards Ceremony, said that “the banking industry has played a pivotal role in the overall economic growth and development” of Pakistan, and stated that banking “has become one of the most sought-after careers in Pakistan.”

diversification and quality of SME and agricultural lendings nationwide.

*Best Bank for Corporate Finance & Capital Market Development: United Bank Limited (UBL)*, the bank that has excelled in promoting capital market development, deepening secondary markets, and providing advisory services to optimize the efficient use of industrial and commercial assets.

*Best Islamic Bank: Meezan Bank*, the bank that has made the most progress in extending and expanding its Islamic Banking franchise and in raising public awareness.

*Best Environmental, Social and Governance (ESG) Bank: JS Bank*, the bank with a main focus towards ESG attributes for conduct of responsible business. ESG attributes include respect for the environment, for society and for governance. In short, the bank that has demonstrated the most significant contribution in long-term thinking on sustainability, environment, employees, customers and communities as Responsible Corporates.

# ... AND GLIMPSES



# ISQ Convocation



The Institute of Bankers Pakistan held its Convocation and Prize distribution ceremony to award gold medals, prizes and certificates for outstanding performance of candidates in the IBP Superior Qualification (ISQ) examinations for the year 2016. The ceremony was held on November 23, 2017 at the IBP's Jinnah Auditorium.

Senior bankers and eminent members of the banking fraternity attended the Convocation.

Speaking on the occasion, Mr. Syed Irfan Ali, Executive Director Banking Policy and Regulations Department, State Bank of Pakistan, expressed his delight at being present at the event and appreciated the achievements of the ISQ qualifying candidates. He said, "IBP, having among its alumni a large number of high profile bankers, has contributed significantly in shaping the financial services landscape of the country. It is also the banking industry's need-based vehicle for dissemination and promotion of banking professionalism among the emerging young bankers." He emphasized that as ISQ is a prestigious and internationally accredited qualification, it may be time to consider making this a base line requirement for entry level bankers.

Mr. Husain Lawai, CE IBP, highlighted the role of IBP in imparting qualifications and trainings to produce skilled professionals at every level in the banking sector. He said that the ISQ is the benchmark qualification for bankers in Pakistan. The CE congratulated the successful candidates and invited Presidents of different banks to present Certificates and Cash Awards to the position holders.

The ISQ is the only recognized professional banking qualification in Pakistan, accredited by the Chartered Banker Institute, UK since 2011. It is a two level, self - study program: Junior Associateship of IBP (JAIBP) Associateship of IBP (AIBP), whereas, the Fellowship of IBP (FIBP) is the designation awarded by the council of the Institute to the senior banking professionals.

IBP awards gold medals to candidates who score the highest marks in each of the 3 stages of JAIBP. Special prizes are awarded to candidates securing high marks in different subjects. In the recent convocation, 5 Gold Medals and 18 different Cash Prizes were awarded to successfully qualifying candidates.

# LAURELS

## - GOLD MEDALISTS -



### IBP GOLD MEDAL

**MS. SAHER SHAFIQ**  
For Passing And Securing  
The Highest Total Marks In  
Stage - I In First Attempt



### SBP GOLD MEDAL

**FAIZ MEHMOOD**  
For Passing and securing  
the highest total marks in  
Stage - II in first attempt



### SBP GOLD MEDAL

**AMYNAH HEMANI**  
For Passing And Securing  
The Highest Total Marks In  
Stage - III In First Attempt



### SBP GOLD MEDAL

**RAFIA HANIF**  
For Passing And Securing  
The Highest Total Marks In  
Stage - III In First Attempt



### KASSIM PAREKH GOLD MEDAL

**AMYNAH HEMANI**  
For Passing all three stages of the  
ISQ Examination each in first attempt and  
securing the highest aggregate marks

# ISQ CONVOCATION



## PHOTO-SYNTHESIS



# INTERNATIONAL LEADERSHIP EXCELLENCE & DEVELOPMENT CONFERENCE 2017



The Leadership Excellence & Development Conference 2017 was held on November 27-28, 2017 at IBP Karachi. The 2-day Conference was held in collaboration with KnowledgeNow. In his opening address, Mr. Husain Lawai, CE, IBP remarked, “As a premier Institute of knowledge and development, IBP has been offering trainings in hard and soft skills to professionals, to enhance the skill sets required for effective leadership, using innovative teaching and learning methods.” Elaborating further, he said, “We, at IBP lay particular emphasis on trainings exclusively designed for leadership development amongst Pakistan’s banking industry. In addition to our experts from within Pakistan, we have collaborated with leading global organizations to offer an opportunity to you – The Leaders of Tomorrow – a chance to learn from the best of the best.” Mr. Ali Jafri, President KnowledgeNow, moderated the conference. The renowned international and local thought leaders, from academic, industry and consulting backgrounds invited to speak at the conference included: Dr. Ianna F. Contardo, Professor of Business Strategy & Neuromarketing from IE Business School; Mr. Neville Gaunt, CEO and Founder Mind Fit Ltd.; Mr. Patrick Mullane from Harvard Business School, who conducted a live webinar, and Mr. Kamran Rizvi, Senior Consultant from Cernelian. The conference explored the dimensions, evolution and understanding of modern day leadership with presentations and engaging discussions. The interactive session was attended by CEOs and executives from banks, professionals from the media, consultant companies, entrepreneurs, and students of various disciplines. The second day of the conference comprised of a Master Class on Thriving Through Transformation, aimed to provide participants with an action plan to improve their effectiveness as leaders by tapping into efficient principles to evolve into agile thinkers, accelerators of development and innovation, while inspiring engagement and reinforcing performance.



# —SEMINAR ON— ATM FRAUDS – SKIMMING

The Institute of Bankers Pakistan, as a part of its corporate social responsibility, always plays an effective role in dissemination of knowledge and creation of awareness amongst the people from all walks of life. In line with its policy, IBP conducts free seminars on current topics of interest and intensity, so when the ATM Skimming mishaps cropped up in Pakistan, IBP hosted a free seminar with open invitation at Karachi on January 4, 2018 at its Jinnah Auditorium.

ATM/Card related crimes are growing, becoming commonplace and more the safeguards, more the ingenious ways and means to circumvent the same by the crafty, unscrupulous elements. The severity of ATM related crimes can be gauged from the fact that it is costing more than \$ 2 billion losses globally every year. Apart from old-fashioned crimes associated with it, there is another route, a high-tech one, which had emerged as the latest scourge through which the swindlers target ATMs. This is known as skimming which amounts to identity theft for debit/credit card owners. Through skimming, the felons use concealed devices to steal the vital personal information stored on the card and record PIN to access the account, thus depriving the lawful owners of their money.

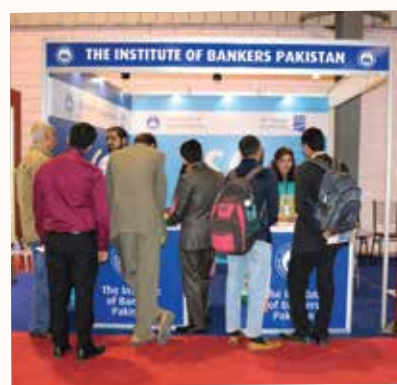
The Seminar well-served its purpose, as a platform for creating awareness of what is ATM/ Card Skimming, Imminent Signs of Spot Card Skimming and Basic Security Precautions to be adopted by banks and customers to minimize the risk of this growing menace. The participants who attended the Seminar, were from different backdrops, which included Bankers from Risk Management, Compliance, Alternate Delivery Channels and Operations, students and members of general public as well. The Speakers were drawn from a wide spectrum of the banking sector. The experts who gave the valuable inputs and detailed presentations, included the following:

- Mr. Syed Sohail Javaad, Head Payment Systems Department (PSD), State Bank of Pakistan
- Mr. Azimullah Khan, CIO, ILINK
- Mr. Irfan Ahmed, Transaction Processing Systems (TPS Pakistan Pvt. Ltd.)
- Mr. Syed Abbas Raza Kazmi, GM Fraud Investigation Unit, Bank Al Habib Ltd.
- Mr. Faisal Malik, Senior Executive, Habib Bank Ltd.



# 15TH DAWN EDUCATION EXPO 2018

As part of prestigious All About Lifestyles event, the 15<sup>th</sup> Dawn Education Expo 2018 was held on February 3 & 4, 2018 at Expo Center, Karachi. Educational institutions and service providers were brought under one roof. IBP exclusively showcased its premier product, ISQ, at this 2-Day event which was well-attended by the people from all walks of life. The IBP stall provided an opportunity to prospective students to have a face to face interaction with IBP representatives for complete information on the ISQ program. Visitors including students, aspiring to join the banking sector, young bankers and their families thronged the stall to gather information on ISQ examinations, coaching classes, register on the spot, and browse through IBP Publications. All of them showed keen interest in the ISQ products. The response was very encouraging. People were inquisitive and interested in learning more about the training programs as well as the Examinations, including exemption policies for ISQ. Students understand the significance of obtaining an accredited qualification from a reputable Institution. The ISQ is the only recognized professional qualification in Pakistan, accredited by Chartered Banker Institute (UK), and leads towards Chartered Banker MBA (CBMBA) from Bangor University Business School (UK).





# EMOTIONAL INTELLIGENCE IN BANKING

By: Muhammad Rafiq

It is not true that in the banking sector, only money matters. The silent power of emotional intelligence (EI) also known as Emotional Quotient (EQ), does play a vital role but it is largely unexplored in the banking industry of Pakistan. The aim of this paper is to disseminate and instill the potential role of EI in banking sector. Modern research has proved that having cognitive intelligence (IQ) is not enough to secure success in business and professional life. Daniel Goleman says that according to corporate research results, 80% success in the business and work place is indebted to EQ while IQ accounts for only 20%. It is global realization that EI is the real key to success for all sorts of growth in various sectors of the economy.

## What is Emotional Intelligence?

Emotional Intelligence refers to the ability to recognize and regulate emotions in ourselves and others. Your way of feeling affects how you behave and the way you behave determines your personal achievements, as well as the performance of others around you. So, in order to be successful, what required are an effective awareness, control and management of not only personal emotions but those of others also.

The concept of emotional intelligence got worldwide popularity in 1995, when Daniel Goleman elaborated the five domains of EQ and the 15 positive emotional competencies attached to them, as under:

serves as financial supplier to all enterprises of the economy. All banks compete on un-differentiated products but EQ provides the competitive advantage in the form of human capital, higher levels of productivity and service quality. In banking, every sort of transaction has some money value and human emotions are attached to money. For example:

1. Customers feel secure in keeping their hard earned money in banks as deposits.
2. A borrower is passionate to get his loan disbursed by the lending bank for establishment or expansion of business.
3. The sender and the beneficiary of a remittance are on their toes until the money is received.

**“Emotional intelligence enables banks to empathize and understand the customer needs that results in winning and retaining the clients.”**

Domains	Definitions	Competencies
Self-Awareness	The ability to recognize and understand your moods, emotions and drives, as well as their effect on others.	<ul style="list-style-type: none"> <li>• Self confidence</li> <li>• Realistic self-assessment</li> <li>• Self-deprecating sense of humor</li> </ul>
Self-Regulation	The ability to control or redirect disruptive impulses and moods	<ul style="list-style-type: none"> <li>• Trustworthiness and integrity</li> <li>• Comfort with ambiguity</li> <li>• Openness to change</li> </ul>
Motivation	A passion to work for reasons that go beyond money or status	<ul style="list-style-type: none"> <li>• Strong drive to achieve</li> <li>• Optimism, even in the face of failure</li> <li>• Organizational commitment</li> </ul>
Empathy	The ability to understand the emotional make up of other people and the skill of treating people according to their emotional reactions	<ul style="list-style-type: none"> <li>• Expertise in building and retaining talent</li> <li>• Cross-cultural sensitivity</li> <li>• Service to clients and customers</li> </ul>
Social Skills	Proficiency in managing relationships and building networks and an ability to find common ground and build rapport	<ul style="list-style-type: none"> <li>• Effectiveness in leading change</li> <li>• Persuasiveness</li> <li>• Expertise in building and leading team</li> </ul>

The above table reflects why the world over, organizations are focusing on EQ in human resource planning, selection interviews, management development, stress management, team-building, decision making, customers relations, organizational citizenship and service quality etc.

### Why Emotional Intelligence is important in Banking?

EQ is vital in all service sectors, particularly the banking sector. Banking industry

4. The guarantor in a loan agreement, is cautious to know the repayment of loan by the borrower because he wants to get his property redeemed early.
5. Living expenses of many depend on the periodical profit received from the saving schemes of the banks.
6. Business clients of trade and commerce are far more comfortable with the banking channel in their dealings with the distant sellers and buyers.

7. Prompt settlement of business claims through online banking delights businessmen, since time value of the money is maximized.

8. Those dealing in international trade love to hedge the risk of adverse currency fluctuations through tools like forwards, futures and swaps etc.

9. Bankers themselves are conscious that their hectic and risky professional commitments must be adequately rewarded with handsome emoluments, incentives and elevations.

10. Depositors of the bank prioritize in placing their funds in banks of high standing.

These factors highlight how important it is to understand and manage the emotions in internal and external relationships of banking sector. A banker having EQ can surpass in social interaction for adapting to please others by being able to predict and comprehend human behavior. Therefore, EQ enables banks to empathize and understand the customer needs that results in winning and retaining the clients. Even EQ is evident in switch over of a team of professional bankers to some other bank with higher packages. They are, in fact, a cluster of emotionally intelligent bankers who are aware of teammates' needs that helps them to produce better results as a group. This interpersonal EQ leads them to a vista of opportunities.

Gregg Carnaffan, Regional Service Manager at HSBC, said: 'I'd term emotional intelligence as being aware of how your actions affect other people, and how your behavior is influencing them. But also, the ability to pick up, verbally and non-verbally, the mood of other people, and predict how they're feeling before they come and tell you.'

If we symbolize a financial institution with a tree, the internal customers and external customers would represent as its roots. Optimum growth and fruit bearing by the tree would not be possible without strong roots. Therefore, emotional intelligence is vital to robust relationships.

### Intelligence in Banks

During the past two decades, HR function, from being more administrative, has transformed into strategic role of bringing out the best from human resources and aligning them towards the business direction of the company. The banking industry is also no exception to this HR strategy.

It is interesting to note that emotional intelligence (EQ) can be enhanced through coaching, training and mentoring in contrast with the cognitive intelligence (IQ) which is innate and static.

In the banking sector of Pakistan, there are many human resource initiatives already in place that contribute towards EQ. For example, State Bank Officers Training Scheme (SBOTS), Young Professional Induction Program (YPIP) of SBP, Management Trainee Officer (MTO) schemes of various banks, NBP Talent Pool scheme, Bell Curve Performance Appraisal and e-Learning etc. are certain relevant manifestations. However, for realizing the true potential of EQ, the following guidelines are furnished that can earn the competitive advantage among peer banks including foreign financial institutions:

**a. Hiring Employees with Higher EQ Skills:** During the hiring process, a special emphasis should be made on the aspiring bankers with higher EQ skills. Focus in the interview is required to be shifted to assess a candidate's emotional response to diverse situations, events and experience. Through targeted questions, make sure that the response of the

candidate is specific. Such questions could be quite revealing:

- What values inspire you?
- Would you have close relation with your colleagues?
- Tell us about your proudest professional moment
- Describe an experience when you resolved a conflict at work
- Describe an occasion when you had to adapt at workplace
- How do you cope with a stressful situation?
- Narrate a time when you made positive impact on your colleagues

Response to the interview questions would elicit a lot about the EQ level of the candidates, but beware of those who are critical about other colleagues/bosses and don't reflect their faith in teamwork. Research shows that the employees with high EQ have also higher technical ability. They use their potential and the potential of others more effectively than the employees with lower EQ level. Psychological tests and group discussions in the hiring process of bankers can be of great help in the quest for emotionally intelligent candidates for a banking job.

**b. Assessing the EQ of Current Employees in the Bank:** It is equally important to measure the EQ level of the current bankers so that the employees with higher EQ are assigned matching roles.

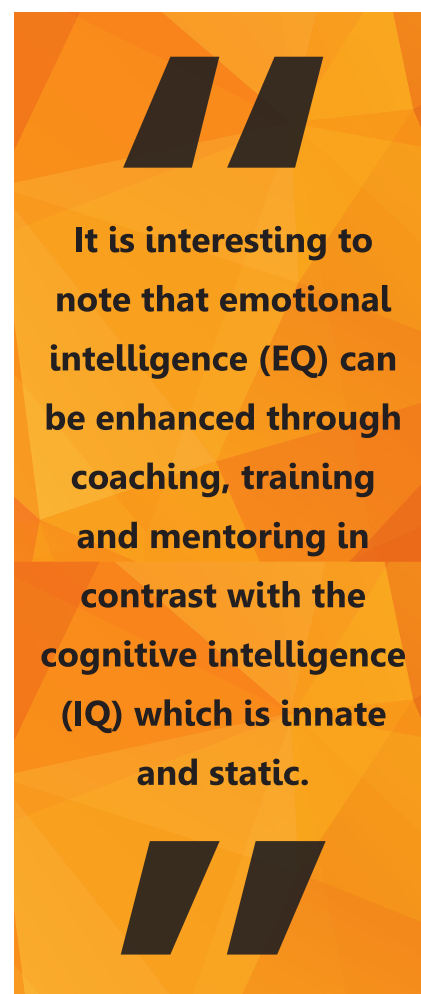
There are many empirically evaluated EQ tests available as HR practice to gauge the EQ in the employees. Certain EQ assessment tests are hinted below:

- BarOn Emotional Quotient Inventory;
- Emotional & Social Competence Inventory;
- Genos Emotional Intelligence Inventory;
- Group Intelligence Inventory;
- Mayer-Salovey-Caruso EI Test (MSCEIT);
- Schutte Self Report EI Test;
- Trait Emotional Intelligence Questionnaire (TEIQue);
- Work Group Emotional Intelligence Profile;
- Wong's Emotional Intelligence Scale.

In his essay on "Emotional Intelligence in the Collection of Debt", John Bachman says that a team of debt collectors selected through BarOn Emotional Quotient Inventory EQ test excelled at debt collection. They were able to bypass emotional

hijack with their EQ self-management skills and optimized deals with the defaulters.

EQ assessment of existing bank employees would unravel the EQ core competencies like self-confidence, trustworthiness, integrity, adaptability, drive to achieve, optimism, expertise in building & leading teams, stress management, organizational commitment, persuasiveness and mentoring skills etc. So, on the basis of EQ assessment results, job descriptions of the employees should be redefined for better relationship management at internal and external levels, since the relationships in banking industry have incredible significance. The identified pool of emotionally intelligent employees in a banking organization would be quick to empathize and recognize the customers' needs. This would help in winning and retaining the clients.



**c. Training Emotional Intelligence to Bank Employees:** In order to relish the competitive advantage in the financial market, all banks must arrange their in-house and outsourced training of EQ

for their employees. Services of the Institute of Bankers Pakistan (IBP) can also be availed in this regard. There are many training firms globally available who are specialized in the training and coaching of EQ. Training sessions and workshops for the targeted employees can be conducted from the following list of topics with focus on specific aspects of EQ:

- Significance of higher level emotional intelligence in banking;
- Defining emotional intelligence & elaborating its four components;
- How to recognize, take control and regulate personal feelings (Intra-personal EQ);
- How to recognize and regulate feelings of others for desired response/outcome (Inter-personal EQ);
- Recognizing needs and desires of others through empathic communication;
- Conflict management skills and dealing with critical situations;
- What emotional hijacking is and how to avert it;
- Harnessing the power of positivity and optimism;

- How to effectively communicate verbally and non-verbally with emotional awareness;
- Effective anger and negative feeling management;
- Team building skills and teamwork for achieving customer delight;
- Self-motivation and team-motivation tools;
- How to apply emotional intelligence to job situations;
- Demonstrating leadership in promoting motivation, trust and commitment with the desired results and service quality;
- How to manage emotions, thinking and conversation under pressure.

These training sessions would certainly promote the EQ level of the banking organizations while evolving a healthy competition in the banking industry.

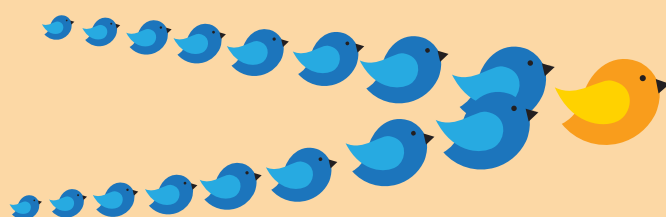
#### Conclusion:

Due to CPEC, banking market of Pakistan has regained attraction for the foreign investors. Research results have shown that EQ in foreign banking is already developed as a superior soft skill. Therefore, the local staff in Pakistani banks must allocate adequate resources to cultivate EQ in their organizations for desired results in cut-throat competition. ■

**“On the basis of EQ assessment results, job descriptions of the employees should be redefined for better relationship management at internal and external levels, since the relationships in banking industry have incredible significance.”**

## Difference Between a leader and Boss

- A boss drives others; a leader coaches them toward their best performance
- A boss instills fear; a leader inspires enthusiasm
- A boss blames others; a leader works to help repair the damage and understand what happened, so it won't occur again
- A boss thinks in terms of him or herself; a leader thinks in terms of we
- A boss knows how it's done; a leader shows how it's done
- A boss depends on his or her own authority; a leader depends, along with the entire team, on mutual accountability and trust
- A boss uses people; a leader is interested in helping them grow and develop
- A boss takes the credit; a leader gives credit to others
- A boss is a commander; a leader is more concerned with asking and listening
- The boss says, "Go!"; the leader says, "Let's go!"



# RINGING the changes

While the deadline for implementing ring-fencing is still another year off, the process for most is already underway. What are the key considerations for restructuring and how do processes such as Ring-Fencing Transfer Schemes impact timescales? We also examine whether additional uncertainty around Brexit is further complicating the reforms.

*Note:*

*Ring-fencing: From January 1, 2019, the largest UK banks must separate core retail banking from investment banking. This is known as ring-fencing. Ring-fencing will support financial stability by making banking group simpler and easier to 'resolve'.*

There is little doubt that the required ring-fencing reforms that emerged from the 2011 Vickers recommendations are posing major structural, operational and financial challenges to the UK's biggest banks. But, in an industry that has seen increasing regulation following the global financial crisis almost a decade ago, the updated rules, some say, should come as no surprise.

"This conversation has been going on ever since the post-crisis consultations and has been coming for a long time," says Dr Hamish Patrick, Finance and Restructuring Partner at law firm Shepherd and Wedderburn.

Patrick also points out that, in a time when technology, business practices and competition from challenger banks is moving forward at an unprecedented pace, the new regulations are simply another change in an industry which has been forced to adapt to and embrace new ways of thinking.

"Change is a constant in financial services organizations, whether it's adapting to new regulations, technology or competition," he continues. "It's a central part of business."

### Looking Back

With this in mind, banks should be in a strong position to examine their 'back book' of customers in order to ascertain how best to reorganize clients in light of the ring-fencing rules.

"Clearly there is reorganizing to be done to different extents in different institutions, depending on where they start and where they want to end up," Patrick says.

"Banks must look at their back book of customers and explore where existing customers go. They must also ascertain whether they find themselves in a situation of splitting customers depending on the nature of the clients. There is a lot of work to be done in terms of making these various assessments."

### Making The Transfer

One of the key considerations for banks going through the restructuring process is potential delays brought about through ring-fencing transfer schemes.

These schemes are required for banks to transfer the assets and liabilities of customers being moved within the new ring-fenced bank, and will be processed through the court system throughout 2018.

They are, says Patrick, relatively well-trodden paths in the industry and banks should not be intimidated by the changes required. He draws on the example of Lloyds Bank and TSB being separated into individual banks in 2013.

"While on the face of it they look quite complicated, they are actually just a variant that plugs into the existing system," says Patrick. "It's something that many banks are used to doing."

### When Brexit Beckons

With an already complex process to manage, how is the prospect of Brexit adding to the pressure faced by Britain's banks during the ring-fencing reforms?

For some banks – including Lloyds, which does the majority of its business within the UK – any changes that result from Brexit are expected to have a minimal impact on structural reforms.

The banks that have operations across the EU, however, must develop solid contingency plans to protect themselves and their customers against any unexpected changes brought about by an independent UK.

Ross McEwan, Chief Executive of RBS, said earlier this year that the bank had put its Irish business inside its new ring-fenced entity following new proposals from the European Commission. If approved, banks headquartered outside of the EU could be required to set up an independent holding company for their subsidiaries within the union.

"There is a possibility, depending on how the regulation comes out, that we

may have to take it out," McEwan said.

### Beyond The Blueprint

RBS is not alone in feeling pressure to plan for the seemingly unplannable. Andrew Gray, Partner at PwC, explains that the lack of a 'blueprint' for a situation like Brexit is making it challenging for banks to develop any kind of long-term ring-fencing strategy.

"There is considerable uncertainty – banks don't know what the future relationship between the EU and the UK will look like," he says. "Regulators have asked firms to plan on the basis of a 'hard Brexit' without a transition period so firms are concerned that they may make

**"Change is a constant in financial services Organizations, whether it's adapting to new Regulations, technology or competition. It is a central part of business."**

investments which ultimately are not required.

"Due to the effort involved, organizations are making changes on a tactical basis rather than being able to plan for a long-term strategy. Even if firms do make the investment now, there may not be enough time to be fully operational for the post-Brexit world by March 2019."

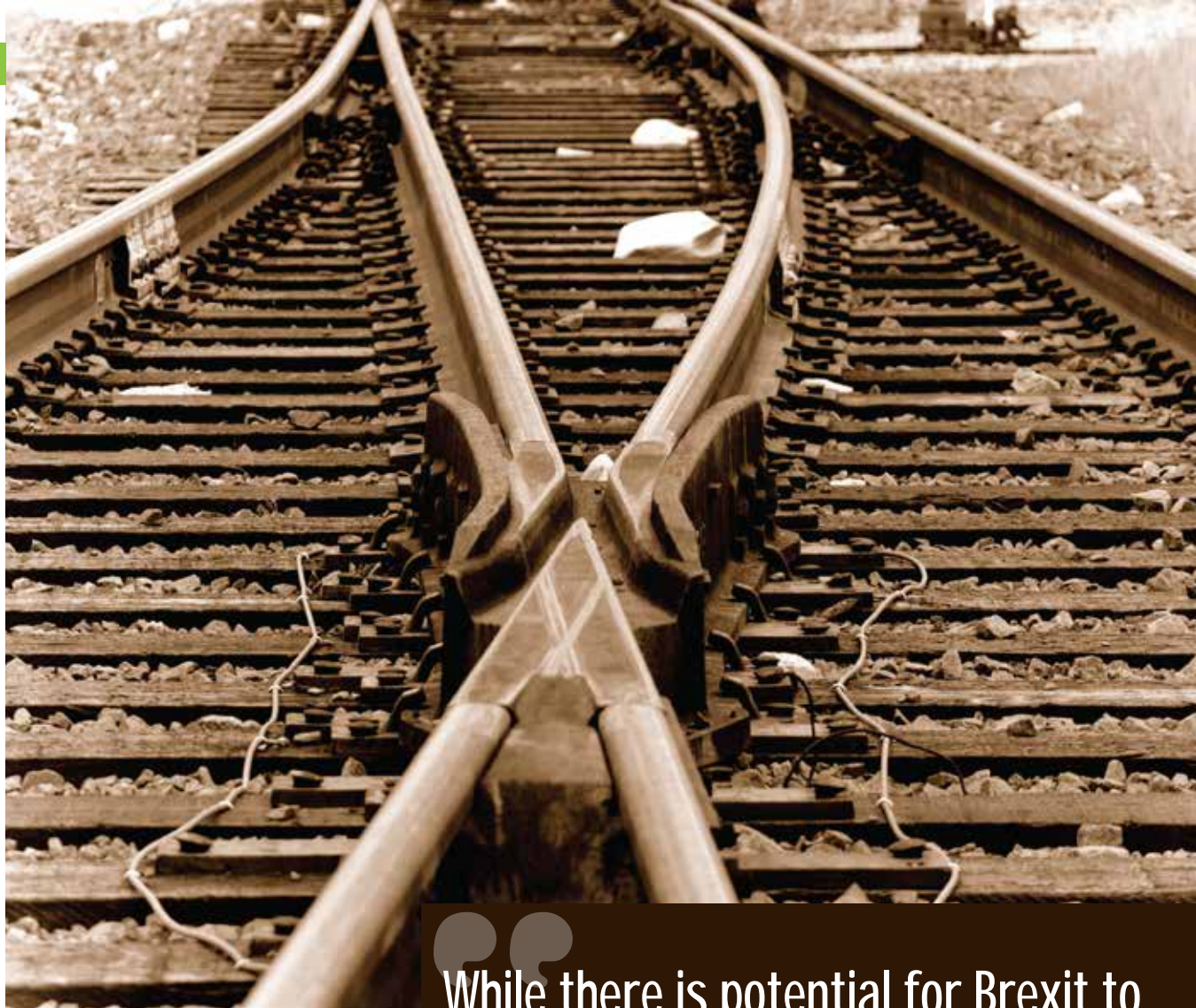
### Contingency Planning

While challenging, putting plans in place to prepare for the relatively unknown outcome of Brexit is essential for banks in order to minimize the risks of missing the January 2019 ring-fencing deadline.

"The one thing ring-fencing achieves is to separate off simple, ordinary banking that is likely to be more domestic than cross-border," says Patrick.

"It's the businesses operating across the EU that will be more affected by it. The people who have the greatest contingency planning issues around Brexit are the ones operating across the EU borders."

But, while there is potential for Brexit to add 'another layer' to the ring-fencing



rules, Patrick points out that there is also an extra layer for the EU entities looking to operate in the UK.

### A Fragmented Future?

Some advisers have, however, highlighted the significant potential costs of preparing to divide business between the UK and the EU in preparation for the 2019 ring-fencing deadline. There is also the danger of less efficient risk management and greater operational risks due to the more complex business models required to manage international businesses.

“Firms will take time to mitigate these costs and risks, but in the time available this will be more of a tactical fix rather than a strategic solution,” says Gray.

“All banks are still implementing changes which have been required by regulators since the financial crisis. This comes while banks are still struggling to generate adequate returns made even more challenging while interest rates remain so low.”

“While there is potential for Brexit to add ‘another layer’ to the ring-fencing rules, there is also an extra layer for the EU entities looking to operate in the UK.”

### Action Isn't Optional

Despite uncertainties, banks are in no position to delay restructuring based on the new requirements. As Gray points out, the ‘scale of change’ required is too great to leave it to the last minute. Regulators are now working with financial services providers in an attempt to minimize delays and breakdowns in the new system.

“The steps the banks must take to implement the ring-fence by 2019 are interdependent,” said James Proudman, Executive Director of UK Deposit Takers Supervision at the Prudential Regulation Authority, earlier this year.

“Delays in one area – should they occur – may knock on to become bigger delays in other areas. The Bank of England is working with banks to ensure they have suitable contingency plans in place to meet ring-fencing requirements by 2019, even if delays do occur.” ■

*This article was first published in December 2017/January 2018 issue of Chartered Banker magazine*



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# CORPORATE CULTURE IN BANKS

By: Rafi Ahmed



Corporate culture is defined as the set of values, norms of behavior, modes of interactions, and ethical principles shared by the employees and owners of an organization. It determines the character of an organizations. The vision and character of the founders of the organization are projected through the corporate culture of an organization.

According to Ember and Ember, “Corporate culture is the set of learned behaviors, beliefs, attitudes, values and ideals that are characteristic of a particular society or population”.

It is very rightly said that for individuals, character is destiny, for organizations culture is destiny. Corporate culture evolves over a time and plays a crucial role in shaping its destiny.

Corporate culture of a bank or financial institution can be described as a blend of traditions, norms, values, rules, regulations, taboos, legends, customs, habits, ergonomics, environment, values, symbols and social responsibility. The vision and mission statements and core values also form an integral part of corporate culture but only if successfully implemented and their results are quantified and shaped properly. These should not to be consigned to just being mentioned on glittering websites under the heading About Us or Home. Besides, the communication channels in the banks and how the banks deal with its customers specially, when approving credit limits, solving recurrent staff issues and treatment meted out to walk-in customers. Such actions as the time taken for an account opening and ATM operations, also play an important part in its culture. For example, in not so bygone days, when all the big five banks were in governmental control, the culture had then evolved with somewhat top-heavy, lop-sided and bureaucratic overtones, as everything then was routed through a time consuming process of communication. It was then noted that every problem used to undergo a series of stages in the communication channel because age-old chain system was followed meticulously, at the Head Office or GM level, first the application or any other document used to go to the Dispatch Assistant, then the Officer, then manager, so it used to take at least on an average three days to reach the high official for consideration, approval and action. Same time was taken to travel back through the same channel causing a lot of red-tape and customary delays in resolving issues.

The importance of vision and mission statements cannot be understated, but if not implemented or cast into limbo, the corporate culture goes haywire. Although these two are not the only factors crucial to the evolution of corporate culture. But corporate culture has staged a comeback in recent years with a big bang and re-emerged as a strategic factor in the profiles of all banks. This is indeed a healthy sign for the banking industry.

Corporate culture and organizations complement each other, rather they exist as fish-and-water relationship, each of whom cannot survive without the other, bound to wither away if there is no direct relationship between the two. No bank can afford to exist without it. The basic ingredients which determine and make a culture are as follows:

- System of Management
- Habitat or Workplace
- Habits: People-at-Work
- Communication Channels

Now let us examine each of them briefly in terms of service industry.

### System of Management

The system of management must be based on an open-door policy, must be essentially both employee-oriented and customer-focused as well. Through the open door policy or to borrow the famous Russian term Glasnost (Openness), the hopes and aspirations of the people (Human Capital) can be accommodated and their energies channelized for achieving the organizational goals. The system of management must not be bureaucratic or highly hierarchical, in which case the employee or Work Associate is deterred from constructive and positive connect with the management. Through the concept of glasnost, we can openly discuss the strengths and weaknesses of an individual and the organization, as well as come out with a solution to various issues and problems. Besides, the system of management must not be impervious to the demands of customers. In this age of proliferation of banks with a stiff inter-bank competition at just the tip of iceberg of any bank branch, the system of management must be tailor-made to cater to the customer needs and based on futuristic outlook in view of ever changing modern technological disruptions. The strategy must be sympathetic to the customer care and needs. All policies which relate to the customers and employees must be based on empathy.

### Habitat or Workplace

Since we spend more time at office than homes, it can rightly be said that it is a parallel home for us. As Keith Rabois (American technology entrepreneur) has very rightly said: "The office environment

**“The system of management must be tailor-made to cater to the customer needs and based on futuristic outlook in view of ever changing modern technological disruptions.”**

that people live in, and work in, dictates your culture and how people make decisions". The environment in its Macro-unit (Head Office) and Micro-unit (Branch) must be cordial, warm, congenial and impressive. The work associates must feel the sense of belonging, life-long association and have a feeling of pride in serving the organization. Besides, the micro-unit must have a closed-knit atmosphere based on teamwork and motivation achieved through friendly (not bossing) leadership, and camaraderie. An effective, courteous customer-service should be the hallmark. A customer should feel that the banker is his partner in facilitating his trade, commerce, daily routine matters, credit and billing needs, even the walk-in customers should feel comfortable in the branch. The branch staff should provide full cooperation and have a sort of empathetic attitude and the motto should be: A satisfied and happy customer is the best customer and an ambassador of goodwill for the bank. We have often come across such common customer comments as: Go to that XY bank as it is prompt in accepting utility bills and do not go to Z bank as its staff is not customer friendly and hesitates in bill payments. Or just see another remark: That bank always delays account opening, so avoid it. In this age of digitization and frequent technological disruptions, it must be enshrined in the corporate culture to provide guidance to the customers to nurture an effective and ever-lasting relationship and bonding with the clientele. The art of customer service is not a fleeting or ephemeral phenomenon.

### Habits: People-At-Work

The people must be courteous, have pride in organizational association and must be committed and achievement –oriented as their career progression is linked deeply with the advancement of organizational goals. Since banking is a service industry and the person selling the service and the service itself are indistinguishable and inseparable from each other, therefore, customers regard both the service and the banker as one and the same, it is imperative that the banker must be well-versed in his job. Besides the emotional and professional needs of the work associates must be satisfied. We also come across such catchwords as: branch staff of that bank are not friendly towards customer dispensation. So it is better to avoid such pitfalls. Progress, growth and development of an employee is synonymous with the progress of the bank itself.

The approach of the organization must be positive and it must strive to have the right number of people and the right kind of people at the right places and at the right time, It must be remembered that job satisfaction is the best satisfaction for an employee. By providing a healthy working environment, resting on the

**Since banking is a service industry and the person selling the service and the service itself are indistinguishable from each other, therefore, customers regard both the service and the banker as one and the same.”**

concept of Ergonomics, which is defined as the study of relationship between employees and their environment, also called biotechnology and by satisfying their needs, employees can be motivated and resultant teamwork can be channelized for the good of the organization. People must be encouraged to be innovative in their approach to the work and day to day problems.

### Communication Channels:

It is a fact that both formal and informal modes of communication can be utilized for effective change management if required in the working environment and improving upon the existing system. The importance of informal communication and grapevine must not be overlooked for increasing employee outputs and productivity.

### Conclusion:

Corporate Culture is therefore summed up as the synergy in which coordinated and well-orchestrated measures help in making the organizational climate and building up its image among customers and general public while marching forward in its own advancement and taking into account employee progression as well. ■

## IN A NUTSHELL

### Six Basic Tasks of General Managers or (RGMs) in Banks

1. **Shaping the Work Environment** – Determining the bank’s performance standards, business concepts and human values in his jurisdiction.
2. **Setting Strategy** – Actively finding ways of giving customers better value than competitors do.
3. **Allocating Resources** – Concentrating resources on opportunities for gaining a competitive edge or at least improving on one the bank already has.
4. **Developing Managers** – Personally leading periodic personnel and job reviews rather than delegating process to Departmental Heads or HR Officer.
5. **Building the Organization** – Looking for the simplest ways to do things and finding the right match between people and purpose.
6. **Overseeing Operations** – Producing sound plans , spotting and responding to problems and opportunities early, in order to meet goals / targets.



# A state of mind

For former investment analyst LOUISE CHESTER, putting mindfulness into practice led to better performance and increased resilience. Now Founder of Mindfulness at Work, she shares her top tips to help increase productivity and reduce stress.

**T**wenty-five years ago, while working in the high-stress, high-stakes investment banking sector, Louise Chester was inspired by a friend to practise mindfulness. Within weeks, the former financial analyst had boosted her levels of performance and resilience, ultimately leading her to increasingly senior positions over the years that followed.

"I am eternally grateful for my mindfulness training," she says. "It gave me the ability to be fully present and flex between sharp-focused attention and a more open awareness. It helped my performance both in terms of stock picking and in building good client relationships. Moreover, it helped me lead a more balanced and flourishing life."

Inspired by her own experience, Chester set up Mindfulness at Work in 2009. The organization, now one of the leading mindfulness training providers in the world, has worked with more than 200 organizations and introduced over 100,000 people in the UK alone to the benefits of mindfulness.

## How To Practise Mindfulness

While no single approach to mindfulness works for everyone, Chester shares five tips for using the practice to become more productive and to reduce stress, both at work and throughout the day:

### 1. Make The Choice

With physical fitness, you need to make the decision to go to the gym or choose to get active to build your fitness. It's the

same with your mind. It starts with making the choice. Choose to take 10 minutes at some point during your day to listen to a mindfulness practice using an app. Choose to remind yourself to be present with yourself during the day.

### 2. Be Here Now

Find opportunities where you are actively choosing to be present in the moment. Decide that when you walk between the foyer and the lift that you're going to notice that experience. If you're at the gym, just run. If you're doing a task at work, make the effort to fully focus on that task only. In meetings, eschew distractions such as your phone and be fully present – you will be heartened by the uplift in effective communication and outcomes if all attendees also practise this.

### 3. Start Small

Learn to buffer your attention so that you are ring-fencing your ability to do deeper and more focused work. Block out 30 minutes in your diary and put on your headphones so your colleagues know that you don't want to be distracted. Notice how productive you can be in that time and how that feels.

### 4. One Thing at a Time

Multitasking is a misnomer, so actively choose to focus your attention on one thing at a time. Notice distractions – they will come often and the mindful moment is the awareness that you are distracted. Gently but firmly bring your attention back to what you have focused on time and time again.

Choose an anchor for your attention such as your breath, the body, movement or sound. If you're in a meeting, the anchor for your attention is the person speaking so give them your full attention. Notice when your mind is wandering and bring it back.

**Mindfulness training helped my performance both in terms of stock picking and in building good client relationships.**

### 5. App-ly Yourself

Develop the rigor of setting aside 10 minutes in your day to sit down and practise mindfulness. Again, think of physical exercise: for most, booking a class at the gym is much more effective than thinking you'll go for a walk when you get home.

"There are some great free apps for mindfulness training such as 'Headspace' and 'Insight Timer'. We also have a free podcast on the Mindfulness at Work website which you can download and use to practise," says Chester. "One Second Ahead is a brilliant book by Rasmus Hougaard, Founder of our global partners Potential Project. It not only provides practical workplace applications that we also teach in our programs, but also shares many practices that can help you too to achieve greater balance and performance in your life." ■

*To find out more, please visit:  
[www.mindfulnessatwork.com](http://www.mindfulnessatwork.com)*

*This article was originally published in December 2017/January 2018 issue of Chartered Banker magazine.*



# DIAGNOSTIC APPROACH IN HUMAN CAPITAL DEVELOPMENT

By: Sohailuddin Alavi

**Human capital is generally defined in the context of employees vs. employers relationship: The former being considered as the economic resource owned by the latter. This version, however, ignores the very basic reality that humans are the subjects not resources, for the resources are assets owned by the entrepreneurs while a human cannot and should not be owned by another human or group of humans. To put it differently, entrepreneurs do not pay to buy the employees but compensate for the value they contribute in the value creation process of their business.**

**W**hile considering every single individual free from subjugation, he or she has the right to progress. The concept of “Human Capital” in this framework thus refers to the individuals’ respective capacities developed over time, to create value (utility) in economic context. Thus it is defined as follows:

- a. Ability to perform effectively and efficiently on the job;
- b. Readiness to perform effectively and

efficiently in an enriched and enlarged job position; and,

- c. Secure sustained growth in one’s professional career.

## **Talent Management [Development]**

By definition, talent (or gift, or aptitude) is the skill that someone naturally has to do something that is hard – a literal definition. In other words, it is an ability that someone is born with. People say they are

‘born with a talent’. It is a high degree of art or aptitude. To be precise, it is the ‘wisdom’ as compared to academic preparation and training. Having said this, talent is the potential (capacity) of an individual to learn, articulate and perform at par excellence, in a given context. Thus talent provides the foundation for Human Capital Development.

Talents are real or potential skills that help individuals perform at excellence. It is generally observed that each individual

“  
**Talent Management is a paradigm shift from qualification-based to talent (or aptitude, potential) -based employee engagement, development, and placement. One should notice that education or training is neither being undermined nor discarded but has been linked to potentials.”**

has a unique set of talents: some have dominant talent of dealing with difficult people, others are dominantly capable of analytical and logical tasks, and few have dominant visionary and creative capabilities. Talent is considered to be an innate inclination or potential. Here two characteristics of talent are pertinent, dominant and innate. Average persons have many talents, however, few are dominant while others are present but less dominant. Likewise many times, people are born with strong inclination/potential for a typical talent. Then if they are exposed to a favorable environment, their potentials are unleashed.

A set of multiple talents are needed in a work environment for an individual to excel. Through a systematic education and training interventions, talents can be effectively developed over time. Having said this, talent management [development]

hence refers to systematically discovering the hidden talent (potential); and, unleashing it to build capacity at par excellence. Here, the key words are “potential and unleashing”. The latter may also refer to harnessing. The objective of talent development is therefore to enable the individual to learn; be able to articulate; and, go forth to attain excellence in his or her life endeavors, particularly profession and become even more productive for his or her organization. In short, it is a rigorous process that requires identification of dominant talent potentials, identifying target education and training curriculum, and implementing the development through a modular approach to build talents along an individual's career progression. Refer to the diagram below:

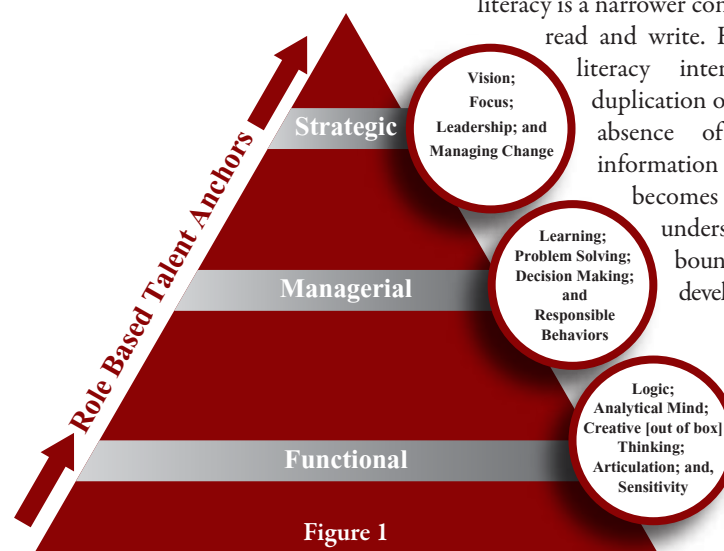


Figure 1

Talent Management is a paradigm shift from qualification-based to talent (or aptitude, potential) - based employee engagement, development, and placement. One should notice that education or training is neither being undermined nor discarded but has been linked to potentials. Or we can say, the incumbents' talent (potentials) come first. The beginning of this shift can perhaps be attributed to publication of the book titled, "What they don't teach at Harvard". Having said this, one can argue on academic, vocational and professional education as a means to unleash and harness talent but not the only basis. Learning organizations, empowering job designs, structured mentoring, systematic job exposures, etc., are equally critical in developing the talent.

Talent management has essentially shifted organizations' focus from cause

and effect relationship of education and performance to a more complex interplay of all-inclusive variables, some of which are already identified above. To cite a few examples of talent based engagement of employees, Steve Jobs, Bill Gates, and so many entrepreneurs around the world and in our own country merit consideration.

The prevailing development framework is based on the assumption that wisdom is a dependent variable of literacy. Hence to enhance wisdom we must increase the level of literacy alone. Let us first define the two words: wisdom and literacy. Wisdom, as per dictionary, means pragmatic understanding; sense making; insightful; intelligence; and, of all balanced judgement. On the other hand, literacy is a narrower concept of ability to read and write. Having said this, literacy interventions cause duplication of information. In absence of wisdom, the information so transferred becomes static without understanding. Hence a bounded perspective is developed.

Consequently, the graduates (professionals) face constraints in

analyzing their situations and making good judgements that could lead to sustainable outcomes (results). So while they are able to conform to stereotyped perceptions, they end up making mundane analyses and solutions to the ever changing situations: "This is how it is done so this is the standard". Doing this, the professionals focus on actions rather than outcomes. To change the situation, it is imperative to focus on building wisdom rather than duplicating stereotyped knowledge.

Experience of working with International Community at an international work setting gave strength to my awakening that capacity comes from within. Our universities are producing more and more graduates in specialized disciplines but sadly the correlation of education with capability is a question mark. The contribution of the Universities is as good as of the incumbents' environment. Even some times it is found that the graduates lose sight of the pragmatic side of the opportunity or problem facing them and their work organization. Same is the case with social dimension. My statement may sound as a competing mindset of an illiterate. Nevertheless, it is considered as a starting point to revisit the human development process from branding and clout creation, to the ground realities and requirements of an effective development process.

## Theoretical Framework

The schematic diagram (below) provides a useful theoretical framework to manage (intervene) the capacity building process for attaining optimal efficacy of dependent variables. The talent anchors [Figure 1] form the dependent-variables in the capacity building process. Logically our next level of inquiry is to determine the back-end variables of capacity building. It is a known fact that capacity building is a complex and abstract process. It is considered complex because the dependent-variables are a combined effect of more than single back-end variables. Back-end variables are further clustered either as intervening variables (the perspective) or input variables. Inadequacy or absence of any variable makes a difference.

This schematic diagram explains two-tiered influence process on the capacity building outcomes [dependent variables]. First tier refers to the input level variables comprising of Individual [learner]; Program and the Learning Environment. Second tier refers to the intervening level variables comprising of Readiness to learn; Development Motivation; Learning Valence; Success Expectancy; Understanding; and Responsibility. The relationship is considered complex because in actual, the dependent variables (capacity building outcomes) are attained as a result of collective (combined) effects of input and intervening variables.

Furthermore, it is difficult to isolate the marginal effect of a single variable hence the relationship is considered abstract. Complexity and abstractness are further reinforced by the recognition of other factors' influence, namely: Perception of fair and equitable opportunities; Social recognition and Peer synergy - cooperative not competing interactions with peers.

### Input Variables

Input variables are clustered into three groups namely: individual-focused, program focused and the learning environment. The relationship across the input variables is complementary, for each reinforces the other and vice versa.

The individual's characteristics are pivotal in attaining capacity building objectives, for these collectively determine learner's capacity to learn. The critical characteristics are the following:

- Whether the learner clearly knows why she/he should learn and can she/he relate it to his or her unfulfilled learning needs?

Need to learn can however be displaced from building capacity to simply qualifying exam or attaining certification. Hence it is pertinent that while there should be an awareness of the need to attend a program, it should be harnessed to learning.

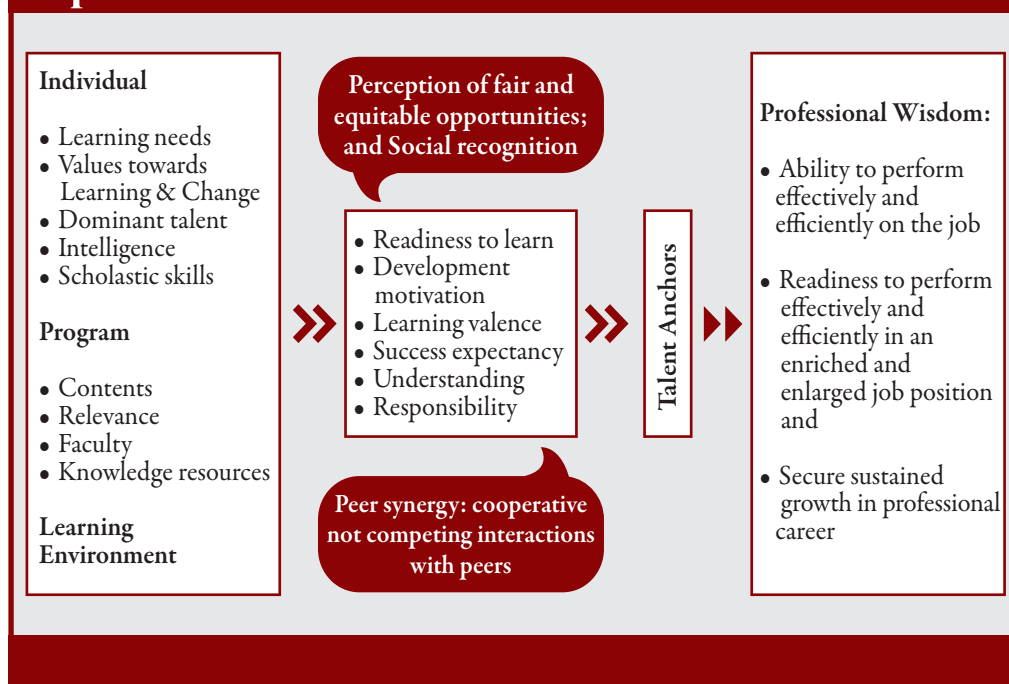
- Intelligence, aptitude (flair) and basic scholastic skills are equally important for the learner to understand and learn concepts rather than simply memorizing (duplicating) without understanding the subject knowledge in a typical academic or professional program.

- Value is an underlying belief: Whether the learner values knowledge, learning and development or not is important to bring internal motivation and commitment to follow a program with understanding.



Hence we have basis to say that selection of learners for a particular program should be based on his or her ability to pursue a program with understanding. Different individuals may demonstrate potentials in different areas (fields) of learning, thus they should be directed to their respective fields rather than forcing everyone in a stereotyped program.

## Dependent Variables



Secondly, program quality is also a major input to influence the outcome of the process: It refers to the training contents, its relevance to the learner's needs, discourse methodology, learning resources and activities, opportunities to apply the acquired knowledge into a simulated work situation, space to articulate understanding within the real time situation and last but not the least trainer's skills: Whether the trainer demonstrates positive attitude towards the subject he or she teaches, has adequate understanding of the subject, is able to answer questions in pragmatic and understandable fashion, is able to harness learners' motivation towards

the subject, commands credibility in the eyes of the students, can manage group diversity, etc.

Interestingly, examples abound of producing highly capable incumbents by institutions with much dilapidated and inadequate physical and extra-curricular learning environment. Until the branding concept got into our education system, institutions used to be very simple and functioned with bare resources. Yet the quality of education then and now has no comparison. There were fewer students going to higher education then but the learning was more intense. Now it is the reverse. We are producing a larger number of university graduates but with stereotyped knowledge. This does not undermine the significance of learning environment but is actually meant to highlight the difference between basics and frills in the learning environment. Basic factors include directions in learning; the relationship between instructors and students; reinforcements to excel and discipline. In short the environmental cues that induce and facilitate learning can never be more emphasized. The frills, however, are aimed at extra-curricular aspects, such as social life, sports, fun activities, etc. These aspects are also important to build positive social attitude besides stimulating the learners' attention towards learning. Nevertheless, if this shadows the basic factors for whatever reasons, then learning will definitely suffer. It is very sad to note that this displacement is very much evident in private academic institutions and corporate training events. The outcome is obvious and visible.

**“Input variables are clustered into three groups namely: individual - focused, program - focused and the learning environment. The relationship across the input variables is complementary, for each reinforces the other and vice versa.”**

### A. Intervening Variables

The intervening variables (perspective) are the effective level variables that determine efficacy of ultimate learning. These include more subtle variables such as: Readiness to learn, Development motivation, Learning valence (perceived significance), Success expectancy (expectations about succeeding in the program and later in the career as direct result of the program), Understanding, Responsibility (ownership to make efforts). The perspective is largely developed and influenced by the input variables as well as external variables.

### B. Interventions

Having contemplated so, the scope of Human Capital Development [Capacity Building] process becomes very clear: To optimize efficacy of the process by harnessing the learning directions and inducements from multiple directions to attain enhanced professional wisdom, not just knowledge base. This will aid the incumbents in securing a progressive career path and also improve the chances of increasing organizational productivity and competitive advantage.

Interventions can be made from two orientations, namely; at the input level and intervening level. Put it simply, one can bring about change in the quality of professional wisdom by altering the input variables or modifying the perspective [intervening variables]. Before we describe the strategies, let us acknowledge this fact that altering the input variables can bring about more lasting improvements yet it entails long term solutions, while modifying the perspective can result in rather quick impact, nevertheless it will not be sustainable without changing the input variables. As a general rule, one needs to approach the interventions from both orientations simultaneously. However, in specific scenarios one has to use his or her judgement to choose between the two. Now let us explore some intervention strategies.

a. Input level interventions [also referred to as indirect interventions] might include recruiting right candidates for the program. This in the first place would entail changing the mindset from equal-opportunity to equitable opportunity. It is now widely recognized that different persons have different intelligence

orientations, hence different persons have different potentials: Some are more inclined towards numerical reasoning and analysis while others may be more apt to excel in social sciences, etc. Secondly, intervention strategy is to control the program design, contents, methodology, faculty, activities, and interactions, to make it more relevant and interesting too for the learner. Thirdly, managing the learning environment would entail controlling physical arrangements and social interactions between the faculty and learner(s), and learners vs. learners. A more adult like interactions [transactions] are likely to have more productive effect on the process.

b. Intervening level interventions [also referred to as direct interventions] might include direct supervision. Constructive discipline might be the first step followed by reinforcements [rewards and reprimands], motivational talks, supportive relationships, career counseling, etc. ■

## Just A Rhyme

**Count your garden by  
the flowers**

**Never by the leaves  
that fall**

**Count your days by  
golden hours**

**Don't remember  
clouds at all**

**Count your nights by  
stars, not shadows**

**Count your life with  
smiles, not tears**

**And all throughout  
your lifetime**

**Count your age by  
friends, not years**

**--Anon**

# ROLE OF DIGITIZATION IN FINANCIAL INCLUSION

By: Arslan Ahmed Khan

Digitization basically refers to the process of converting the available information into digital format. Today, we are living in exponential times, where there is continuous growth in technology. Breakthroughs and innovations in technology have been observed at a global level during the past few decades and will be continued to be seen in the future.

**T**he walk of life has improved dramatically with the introduction of innovations such as Windows Operating Software in 1975 and the Apple Computer in 1976. These were the key innovations that have shaped the path for further advancements. The oldest computer machines are by IBM which date back to 1911. However, later on IBM had also adopted Windows Operating Systems and is now one of the top computing machine providers to large organizations.

Offices today are equipped with latest technology and communication hardware. Flow of information is safe and the travelling of information is fast enough to cater to the modern financial requirements. The Apple Computer or

the Windows Operating Systems that were initially launched in the 1970s have advanced over time to very powerful machines with the ability to perform multiple complex tasks at a single time. The compatibility of the systems with each other is ensured via networking. The major form of networking used in workplaces is the Local Area Network (LAN). This form of networking is used for a specific set up or location like a bank branch or a financial set up. All the systems are connected with each other through switches or hubs which enable the sharing of data to be possible among authorized users and keep the network safe from external malware and virus risks. For a more geographically dispersed network, the Wide Area Network

(WAN) is preferred which allows the set ups located in one part of the country to be linked with another part of the country. However, this process is more costly and is required only when the nature of work is such that sharing of data is required across geographical boundaries.

This was only a brief of how the technology has come into being. The bigger picture today is that digitization has become a part of everyday life with the introduction of smart phones and availability of social media. This has brought the banking industry at the verge of possibly the greatest revolution in history as it is more of a matter of life and death for this industry to get the digital banking right. Banks are



already at a crossroad with the adoption of digitalization as can be seen prominently. The banks or any other financial institutions still struggle hard to maintain banking relations through physical and more traditional channels such as the physical bank building itself. However, this process may not be as important as it was in the past as the consumers now have the power technology in their hands. Bill payments, account transfers, loan settlements are some of the features that can be done online and the physical branches are not required to complete these transactions. Customers in the current age are not laggards, but are leaders. They have already routed for the more advanced financial solutions provided. For this purpose, banks are investing highly in digital products to meet customer needs and to some extent even exceed their expectations. A customer may be entertained by some thing that they are expecting or want but they are blown away by something that exceeds their expectations. This creates loyalty and goodwill. Digitization allows the financial institutions to provide to customers, the ease, which they most definitely require as

exponential times call for advanced measures.

Product knowledge and awareness among both the external and internal customers is vital. As with the rapid growth in technology and the adoption of digitization, the traditional “product push” strategy or more commonly known as the strategy to increase volumes by simply increasing sales by any means necessary is not the case anymore. As banks and financial institutions need to generate awareness and need to create products and solutions that best meet customer needs and expectations. This age of exponential growth in technology is the time where a mistake by one competitor will be a source of advantage for another. To survive this digital tide, financial institutions need to convert their digital weaknesses into strengths and allow for digitization to be the core of the system. Mobile banking and ‘cardless’ ATM withdrawals are some of the digital advancements we have noticed in the banking sector of Pakistan recently. Mobile banking is seen as a convenience by consumers to make payments and pay

bills and access their account information for which they do not have to physically visit the bank premises. This convenience has increased the usage of banking products offered by the organizations. “Cardless’ ATM withdrawals is one of the latest advancements that we have witnessed as it does not require the consumer to use an ATM card for withdrawing cash from the ATM. The consumer simply has to generate a command from the mobile banking account and a one time key is generated which can be inserted into the ATM and cash can be withdrawn at ease. Mobile Money has some distinct advantages such as the reduction of dependency on cash, the generation of important data which improves the health and growth of financial inclusion along with financial integrity.

For the transition to the digital era to be successful, financial institutions are focusing more on digital exposure rather than industry experience, as the traditional rigid approach to banking is a thing of the past and more flexible payment solutions and financial products are the needs of

today. However, the process of digitization in Pakistan is still not as much as in other developed countries such as the USA or Europe where the literacy rate is high and consumers are more aware of technology and know-how to use it. Whereas, in a developing country such as Pakistan, literacy rate is still considerably low and not a lot of people have access to technology. Mobile banking or online banking solutions may not be as easily performed by someone who possesses inadequate level of knowledge or does not have access to internet, as compared to those who have these resources available to them. Banking functions have become more complex as margin for error is almost zero and proper functional IT units have been set up to keep abreast of the growing demand for digital financial transactions. This has in turn created more jobs and some source of comfort to the bankers as compared to the traditional banker who had to cater to the everyday financial transactions and maintain physical records. Now, the customers use digital platforms for financial transactions and the financial institutions can maintain records of each customer in their electronic databases and easily access them at any time when required by giving simple commands into the system. The basic aim of digitization in financial services should not be forgotten at any stage of the development process as the major factor is to provide services to customers at convenient rates.

The role of alternate delivery channels is seen to be a great strength and leverage point for financial institutions as these involve the innovative delivery channels which allow the customer to make real time financial transactions while being physically away from the financial institution itself. Some of the prominent alternate delivery channels are ATM banking, telephone banking, POS/merchant banking, internet banking, mobile banking, branchless banking and social network banking.

A major role of the digitization in financial inclusion is the assistance in combating the issue of rising cost of production. Nations are constantly struggling with the problem of high cost with respect to the production and transportation of cash. For instance, in countries like the US, it is more expensive to produce a penny or a nickel as the cost

of production exceeds the value of the smaller denominations. For the government, it seems more suitable to discontinue the smaller denomination currency but it cannot simply keep printing the dollar notes as the smaller denominations are required by the financial system and consumers to carry out day-to-day activities. This caused a dilemma for the governments on how to control this expense. Electronic payments, in this regard, have made life much easier for financial institutions as this encourages the e-commerce platforms and reduces the cash based payments. Personal security increases with digital payments as it reduces the chances of theft and robberies due to the electronic nature of payments. In this way, it is also possible to achieve transparency in financial transactions as these payments will be made under the regulatory compliances of the government. Payment cards such as Credit Cards and Debit Cards also cater to this problem of reducing high costs as these are cashless payments and can be made to vendors via point-of-sales (POS) installed by the financial institutions. The web interface, in this case, recognizes the card and allows for payment. To further secure these transactions and make them safer, some banks have provided the merchants with latest point-of-sales machines which require the card pin code as a further verification and security procedure to authenticate a financial transaction.

resources to perform the e-commerce tasks with the introduction of cheaper smart phones and cheaper 3G and 4G mobile network connections. Mobile applications are readily available on top mobile operating platforms such as iOS, Windows and Android. These are specifically designed to help the consumers perform their transactions with ease and the user interface is such that is not too complicated for a basic user.

In the past, the financial institutions were faced with a tremendous challenge, which was to keep up with the pace of information to be obtained as it took more time to find a certain piece of information than to act upon it. Nowadays, this process has improved considerably as the required information is readily available at institutions such as the Securities and Exchange Commission of a country or the government accountability agencies. Compiling and storing a piece of information in hard form requires a lot of time, energy and cost. However, this problem is taken care of with the introduction of clouds at networking systems where consumers can store and archive information.

**"The role of alternate delivery channels is seen to be a great strength and leverage point for financial institutions as these involve the innovative delivery channels which allow the customer to make real time financial transactions while being physically away from the financial institution itself."**

In 2015, a new digital financial platform introduced in Bangladesh, bKash, reached almost half of the adult population of the country within 2 years of its emergence. The reason is quite simple; people find it easier and more cost effective to perform the day-to-day transactions via electronic payments as it allows them to log in to their mobile accounts and through a one-time password, make transactions that would otherwise require them to go to the physical banking premises. The poor segment of the consumers are now being equipped with the adequate

In Pakistan, the financial institutions have focused mostly on the upper-end of the retail markets and businesses and have not catered to the needs of the remaining segments. Microfinance banks are established to cater to the needs of the lower-end clients but still the larger portion of the middle segment is missing. The main interest of the retail financial industry is on the 15 to 25 year-old students who are expected to complete their studies and be on their jobs in the next five years and take advantage of the digital financial services and are highly

unlikely to be visiting the bank branch and share a cup of coffee with the manager. With the help of digitization, the government is making monthly payments to almost 95 percent of the eligible beneficiaries coming under the Benazir Income Support Scheme via the ATM channels. Plastic money is safer and more convenient than paper money both in terms of cost and reliability. But the problem in the lower end of the society is that they are not satisfied till they know that money is received by them in hand. The greater challenge here is to instill the confidence in this segment regarding the authenticity and safety of the e-payments.

Let us examine one of the major population strengths of Asia. In India, 21 percent of the total global unbanked adult population and 67 percent of the unbanked adult population resides here. After China, India has the largest number of mobile phone subscriptions in the entire world with almost 900 million cell phone subscriptions in 2014 alone. With this huge figure in mind, it is astonishing that according to Intermedia Survey, only 5 percent of the total adult population uses mobile phones and only 3.4 percent of the adult population have mobile banking accounts as per the report generated by the World Bank in 2014. Furthermore, only 1.2 percent uses their mobile bank accounts for paying utility bills or making purchases.

The digitization of government payments will help reduce leakages and to improve social outcomes. For example, in India, the cases of demand for bribes were reduced by 47 percent following the digitization of financial payments. Consequently, the payments received by beneficiaries also increased as middlemen were removed from the process who would at times skim the funds for their own use. For farmers that are located in geographically dispersed areas, digital financial products are a source of great value and comfort and it does not require them to travel all the way to the financial institutions.

In Pakistan, the process of digitization in financial institutions is spreading at a great pace. The traditional slow dial-up internet connections are being replaced by blazing high speed internet broadband service providers and the availability of 3G and 4G networks has added to the

convenience of consumers. According to Internet Service Providers Association of Pakistan (ISPAK), in 2014, the estimated users of internet services had reached 25 million.

In the future, digitization holds the key to prosperity of financial institutions working inside Pakistan with the coming of CPEC project in Gawadar. China has set up this revolutionary project which will attract many international and domestic businesses. Providing these business up to date financial products will be of high essence. Already we have seen that earlier it was difficult for persons to settle their outstanding loan facilities if they were out of country or in a geographically dispersed area. However, this seems like a problem of the past now, as with the help of a smartphone and a working internet mobile connection, these outstanding liabilities can be dealt with by simply making an online transaction which is done in real time. Customer base in a bank increases with the digital products as those who were untapped due to the geographical locations are now a part of the financial institutions because they are connected via their mobile bank accounts. With the digitization of money instruments such as cash, there are very less cases of unfortunate losses and thefts as the transactions are carried out cash-free and as there is no intermediary involved in the transaction process, the chances of the funds being lost or being skimmed are removed. Customer trust is gradually starting to increase in technology which is a great and positive sign for financial institutions to invest big bucks in the digital sector and make digital banking the core of their systems as with the advent of social media, consumers are more and more inclined to these services. Not only is it of great importance that the transactions are carried out by the consumers at the comfort of their own location, privacy and time but at the same time it is also vital that these services are provided on a timely basis. For this to be achieved, the role of digitization in financial inclusion is imperative as the communication gaps in the workplaces have decreased considerably as before the communication channels did not provide for a rapid response to queries generated by one end to another. But now, with the emergence of emails, mobile technology and scanners, this process is becoming very speedy and

communication can be done even between internationally separate places.

**"According to Internet Service Providers Association of Pakistan (ISPAK), in 2014, the estimated users of internet services had reached 25 million."**

Financial institutions have the opportunity to join the fast-paced world with the help of digitization. The exponential pace of technology in the world right now is like a train and digitization is like a ticket that can help the financial institutions get on board this train. Banks are moving from the traditional mindset of making products to make money towards making products and providing banking solutions to establish strong relationships with customers. The credit card facilities provided by large corporations such as MasterCard and Visa are very big examples of what digitization can do, as these have partnered with the financial institutions to provide unmatched services to the customers across the globe. As a holder of Credit Card of these providers can shop all around the world, where they are accepted without worrying about currency changes and the hassle to carry excessive cash. The level of stress and fatigue caused to financial institutions has greatly reduced as customers are now more involved in the banking process. Matters such as payments, account statements and balance inquiries, can be done by the customers at their own convenience. For any queries, an email of the specific problem can be initiated to the respective bank department and the bank can work on it by consultation with the referred department and provide feedback accordingly. This can also lead to better services as a problem once detected can be avoided in the future.

In the end, I would like to say that digitization has become a part of our lives and the financial institutions have been responsive to this change. There is a great scope of technology in the times to come as the world is only moving ahead and we are moving from the age where there were structured problems with predetermined solutions and moving to an era where there are unstructured problems which require innovative solutions for resolving.

*This is one of the Essays that received the First Prize in IBP Essay Competition 2016. ■*

# A question of TIME

**Developing social intelligence and building trust will be critical to career success over the next two decades. It all begins with a questioning mindset, says Dr. DAVID STEINBERG.**



It's difficult to ignore the projections. After studying 30 years' worth of data, David Deming at Harvard University found that jobs that require high levels of analytical and mathematical reasoning and low levels of social interaction have not done well; in fact, they are being automated at a much faster pace than we realize.

Oxford Martin School researchers estimate that 77% of all Chinese jobs, 49% of all Japanese jobs, 47% of all American jobs, and 35% of all UK jobs are at high risk of automation in the next one to two decades. According to the Institute for Public Policy Research Scotland, 46% of all Scottish jobs are at high risk of automation in the next 10 years.

## Accepting Automation

McKinsey & Company's studies of work-related activity and its susceptibility to automation demonstrate that as work becomes more predictable, it's more likely to be automated. But that's not the headline. The headline is that data collection and processing are two highly susceptible activities. People working in the financial and insurance services industry spend about 50% of their time in data work. Highly paid people on Wall Street spend a third of their time in data work. CEOs spend about 20% of their time in data

work and in other activities that can be automated using today's technologies.

Changes to labor markets are only part of the story. The banking industry is undergoing a period of disruption and transformation resulting from a rapid adoption of artificial intelligence and the rise of FinTech and blockchain/distributed ledger technology in payments. PwC notes that consumer banking, fund transfer and payments, and investment/wealth management are the sectors most likely to be disrupted by FinTech in the next five years. Chris Skinner, Chairman of the London-based Financial Services Club, describes the latest round of FinTech developments as "a whole new world of finance and trade". He adds: "Banks and FinTech start-ups are working hand in hand to generate that new world. On the one hand, banks' archaic back-office systems and structures are being regenerated by Fintech 3.0; on the other, markets and citizens that could never be serviced or reached are being served by Fintech 3.0."

## Where Humans Still Excel

It's not all gloom and doom in labor markets. The Oxford Martin School notes that there are two categories of work-related activity that are difficult to automate. The first is creative intelligence. Not too long

ago, it was inconceivable for a computer to write a novel or to write music, let alone to engage in deep learning, but it's happening right now.

But it will be some time before artificial intelligence surpasses the human capacity for originality and the fine arts... if it ever does. If you were born with high levels of creative intelligence, or if you have the skills to manage the ideas of creative people and to enhance those ideas, you'll be in better shape in the next two decades. The second category is social intelligence. This category is intriguing because you don't have to be born with the skills – you can acquire them. You can learn the associated skills such as:

- **social perceptiveness** – being aware of people's reactions and understanding why they react the way they do
- **negotiation** – bringing people together and reconciling differences
- **persuasion** – helping people to change their behaviors and ways of thinking
- **providing assistance and care** – not just healthcare, but the care we provide to co-workers, customers and clients.

Creative intelligence and social intelligence rely on great questioning skills.

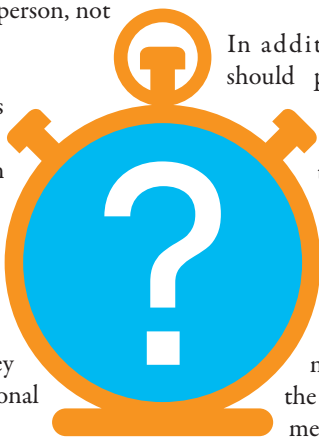
# "IT'S NOT ALL GLOOM AND DOOM IN LABOR MARKETS. THERE ARE TWO CATEGORIES OF WORK-RELATED ACTIVITY THAT ARE DIFFICULT TO AUTOMATE."

## The Power Of Intent

The art and science of asking questions begins not with the words you choose, but with your questioning mindset. Begin with the premise that all of us are storytellers: these are the stories that run in our head throughout our life that help us form our self-identity. Psychologist Donald Polkinghorne brilliantly captures this life-long process: "We live immersed in narrative, recounting and reassessing the meanings of our past actions, anticipating the outcomes of our future projects, situating ourselves at the intersection of several stories not yet completed."

Whenever possible, we want to tap into the life story of the person we're speaking with. This requires a high degree of self-awareness and discipline. We want to capture life as it is for the person, not as we think it is.

To tap into someone's life story, you need to build trust. Stephen Covey, author of *The 7 Habits of Highly Effective People*, notes that "the ability to establish, grow, extend, and restore trust is the key professional and personal competency of our time."



In the last decade, social psychologists have opened new doors to our understanding of how humans relate to one another. For example, Susan Fiske at Princeton University and Amy Cuddy at Harvard Business School have advanced our understanding of the universal dimensions of social cognition. Put simply, we must establish our positive intent and build trust associated with our intent before we demonstrate our capability and earn respect. Think about this for a moment. It's not your CV or your company's success that builds trust per se. It's your ability to build rapport with someone and, as Chris Malone, managing partner at Fidelum Partners, phrases it, your company's ability to demonstrate its "worthy intentions".

## The Power Of Silence

In addition to building trust, we should practise the Western social cognitive form of mindfulness pioneered by Ellen Langer, the first woman to be tenured in Harvard's psychology department. Langer defined mindfulness as "the process of actively noticing new things, relinquishing preconceived mindsets, and then acting on the new observations". This means "creating new categories,

being open to new information, and being aware of multiple perspectives". This form of mindfulness is one antidote to the powerful cognitive bias called "confirmation bias" that is hardwired into the human brain and is responsible for our seeking information that confirms our preconceived notions.

Of all the principles associated with the questioning mindset, one stands out, as Herman Melville wrote in *Pierre*; or *The Ambiguities*: "All profound things and emotions of things are preceded by silence." Silence allows the person to process your questions and to offer thoughtful responses. Think of the recent high-profile media interviews with UK politicians and the frustrating habit of a journalist not letting the interviewee answer the question. Finally, your silence signals to the person that you'd like them to offer additional thoughts on the topic.

It turns out that not saying a word is, in the end, the greatest questioning skill. ■

*Dr. David Steinberg is the principal at Reykjavik Sky Consulting and a leading authority on the art and science of asking questions.*

*This article was originally published in December 2017/January 2018 issue of Chartered Banker magazine.*



By: Ron Shevlin

# The Best Bank Customer Service Story I Ever Heard

The incident happened 18 years ago, and I only heard it for the first time yesterday. What makes that worth mentioning is that the story was from my father.

I was in Florida yesterday for a conference that was 45 minutes from where my parents live, so they drove down and joined me for lunch.

**H**ere's the lunch conversation:

Mom: So what did you talk about in your speech?

Me: Stuff.

Mom: What kind of stuff?

Me: Bank stuff.

Mom: What kind of bank stuff?

Me: Bank customer loyalty stuff.

Mom: What kind of bank customer loyalty stuff?

Then it hit me. Thirty+ years past my teenage years, and my conversations with my parents haven't changed one bit. (Where you going? Out. With who? People. What kind of people? Friends. What are you going to do? Stuff. Where are you going to do "stuff"? Out.)

So I told my parents that my presentation was about the stories that loyal customers tell. And my father says "Oh, like the story I told you about our bank." To which I replied, "You've never told me that story." (Which is incredulous, because my parents have ~10 stories, all of which I have to hear every time I see them. My people know what I'm talking about).

So he told me this story:

"We had been in Florida for no more than two or three months when late on a Friday afternoon I got a call from your uncle telling me that your grandmother had passed away. I started making arrangements to fly up to NY to take care of everything, and realizing that I needed a lot of cash, asked your mother to call the bank to see what time they'd be open until."

Now, at this point in the story, he has to pass the storytelling baton over to my mother, because God forbid he should mess up even one small iota of the story that involves her:

"So I called the bank and talked to the branch manager and told her what happened, and that your father was on his way down to the bank. She said "oh, I'm so sorry to hear that, but the branch is closing in a few minutes and the vault is

already closed, and it can't be re-opened because it's on a timer. Can you get in touch with your husband?" I told her I couldn't and she said "OK, then I'll wait here for him."

With my mother's piece done, the storytelling shifts back to my dad:

"So I got to the bank, and found it was locked, but knocked on the door, hoping someone would still be there. A woman came to the door, unlocked it, let me in, and told me that she spoke to your mother. She said she was sorry about your grandmother and that the vault was locked so she couldn't get any cash. But she told me to come in, asked me to sit down, and said "Make yourself comfortable. I'll be right back." She went back to the front door, went out, and locked me in the bank. There I was, locked inside a bank branch by myself on a late Friday afternoon. A few minutes later she came back to the front door, unlocked it, and came back in. She then gave me four \$100 bills and said "I know this isn't as much as you wanted, but I hope it can tide you over until you can get more." I asked her where she got the money from, and she said "I went out to the ATM and took it out of my account. You can pay me back when you get back from NY."

I looked at my dad and said "I can't believe you've never told me that story before! Do you know how much mileage I could have gotten out of that in presentations?!"

**"With the decline in branch traffic, it becomes harder and harder for banks (and credit unions) to be in situations that create the stories that loyal customers tell. Electronic interactions just don't lend themselves to this kind of emotional level."**



To which my mom replied, "We have no idea what exactly you do, dear."

There's a p.s. to the story.

I told my dad that I hoped he did something really nice for that woman. He said "Oh yeah. When I paid her back, we gave her a huge bouquet of flowers, and a gift certificate for dinner at a nice restaurant. And I wrote a letter to the bank CEO letting him know what happened."

After a few seconds, though, he added this: "Which backfired on me."

I asked him what he meant by "backfired" and he said, "As a result of my letter, she got promoted out of the branch to district manager."

Now, a good son would've let it go at that, but nooooo, I just had to ask: "How did you know it was your letter that got her promoted?"

He said, "because she told me that it was my letter that got her promoted."

And that's when I realized how truly amazing this woman was. You and I both know that no one gets promoted to district manager just because one customer sends a complimentary letter to the CEO. But this woman wanted my father to think that he was the cause of her promotion. Truly amazing.

With the decline in branch traffic, it becomes harder and harder for banks (and credit unions) to be in situations that create the stories that loyal customers tell. Electronic interactions just don't lend themselves to this kind of emotional level. It isn't about the branch, it's about the interpersonal contact. But face-to-face contact seems to hold more potential for emotional connection than phone, video, or chat. Or tweeting.

Lastly, there was another thought I couldn't help but have. I'm sorry to say this, but while listening to my dad's story, I wanted to wring the neck of all the bank bashers out there, those who refuse to believe that banks can't provide this level of customer service.

There's actually another part to this story, which I wasn't going to include

here, but I just got the following tweet from Alan Bergstrom.

“Point is it happened 18 years ago. If only banks were the same now.”

Good point. Let me tell you the rest of the story:

After he told me the story above, I asked my dad if he was still with the same bank. He said “yep, although, they have gone through some acquisitions. They’re PNC now.”

“Do you get the same level of service now as you did then?” I asked.

“Funny you should ask,” he said. “Do you know who James Rohr is?”

Now here’s the absolute BEST part of the day: I said “CEO of PNC. I’ve met Jim Rohr.”

Which is a technically true statement. I did a presentation ~10 years ago for the PNC executive team, and did, indeed meet Jim Rohr. Not that he’d remember that meeting. But the opportunity to brag to mom and dad (mostly mom) that I’ve met the CEO of their bank put me one rung up the ladder closer to the position held by the “good” son, my “calls-his-mother-regularly,” rich lawyer, brother.

There’s actually another part to this story, which I wasn’t going to include here, but I just got the following tweet from Alan Bergstrom. ‘Point is it happened 18 years ago. If only banks were the same now.’ Good point. Let me tell you the rest of the story.

Anyway, my father goes on to say that he just wrote a letter (yes, another letter) to Rohr commending the woman he works with on a regular basis at his branch (who isn’t the branch manager, but a customer rep of some sort).

I asked him what makes her so good, and he said: “Two things. First, her knowledge of financial services and products is excellent. I’ve worked with expensive lawyers that don’t know as much as she does. Second, she always recommends what I need, not what the bank needs. Example: I was going to set up two revocable trusts, one in your mother’s name, and one in mine, but she recommended that I just set up one joint trust and avoid the extra fees.”

So, Alan, while you’re probably right that in many cases, branch service isn’t what it was 18 years ago, in some places, it is.

And to all the banks out there whose service isn’t as good as PNC’s, be thankful that my father doesn’t bank with you. Otherwise, your CEO would be receiving a lot of letters. ■

*Ron Shevlin is Director of Research at Cornerstone Advisors, his best-selling book is ‘Smarter Bank: Why Money Management is More Important Than Money Movement’.*

*This story was first published in “The Financial Brand”*

## A BANKER’S PRAYER

Please God grant me the:  
Spark to imagine;  
Daring to innovate;  
Discipline to plan;  
Skill to do;  
Will to achieve;  
Commitment to be responsible;  
And leadership to motivate.



# Crossing Cheques for your safety

**Q.** A customer had come to our branch and wanted to encash a crossed cheque through a bank counter. Is this possible?

**Ans.** No, a crossed cheque cannot be paid through a cash counter of bank, in this case the banker-customer relationship assumes the shape of principal - agent relationship, since the account-holder (principal) has specifically instructed the banker as his agent to deposit directly into the account of payee as mentioned on the face of the cheque. The banker is bound to follow the instructions of his/ her principal as per law. Any deviation from this practice would land the banker in trouble. People often ask as to what is the significance of a crossing. It is the safest way to ensure that the cheque reaches its payee. It also a safeguard against possible theft, misappropriation, mutation of the negotiable instrument. Even if it stolen or lost, the finder or the stealer cannot take to the bank and encash it. There are four forms of crossing a cheque, that is:

1. By putting two parallel lines on the left hand corner of the cheque
2. By writing '& Co' between the two lines
3. By writing 'account payee (A/C)' or 'account payee only', payees account are sufficient to ensure its security The words 'account payee only' in the crossing serve as a warning to a bank not to accept deposit of the cheque except to the account of the named payee
4. By writing 'Not Negotiable' on the left side between the two lines. Not Negotiable written on the face of cheque means the current holder cannot have a better right of ownership of the cheque than the transferor. The inclusion of the words 'Not Negotiable' in the crossing helps protect the true owner of the cheque if it is lost or stolen. Anyone who accepts a lost or stolen not negotiable cheque has no better title to the cheque than the finder or the thief, and may be liable to refund the amount of the cheque to the true owner, even if he or she has given the finder or thief value for the cheque and is innocent of any wrong - doing.

## Glimpses

On one occasion when business magnate and philanthropist Andrew Carnegie was called on, as usual to make good the New York Philharmonic Society's annual deficit, he said to his caller: "Surely there are other people who like music well enough to help. If you raise half of what is needed, I will give you the other half." The next day the man returned to report that he had succeeded. As Carnegie wrote out the cheque for the balance, he asked: Do mind telling me who gave the other half?" "Not at all," said the canvasser. It was Mrs. Carnegie.

French author Honore de Balzac, who liked to believe he was an expert at reading character in handwriting, was once brought a little boy's notebook and asked the child's possibilities. After carefully examining the scrawly handwriting, he asked the elderly woman who brought it, "Are you his mother?" "No I am no relation," she replied. "Then I will give you my frank opinion", Balzac exclaimed. "This child is slovenly and probably stupid. I fear he will never amount to anything."

"But master," the woman laughed, "that book was your very own when you were a little boy in school."

It is part of the cure to wish to be cured – Seneca

It is a great mistake for men to give up paying compliments, for when they give up saying what is charming, they give up thinking what is charming. – Oscar Wilde

We all know that books burn—yet we have the greater knowledge that books cannot be killed by fire. People die, but books never die. No man and no force can abolish memory – Franklin D. Roosevelt

In my youth I stressed freedom, and in my old age I stress order. I have made the great discovery that liberty is a product of order. – Will Durant

## SPECIMEN OF GENERAL CROSSING



# INSIGHTS OF ISQ:

## AN INTERVIEW WITH A HIGH ACHIEVER

The IBP Superior Qualification (ISQ) is the only recognized professional banking qualification in Pakistan. ISQ is a three-tier qualification, the first level being the Junior Associateship of IBP (JAIBP). Every year, hundreds of bankers in Pakistan qualify this examination, accredited by the Chartered Banker Institute (UK) and progress in their careers.

In this issue of the Journal, we present our readers an interview with **TALHA RIZWAN**, who secured Highest Aggregate Marks in Stage III of ISQ - JAIBP, Summer 2017.



**1. First of all, Congratulations from IBP's quarterly journal for receiving highest aggregate marks in Stage III of JAIBP. Can you tell us about yourself, particularly apprising us about your academic career.**

Thank you very much for the appreciation and interviewing opportunity with IBP's quarterly journal.

In terms of qualification, I completed my BBA (Honors) and MBA (Regular) from Institute of Business Management (IoBM), Karachi. Additionally, I hold a CFA charter from CFA Institute, USA.

**2. What were the factors that prompted you to pursue a career in the realm of banking?**

Interestingly, I have always had a fascination with Mathematics from an early age. However, it was during the first few semesters at the university when I developed a keen interest in Accounting and Finance. Then onwards, I decided to pursue a career in banking and got my first job at Standard Chartered Bank, immediately after graduating from IoBM.

**3. How did you learn about the IBP Superior Qualification program?**

After serving at Standard Chartered Bank for about eight months, I got another opportunity to join as a Management Trainee Officer at Bank AL Habib Ltd. (BAHL). It was during our training program, when a team from IBP visited us at our training center for counseling and provided awareness regarding IBP ISQ program.

**4. What motivated you to pursue the ISQ - JAIBP program?**

Well, there is a multitude of reasons to pursue ISQ program. Firstly, ISQ program comprehensively incorporates all major ingredients of banking policies and practices that are imperative to know for every banker. Furthermore, Bank AL Habib Limited (BAHL) had an incentive and rewards system for ISQ candidates, which encourages employees to pursue ISQ program. It was also one of the reasons to pursue JAIBP program since it provides a competitive edge to candidates for promotions and annual appraisals, in addition to rewards and reimbursements.

**5. Can you share your experience while working in the banking sector.**

I have been working in banking industry for more than 4 years. I possess diverse experience of dealing with retail, commercial and corporate clients as well as correspondent financial institutions. During my current position at Bank of China Limited, I am primarily responsible for dealing with Financial Institutions and Investment Banking clients and to conduct financial analysis of local and foreign banks, for the purpose of allocating credit limits and preparation of credit proposals. Additionally, I am also responsible for engaging correspondent banks with respect to customer and treasury payments, clean and documentary collections, guarantees, confirmations and other interbank correspondence. Most recently, I have been involved in executing various large ticket transactions concerning China Pakistan Economic Corridor (CPEC).

**6. While undergoing preparations for the JAIBP examination, what were your feelings and how did you respond to stress, if any, faced by you.**

As it is with any other candidate, I also at times suffered a lot of stress and anxiety while preparing for the exams. During the time I was also preparing for my CFA exams. You can realize how hectic it can become with CFA preparation and a full time job. However, I always used to somehow take out some time to cheer myself up by listening to music and watching my favorite sport i.e, Football. If in case you are wondering which is my favorite football club. It is Liverpool FC.

**7. With the professional qualification based on achievement in terms of highest aggregate marks in Stage III of ISQ - JAIBP, how do see yourself in future?**

It's the easiest bit. I have no doubts about my ambitions. I want to acquire a leadership role in my profession within the next 10 years.

Apart from my ambitions, I always want to remain ethical in whatever I do and would like to keep ethics before anything.

**8. IBP has a positive open door policy of welcoming proposals for enhancement in its ISQ program, so what recommendations would you like to make?**

Well, I would recommend IBP to pay attention to the growing influence of 'Fintech' in the global banking and its role in creating a paradigm shift in the banking industry. Moreover, IBP should place special emphasis on Ethics and Best Practices, as we currently do not have any dedicated course on Ethics in the current curriculum.

**9. What will be your advice for the young ambitious bankers?**

For young individuals entering this industry, it is very important to know that there is no free lunch in banking. It is a tough job with fresh and unexpected challenges waiting for you along the way in everyday life. However, it can be an equally rewarding career if one realizes his strengths and doesn't limit himself to a desk.

### IBP Welcomes Bank of China

Seen in this group photograph from left to right: Mr. Talha Rizwan (JAIBP), FI & Investment Banking, Bank of China; Mr. Farough Ali Naweed, Head of Examinations IBP & Mr. Farooq Shaikh, Advisor IBP; Mr. Muhammad Ramzan (AIBP), Treasury Manager, Bank of China





# ACCELERATE YOUR BANKING CAREER WITH ISQ

**// ISQ qualified Bankers make a significant difference to the management of banks. I strongly urge all Bankers to take-up and pass IBP's ISQ examinations. //**

**Mr. Sirajuddin Aziz, President & CEO**  
Habib Metropolitan Bank Limited

## REGISTER WITH IBP FOR A BETTER AND A BRIGHTER FUTURE



IBP Superior  
Qualification



Chartered Banker





# MY BANK ACCOUNT

By: Stephen Leacock

When I go into a bank I get rattled. The clerks rattle me; the wickets rattle me; the sight of the money rattles me; everything rattles me. The moment I cross the threshold of a bank I am a hesitating jay. If I attempt to transact business there I become an irresponsible idiot. I knew this beforehand, but my salary had been raised to fifty dollars a month, and I felt that the bank was the only place for it.

**S**o I shambled in and looked timidly around at the clerks. I had an idea that a person about to open an account must need consult the manager.

I went up to a wicket marked "Accountant." The accountant was a tall, cool devil. The very sight of him rattled me. My voice was sepulchral.

"Can I see the manager?" I said, and added solemnly, "alone." I don't know why I said "alone."

"Certainly," said the accountant, and fetched him.

The manager was a grave, calm man. I held my fifty-six dollars clutched in a crumpled ball in my pocket.

"Are you the manager?" I said. God knows I didn't doubt it.

"Yes," he said.

"Can I see you?" I asked. "Alone?" I didn't want to say "alone" again, but without it the thing seemed self-evident.

The manager looked at me in some alarm. He felt that I had an awful secret to reveal.

"Come in here," he said, and led the way to a private room. He turned the key.

"We are safe from interruption here," he said; "sit down."

We both sat down and looked at one another. I found no voice to speak.

"You are one of Pinkerton's men, I presume," he said.

He had gathered from my mysterious manner that I was a detective. I knew what he was thinking and it made me worse.

"No, not from Pinkerton's," I said, seemingly to imply that I came from a rival agency. "To tell the truth," I went on, as if I had been prompted to lie about it, "I am not a detective at all. I have come to open an account. I intend to keep all my money in this bank."

The manager looked relieved, but still serious; he concluded now that I was a son of Baron Rothschild, or a young Gould.

"A large account, I suppose," he said.

"Fairly large," I whispered. "I propose to deposit fifty-six dollars now, and fifty dollars a month regularly."

The manager got up and opened the door. He called to the accountant.

"Mr. Montgomery," he said, unkindly loud, "this gentleman is opening an account; he will deposit fifty-six dollars. Good morning."

I rose.

A big iron door stood open at the side of the room.

"Good morning," I said, and stepped into the safe.

"Come out," said the manager coldly, and showed me the other way.

I went up to the accountant's wicket and poked the ball of money at him with a quick, convulsive movement, as if I were doing a conjuring trick.

My face was ghastly pale.

"Here," I said, "deposit it." The tone of the words seemed to mean, "Let us do this painful thing while the fit is on us."

He took the money and gave it to another clerk. He made me write the sum on a slip and sign my name in a book. I no longer knew what I was doing. The bank swam before my eyes.

"Is it deposited?" I asked in a hollow vibrating voice.

"It is," said the accountant.

"Then I want to draw a cheque."

My idea was to draw out six dollars of it for present use. Some one gave me a cheque-book through a wicket, and some one else began telling me how to write it out. The people in the bank had the impression that I was an invalid millionaire. I wrote something on the cheque and thrust it in at the clerk. He looked at it.

"What! Are you drawing it all out again?" he asked in surprise. Then I realized that I had written fifty-six instead

of six. I was too far gone to reason now. I had a feeling that it was impossible to explain the thing. All the clerks had stopped writing to look at me.

**"My idea was to draw out six dollars of it for present use. Some one gave me a cheque-book through a wicket, and some one else began telling me how to write it out."**

Reckless with misery, I made a plunge.

"Yes, the whole thing."

"You withdraw your money from the bank?"

"Every cent of it."

"Are you not going to deposit any more?" said the clerk, astonished.

"Never."

An idiot hope struck me that they might think something had insulted me while I was writing the cheque and that I had changed my mind. I made a wretched attempt to look like a man with a fearfully quick temper.

The clerk prepared to pay the money.

"How will you have it?" he said.

"What?"

"How will you have it?"

"Oh!" I caught his meaning, and answered, without even trying to think, "In fifties."

He gave me a fifty-dollar bill.

"And the six?" he asked dryly.

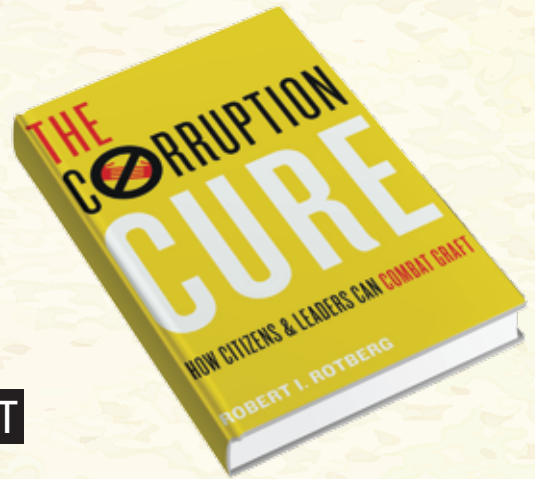
"In sixes," I said.

He gave it me, and I rushed out.

As the big doors swung behind me I caught the echo of a roar of laughter that went up to the ceiling of the bank. Since then I bank no more. I keep my money in cash in my trousers pocket, and my savings in silver dollars in a sock. ■  
(Stephen Leacock was a Canadian Humorist.)

# THE CORRUPTION CURE:

HOW CITIZENS & LEADERS CAN COMBAT GRAFT



By: Robert I. Rotberg

**W**hy leadership is the key to ending political and corporate corruption globally

Corruption corrodes all facets of the world's political and corporate life, yet until now there was no one book that explained how best to battle it. The Corruption Cure provides many of the required solutions and ranges widely across continents and diverse cultures—putting some thirty-five countries under an anticorruption microscope—to show exactly how to beat back the forces of sleaze and graft. Robert Rotberg defines corruption theoretically and practically in its many forms, describes the available legal remedies, and examines how we know and measure corruption's presence. He looks at successful and unsuccessful attempts to employ anti corruption investigative commissions to combat political theft and venal behavior. He explores how the globe's least corrupt nations reached that exceptional goal. Another chapter discusses the role of civil society in limiting corruption. Expressed political will through determined leadership is a key factor in winning all of these battles. Rotberg analyzes the best-performing noncorrupt states to show how consummate leadership made a telling difference. He demonstrates precisely how determined leaders changed their wildly corrupt countries into paragons of virtue, and how leadership is making a significant difference in stimulating political anticorruption movements in places like India, Croatia, Honduras, and Lebanon. Rotberg looks at corporate

corruption and how it can be checked, and also offers an innovative fourteen-step plan for nations that are ready to end corruption. Curing rampant corruption globally requires strengthened political leadership and the willingness to remake national political cultures. Tougher laws and better prosecutions are not enough. This book enables us to rethink the problem completely—and solve it once and for all.

## Reviews

"An exhaustive description of the current state of corruption. . . . The strength of [Rotberg's] book is its focus on change."--Paul Collier, *Times Literary Supplement*

"Corruption is 'hardwired into the human condition,' begins the author. He brings together concepts supporting this statement from many sources, illustrating the challenge of identifying and controlling it. . . . This is a major contribution to the literature and should draw wide attention in many fields."--*Choice*

## Endorsements:

"The Corruption Cure is a well-written, deeply researched prescription for change that could dramatically reduce corruption worldwide. Rotberg engages us with stories of leaders who rid their countries of corruption, stories that are grounded in specific measures that can be replicated. A must-read for policymakers, philanthropists, international business leaders, and the

general public."--Jonathan Fanton, American Academy of Arts and Sciences

"A veritable tour de force, both intellectually and in scope. Rotberg is one of the most knowledgeable researchers in this field, and he also has impressive experience from practical efforts and policies for reducing corruption. I am convinced that The Corruption Cure will become a standard reference for a long time."--Bo Rothstein, author of *The Quality of Government: Corruption, Social Trust, and Inequality in International Perspective*

"The Corruption Cure reflects Rotberg's long-standing interest in the problems of promoting good governance and limiting corruption, and his wealth of personal experience from his many years of work in the field."--Susan Rose-Ackerman, author of *Corruption and Government: Causes, Consequences, and Reform*

## About the Author

**Robert I. Rotberg** is founding director of the Program on Intrastate Conflict at the Harvard Kennedy School and president emeritus of the World Peace Foundation. His many books include *Africa Emerges*, *Transformative Political Leadership*, and *When States Fail* (Princeton). He is fellow of the American Academy of Arts & Sciences and former president of Lafayette College. ■

# Handbook of Blockchain, Digital Finance and Inclusion: Cryptocurrency, FinTech, InsurTech and Regulation



Edited by: David LEE Kuo Chuen & Robert H. Deng

**H**andbook of Blockchain, Digital Finance, and Inclusion, Volume 1: Cryptocurrency, FinTech, InsurTech, and Regulation explores recent advances in digital banking and cryptocurrency, emphasizing mobile technology and evolving uses of cryptocurrencies as financial assets. Contributors go beyond summaries of standard models to describe new banking business models that will be sustainable and will likely dictate the future of finance. The volume not only emphasizes the financial opportunities made possible by digital banking, such as financial inclusion and impact investing, but it also looks at engineering theories and developments that encourage innovation. Its ability to illuminate present potential and future possibilities make it a unique contribution to the literature.

- Explores recent advances in digital banking and cryptocurrency, emphasizing mobile technology and evolving uses of cryptocurrencies as financial assets.
- Explains the practical consequences of both technologies and economics to

readers who want to learn about subjects related to their specialties.

- Encompasses alternative finance, financial inclusion, impact investing, decentralized consensus ledger and applied cryptography.
- Provides the only advanced methodical summary of these subjects available today.

## Reviews

"David Lee and Robert Deng's contribution to the use of technology to help further financial inclusion is pivotal. If our industry is to recapture the trust of the investing public we need to float all boats in society. Technology, as David and Robert so ably demonstrate, is a wonderful tool for doing so." – **Paul Smith, President and CEO, CFA Institute**

"The hallmarks for any sustainable disruption to the status-quo are greater efficiency and lower costs; the nose of blockchain is now in the financial services tent, and David Lee provides a very timely

and relevant tour through this space."

–**William J. Kelly, CEO, Chartered Alternative Investment Analyst ("CAIA") Association.**

"Digital technology is disruptive and is affecting all sectors of our economy, creating opportunities and challenges everywhere. This handbook offers a guide to understanding how digital technologies and the Internet are changing virtually all aspects of the financial services sector, both today and tomorrow. It will be of interest to students, scholars, and practitioners in the field as well as to policy-makers and regulators." –**Arthur Cordell, Carleton University**

"This is a timely contribution that clarifies several issues in fintech and provide regional analyses that help us to understand where this technology is going in different economic and social contexts." –**Roberto Ricciuti, University of Verona** ■

# Handbook of Blockchain, Digital Finance and Inclusion: ChinaTech, Mobile Security and Distributed Ledger (Volume 2)

Edited by: David LEE Kuo Chuen & Robert H. Deng



**H**andbook of Blockchain, Digital Finance, and Inclusion, Volume 2: ChinaTech, Mobile Security, and Distributed Ledger emphasizes technological developments that introduce the future of finance. Descriptions of recent innovations lay the foundations for explorations of feasible solutions for banks and startups to grow. The combination of studies on blockchain technologies and applications, regional financial inclusion movements, advances in Chinese finance, and security issues delivers a grand perspective on both changing industries and lifestyles. Written for students and practitioners, it helps lead the way to future possibilities.

## About the Authors

**Prof David LEE Kuo Chuen** is founder of several companies including California

based Left Coast and Singapore's Ferrell Group. He is the founding investor in ZCash, Qtum and a few other blockchain companies. He graduated with BSc, MSc and PhD from the London School of Economics and Political Science. He was the Group Managing Director of OUE and Auric Pacific. He is the editor and an author of the American Library Association Outstanding Award Reference Book titled "Digital Currency" by Elsevier and the LASIC model for scalable technology companies. He has been nominated by Internal Consulting Group as a Global Thought Leader for Fintech and Blockchain.

**Robert Deng** is AXA Chair Professor of Cybersecurity, Director of the Secure Mobile Centre, and Dean of Postgraduate Research Programs, Singapore Management University (SMU). His research interests

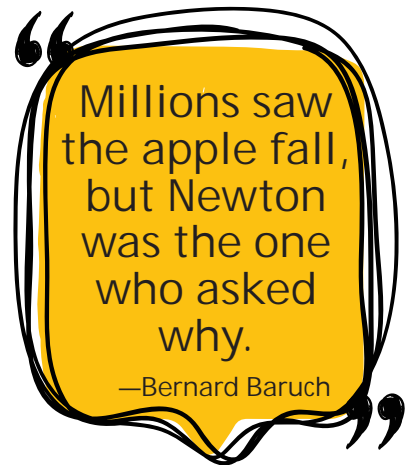
are in the areas of data security and privacy, cloud security and Internet of Things security. He received the Outstanding University Researcher Award from National University of Singapore, Lee Kuan Yew Fellowship for Research Excellence from SMU, and Asia-Pacific Information Security Leadership. He has 26 patents and has published more than 300 papers on cybersecurity. He is a Fellow of Institute of Electrical and Electronics Engineers (IEEE). ■

### Bankjokes

A youngster outside the Royal Bank in Edmonton noticed three pennies lying on the sidewalk, caught under the facing on the wall of the building. "Look Mommy", said the tot, "the bank is leaking."

### Banklore

- In 1947, Pakistan had a total of 487 bank branches.
- In July 1948, the bank branches were reduced to only 81 of which 25 were of Pakistani Banks.
- By the end of 1951, Pakistan had 19 Foreign Banks.
- In 1958, there were 307 bank branches in existence of which Pakistani-owned banks branches numbered 232.
- In 1947, before Independence there were 46 Scheduled banks in Pakistan.
- In 1948, these declined to 38.
- In 1966, the figure stood at 36 with 1956 branches.
- In 1948, the total bank deposits were Rs. 0.881 bn.
- In January 2018, the total bank deposits amounted to Rs. 12,002.231 bn.



### Quotes

Genius is one percent inspiration and ninety-nine percent perspiration.  
(Thomas Alva Edison)

A good Book is the purest essence of human soul.  
(Thomas Carlyle)

The devil can cite scripture for his purpose. (Oscar Wilde)

Nothing knits man to man like the frequent passage from hand to hand of cash.  
(Walter Sickert)

Every physician almost hath his favorite disease.  
(Henry Fielding)



### A View of Gazette of Pakistan

Following are the rates of exchange which have been notified in the "GAZETTE OF PAKISTAN," dated 13th Oct 1950.

Currency.	Sum	Equivalent in the Currency of Pakistan		
		Rs.	A.	P.
British	£ 1 Sterling	9	4	4
Bharati	1 Rupee	0	11	2
Burmese	1 Rupee	0	11	2
Ceylonese	1 Rupee	0	11	2
United States of America	1 Dollar	3	4	11
Hong Kong	1 Dollar	0	9	3
Strait Settlements	1 Dollar	1	1	4
Australian	1 Pound	7	6	7
Turkish	1 Lira	1	2	11
Swiss	1 Franc	0	12	3
French	1 Franc	0	0	2
Swedish	1 Kroner	0	10	3
West German	1 Mark	0	12	6

Notification dated October 13, 1950  
Showing Exchange Rates



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید محترمہ بینظیر بھٹو کی یاد میں

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(JCR-VIS)

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- Young Talent Account • Asaan Account
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- Foreign Currency Accounts
- Agriculture Loans • Lockers Facility
- Mark-Up Free Student Loans
- Small & Medium Enterprises (SME) Credits
- Islamic Banking • ATM Network
- VISA, PayPak & UnionPay Debit Cards

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- All Transactions Alert • Utility Bills Payment
- Mobile Top-ups • Airline Ticket Payment
- Internet Service Providers (ISPS)
- Fee Payments of Educational Institutions
- Insurance Premium Payment
- Inter Bank Funds Transfer (IBFT)
- Intra Bank Funds Transfer (IBFT)
- Balance Enquiry • Mini Statement
- Complete Statement of Account Via Email
- E-commerce • Email Alerts



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# *Save for Pakistan Invest in Pakistan*



*"We ... in general and youngmen in particular do not know the value of money. A paisa saved today is two paisa tomorrow, four paisa after that and so on and so forth. Because of our addiction to living beyond means and borrowing money we lost our sovereignty over this Sub-continent."*

*Mohammad Ali Jinnah  
Founder of Pakistan  
(Ziarat, 1948)*



**Bank AL Habib Limited**  
**Rishta Bharosay Ka**