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**Bankers**

P a k i s t a n

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**ACHIEVING MACROECONOMIC STABILITY:  
REVISITING THE KEYNESIAN FRAMEWORK**

**REINVENTION AND RESILIENCE**

**SILHOUETTE OF A BRANCH MANAGER**



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**Rafi Ahmed**  
Editor

## GREEN LIGHT TO GREEN BANKING

An array of radical developments have taken place in the entire banking spectrum with the SBP being proactive in envisioning the deficient areas. The Central Bank through its recent initiatives and actions has focused its attention on finance-deficit areas such as Financial Inclusion, Low-cost Housing Facility, Agricultural Credit, SME Finance and most importantly, the Green Banking phenomenon.

A bird's eye view would reveal that Bank deposits have increased by 7 percent to Rs. 15.227 billion as on June 30, 2019 on YOY basis. The Islamic banking share comes to Rs. 2.415 bn, which is 16 percent. In the housing sector, disbursement in finance during Jul-Sept 2019 quarter amounted to Rs. 4.25 billion. An ambitious target of Rs. 1,350 billion has been assigned to banks for FY 20, which is 89 percent of the total estimated agricultural requirement of Rs. 1,518 billion.

In accordance with its strategic policy, given the importance of SMEs being attached to our economic development, SBP is playing a facilitative role, aimed to increase the orderly flow of financing to SMEs. It has set the principal targets to be achieved in SME Financing till 2020 for increasing SME's share from existing 8 percent private sector credit to 17 percent by 2020 and increase the number of borrowers from existing 183,606 to 500,000 by 2020. The Central bank had released 9 Pillars of Policy for Promotion of SME Finance back in December 2017, which included among others, improvement in regulatory framework, leveraging technology to promote SME Financing and simplifying taxation regime for SMEs.

Another broad-based policy framework, in the shape of Green Banking Guidelines, was also issued by the SBP. This needs immediate attention of our Banking and Finance Sector, because of its vital and crucial nature. But Green Banking is still in infantile stage. In view of deep concern for environmental sustainability, which has created the concept of Green Banking, it would be of great advantage for the banking and the industrial sectors, ultimately passing out the benefits to the national economy and the ecology. The ecological disability has led to massive emissions of carbon dioxide and greenhouse gases. Green Financing is an integral part of Green Banking and also the overall concept of Green Movement, currently much hyped all

over the globe. The Green Movement is a global movement relating to deep worries for environmental conservation and betterment to the health of our environment. The Green Movement also strongly advocates for the protection, reclamation and the overall improvement of our environment. It aims to promote environmental and climate friendly practices to decrease carbon footprints emanating from the banking activities. It enjoins on the banks to take into account the environmental challenges and to abide by best practices to lessen the adverse impact.

Green Banking is vital in avoiding some of three most vulnerable risks: Credit Risk, in view of climate changes taking place all over the world including global warming and topsy-turvy climatic upheavals, there will be direct or indirect impacts on banks also. Due to this turmoil, industries financed by the banks may fail to pay back, which may result in loan defaults. Then there is legal risk if banks / DFIs fail to follow the environmental rules, for example as happened in the case of Chakwal Cement factories, which were set up in violation of the environmental protection rules, guzzling the entire underground water which in turn damaged the ancient heritage of Katas Raj and nearby villages as lack of water resulted in its lake drying up. It invited judicial notice also. Finally, there is the reputational risk also which damages the goodwill and repute of the financing agencies.

The banks would now have to consider innovative green banking financial products, installing energy-efficient equipment and machines in their offices, besides, paperless banking. Banks are to implement the following as per the SBP Guidelines:

*Environmental Risk Management (EnvRM): Incorporation and absorption of environmental and climate change risks as part of the credit risk methodology in order to assess the current portfolio and future business activities. EnvRM is the umbrella term and includes the activities of Environmental Due Diligence (EnvDD), which is the process of banks/DFIs to define the environmental impact the activity of the client has on a transaction and on a portfolio basis. EnvDD leads to Environmental Risk Rating (ERR) which is a standardized approach to quantify risk relevant data allowing a classification of risk groups as part of banks/DFIs credit rating.*

# editorial

The guiding principles require the Board of Directors to assume the overall responsibility of Green Banking Policy of their respective institutions.

The key aims and objectives include the advancement of Green Banking policies, the adoption of a financial fulcrum that could enable banks/DFIs to finance eco-friendly industrial projects, the absorption of green banking practices in the internal control framework, and the initiation of green finance limits.

The role of financial institutions in adopting and developing Green Banking policies is to assess borrowers to promote Green Banking and create products that meet the customers' financing requirements. We must be optimistic that green finance will be a means for our country to improve the overall environment and to arrest the ecological degradation. Some of the principal domains, where banks should begin taking immediate attention, are listed below:

**Paperless Banking Operations** – Already being carried out through widespread use of Information Technology. All Banks need to pay attention to this factor.

**Paperless Banking Services** – While managing the customers, measures to be taken to deliver customer services through electronic means. These measures are already in place in most of the banks but all banks need to implement the same in letter and spirit.

**Green IT Infrastructure** – The Banks and DFIs are required to use energy-efficient IT equipment and install systems for saving energy.

**Waste Reduction:** The banks should adopt practices to reduce the quantum of waste generated in their offices and recycle these materials specially such items as computer and accessories.

Lastly, the Green Financing Portfolio encourages financing in Alternative Energy Sources such as Wind Power, Solar Energy, Biomass Energy and other renewable energy sources. Besides most of the branches use diesel generators in case of power failures, so banks should adopt alternate energy wherever possible and easy.

Banks must also finance environment-friendly segments such as agro-forestry, forestry, organic agricultural farming and poultry and dairy farming, besides organic fruits, vegetables and herbs. All these practices, in tandem with other measures, would be of tremendous help in improving our ecology.

In brief, the goal of the Green Banking Guidelines (GBG) is to lessen exposure of banks/ DFIs from hazards emanating from the ecology degradation, fulfill their duties for the conservation of environment and help finance in remodeling the economy into a resource efficient and enable it to be strong enough to bounce back and recover from any shock. Banks/DFIs should also provide assistance and awareness to clients whose projects are directly vulnerable to environmental risks. While the primary responsibility of ensuring compliance with environmental laws and regulations rests with the borrowers, the banks/DFIs are encouraged to put in place appropriate mechanisms to identify, assess and mitigate environmental risks and, thereby, prevent undue financial disadvantages. The Central Bank has given us the Green Guidelines but the onus lies entirely on the shoulders of our Banks to implement the same both in letter and spirit.

## Maxims from Far and Wide

- One volunteer is better than sixteen forced men. – African
- Where might is a master, justice is a servant. – German
- When money speaks, truth keeps silent. – Russia
- Only with the new ruler you realize the nature of the old. – Burmese
- Necessity turns a lion into a fox. – Russian
- Our faults irritate us most when we see them in others. – Dutch
- When an elephant is in trouble even a frog will kick him. – Urdu
- A man in a passion rides a wild horse. – Polish

## IN A LIGHTER VEIN

“Young man, where do you work?” the judge asked the defendant.

“Here and there,” replied the man.

“What do you do for a living?”

“This and that.”

“Take him away,” said the judge.

“Wait a minute,” the defendant cried out.

“When will I be released?”

The judge replied, “Sooner or later. “

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## ISQ CONVOCATION AND PRIZE DISTRIBUTION CEREMONY 2019

The Institute of Bankers Pakistan conducted its Convocation and Prize Distribution Ceremony 2019 on Monday, October 28, 2019 at its Karachi Head Office.

The proceedings began with recitation from the Holy Quran. The Chief Executive of IBP, Mr. Mansur-Ur-Rehman Khan welcomed the Deputy Governor State Bank of Pakistan who was the Chief Guest, other distinguished guests including senior Bankers and recipients of awards. In his welcome address he dwelt at length on the contribution of the Institute of Bankers Pakistan for the last more than six decades, towards the growth and development of Human Resources of the banking sector. He also congratulated the award winners and wished them well in their future. He further said that IBP's Superior Qualification (ISQ), which was earlier known as DAIBP was revamped and renamed as IBP's Superior Qualification or ISQ. Candidates acquiring the ISQ qualification have the added advantage to become an Associate Chartered Banker (UK), which lends further credence to the IBP qualification as a global recognition. He said that ISQ is the first preference of bankers who desire to obtain knowledge & skillset to map their career progression in banking. Those who attain this qualification are amply rewarded by their employer-banks with promotions and financial rewards.

He briefed the audience about the Institute's commitment to knowledge-sharing activities, motivating and engaging learners and professionals in both formal and informal modes of learning. A step forward in this direction is the holding of IBP Essay Competition every year. For the IBP Essay Competition 2018, entries were invited for the following three topics:

1. Role of Banks in the Development of SMEs
2. Managing Compliance Risks in Banks: Issues & Challenges
3. The Future of Banking: Digital vs. Bricks and Mortar

Winners were awarded cash prizes and gold medals.

Mr. Jamil Ahmed, Deputy Governor SBP, who was the Chief Guest in his address, eulogized the role and contribution of IBP for enabling the financial institutions to move forward with an energized and creative workforce. He said that advancement in knowledge and appropriate expertise always play a vital role in raising staff productivity and the progress graph of the banks. Organizations committed to the improvement of their human resources skillsets also derive immense benefits in the form of better talent retention and effective

management. He lauded the services of IBP as the leading knowledge-sharing hub for the banking sector, which has played a pivotal role in the dissemination of best international practices and innovative technology solutions amongst the banks. He called on the banks and their human capital assets to derive full benefits from IBP's training programs on various topics of current interest. He added that the banking sector has now undergone a sea change in the last two decades. This transformation requires our banks to bring out innovative products and to be customer-centric. Bankers now must also keep abreast of frequent technology disruptions, regulations and risk mitigation besides absorbing drastic changes taking place in the banking dynamics all over the globe. Persistent staff trainings, are therefore, a must for the banks. Financial institutions in Pakistan, which are, to a large extent, adopting the best international practices and innovative technology solutions, are also encouraging increased staff trainings. He said that the aim of a professional qualification such as JAIBP is a fundamental requirement to be able to work in banks and advance one's career. However, it has been noticed that for the banking industry, the ISQ qualification still remains discretionary, so some sort of mechanism needs to be developed to make it compulsory, as it was done in the past, in order to ensure that the person qualifying the exam is

## PHOTOSYNTHESIS ISQ GOLD MEDALISTS 2017/18



either given substantial monetary incentive or moved to a higher rung in the banks' hierarchy. Moreover, it is promising to note the efforts of the Institute to engage people from academic and learners' milieu to produce quality papers on current topics. The IBP Essay Competition is one such all-inclusive activity which must continue in future also.

He offered his warmest felicitations to those JAIBP and AIBP candidates who have come out victorious by winning gold medals, prizes and those who have

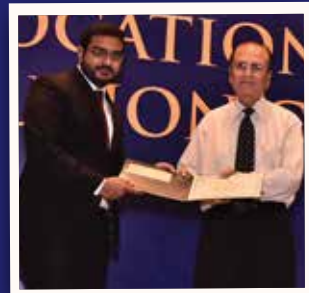
obtained the credentials by dint of hard work and achievement-oriented approach. He also warmly felicitated the Winners of the IBP Essay Competition 2018, who have bagged the prizes.

In the end, Mr. Jamil Ahmed distributed the Gold Medals and Prizes to the star performers and high achievers of ISQ and Essay Competition Prize winners and expressed his desire to share the joys of success in achieving the remarkable distinction, which would prove to be a milestone in their lives. Apart from the

above gold medals and prizes, newly-introduced Kassim Parekh Gold Medal and Imtiaz Alam Hanafi Gold Medal, instituted by Habib Metropolitan Bank and the family of Mr. I. A. Hanafi, respectively were also awarded to successful candidates. The event concluded with a vote of thanks by Mr. Arsalan Afrab, Director Academics/ Assessments. The entire event was compered by Ms. Shahla Naqvi, Manager Publications & Communication, IBP.



# PHOTOSYNTHESIS





# CYBER SECURITY OPERATION CENTER

## A DEFENSE APPROACH

By: Nazish Alim Qureshi

The cyber security is still a challenging and diverse field and has been evolving as constant technology transformation and enhancement as per changing business environments, needs and practices. In the earlier stage of protecting IT systems or digital assets, we were primarily focused on 'perimeter security defense' against outside threats, lots of capital and investment made on perimeter controls like firewalls, intrusion detection systems, proxy servers, etc. to avoid the cyber criminals out. Recognizing that perimeter defense alone is insufficient, the 'defense in depth' or 'layered defense' should be adapted to confront insider threats as well because nowadays and ahead most destructive security threats are not only originating from malware or malicious outsiders but from both malicious and negligent insiders.

Nowadays, the Cyber Security Operation Center (CSOC) or Cyber Defense Center is emerging as a dominant and mission critical operation for any type of automated and risk-aware institutions and playing a vital role in layered and perimeter security defense for the protection of an institution's critical automated infrastructure and systems. The CSOC work with a goal to prevent, monitor, detect, analyze, respond and report cyber threats and attacks proactively.

### What is an Enterprise CSOC?

An enterprise CSOC encompasses maturity and capability in the Institutional/Organizational business, people, processes and technology that handle information technology (IT) threat monitoring, information security policy compliance, forensic investigation, incident management and security reporting. It can include entirely internal operations, processes, technologies and staff, or a hybrid of out-tasked and internal capabilities or completely outsourced as Managed Services.

A good and mature CSOC is one that supports business objectives, functions and effectively improves an institution risk posture effectively and diligently over time. A real and active CSOC is one that provides a secure environment for the business to deliver on its core objectives in line with its strategic direction and vision.

Like Information Technology Operation Center (ITOC) or Network Operation Center (NOC) which is focused on continuous performance monitoring of IT infrastructure and systems, the cyber security operation center (CSOC) has emerged as the active security defense and command center and continuous security monitoring mission and critical security platform for any type of business automation and acting as first front end line of defense to handle and respond against emerging cyber threats through a centralized repository of Security Information and Event Management System which refers as the cyber security nerve center or core cyber security system of CSOC.

A well-functioning CSOC can form the heart of security intelligence and monitoring capability through effective detection of security events, breaches, attacks and incidents in the institution's IT

environment. It can empower cyber security function towards security insight and visibility, situational awareness, respond faster, risk averts, work more collaboratively and share knowledge more effectively.

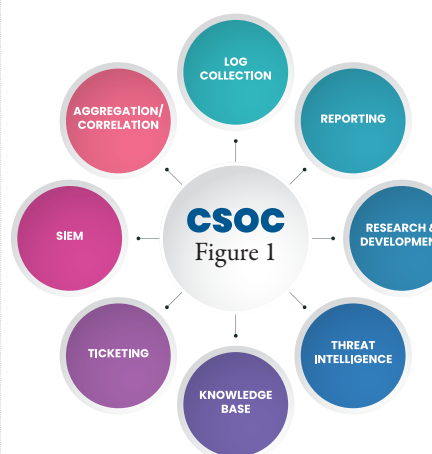
### Key Success Factors of CSOC

In order to run CSOC effectively, the following key success factors must be tailored and implemented as;

Trained and skilled CSOC analysts; adequate budget; staffing; shift scheduling; well defined and approved processes and subsequent procedures; management buy-in and support; updated IT assets inventory; actionable use or misuse cases deployment; effective and efficient collaboration b/w ITOC and CSOC team; security events management; online and offline storage for retention; high availability and fault tolerance; dashboards to meet institutional security; posture requirements; integration into incident response; IT security policy compliance; white & black listings of networks, softwares and applications; integration with IT & IS change configuration management; and standard operating procedures, adequate SLA with the vendor. (The simplest CSOC is depicted in Figure 1).

### Security Professionals Takeaway

a) With the disparate and integrated critical infrastructure and core systems as log and security events sources into CSOC, security professionals may also complement CSOC with the integration of following systems and tools in order to combat cyber threats and attacks more appropriately and confidently:



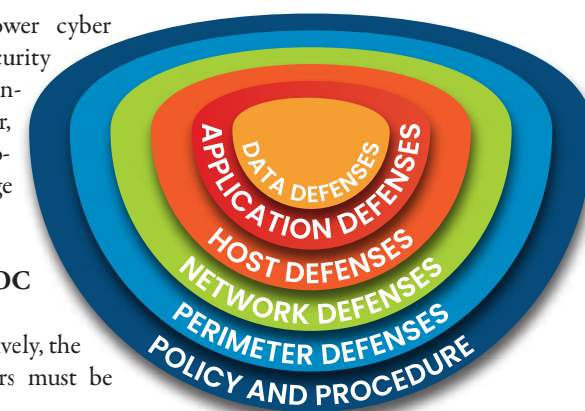
- Open and Closed Loop Threat Intelligence Platform and Source Covering Dark Web
- File Integrity Monitoring System
- Identity and Access Management System
- Intrusion Detection and Prevention System
- Next Generation Firewalls / Proxy Servers
- End Point Protection System
- Email and Internet/Web Gateway System
- Vulnerability Assessment and Patch Management System
- Honeypots and Decoys
- Built-in Orchestration or Integration with Service Desk System for Workflow Management, Response Orchestration and Case Management

b) Through Security policies, Standard Operating Procedures, enforce compliance, use cases, rules, risk based visibility and monitoring, security professionals can perform historical trending, predictive and behavioral activities analytics, evaluation, filtering, fine-tuning, onward reporting and actions more effectively.

c) CSOC team may create a high-level threat profile of the enterprise environment through setting of high-level detection objectives, including events of interest (e.g., DoS / DDoS, brute force attacks, data exfiltration, malware proliferation, command and control communication, suspicious user activity etc.) and the threshold for each threat and attack patterns to facilitate informed decisions.

d) High availability and fault tolerance CSOC system, adequate online and offline storage for logs and events retention must be ensured by CSOC team.

e) Security professionals may simulate or template attacks and misuse cases within their environment on regular basis in order to check and verify CSOC effectiveness.







f) Regular presentation of CSOC reports to the senior management and technical teams by the security professionals for an enterprise entire cyber security posture and insight, incidents and trends in adversary behavior for subsequent decisions and onward actions.

g) Response to confirmed incidents under incident management procedure, by coordinating resources and directing use of timely and appropriate countermeasures

h) Regular trainings and knowledge transfer is a must for CSOC for retention & dispensable security professionals' resources.

#### Key Performance Indicators of CSOC

The CSOC key performance indicators defined how rapidly genuine & judiciously cyber security incidents are identified, addressed and handled through uninter-

rupted security monitoring and visibility. The CSOC depends on cyber security monitoring major indicators in combating cyber threats and incidents (outlined in Fig 2).

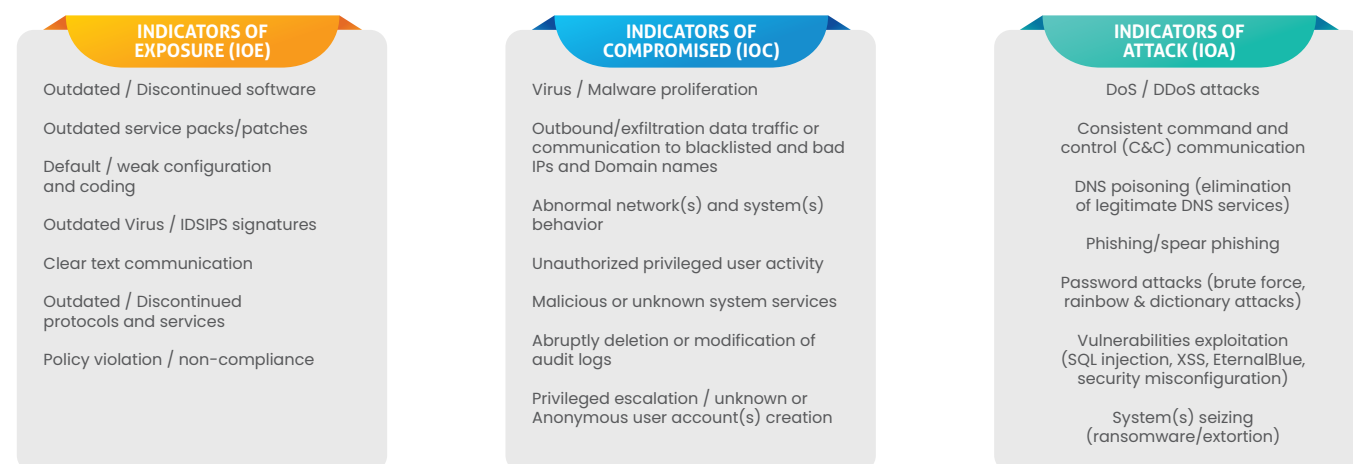
**Conclusion:** A well-defined and comprehensive CSOC can enhance our ability to proactively detect, prevent and respond to security threats, attacks and incidents. Given the rapidly evolving digital landscape and nature of threats, technologies used in CSOCs should be scalable and interoperable to ensure effective and efficient operations. The process should be designed with stakeholder accountability and communications and associated mechanisms should be defined as part of the processes.

To achieve CSOC maturity, it is imperative to build CSOC with the right mix of skills and talent, functional attributes, infrastructure, processes and

technologies, continuous improvement to achieve operational goals and business mission.

Last but not least, we must act and work together consistently with conducive efforts to reduce our business, people, processes and technology vulnerabilities and risks against emerging cyber threats landscape before they can be exploited to damage or distress and ensure that such disturbances of cyberspace are infrequent, of minimal duration, manageable and make the least damage possible in the best interest and protection of cyber space systems supporting our country's critical infrastructures like Banking and Finance, Defense, Telecommunications, Power Grid, Dams and Irrigation, Oil and Gas and Healthcare etc. that is essential to our people, economy, security and way of life. ■

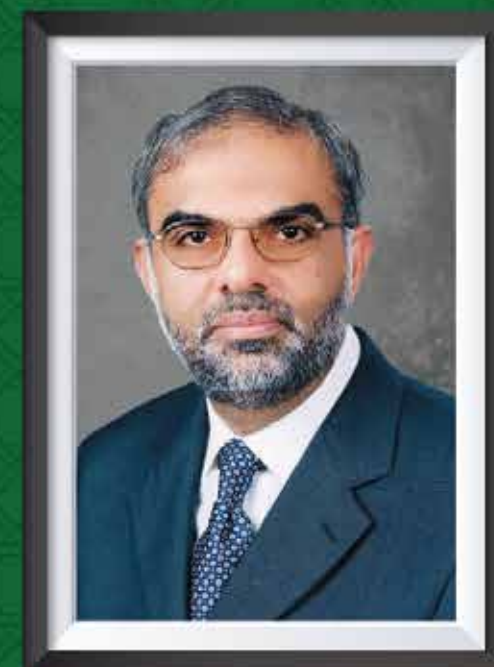
Figure 2



The Institute of Bankers Pakistan

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MR. IRFAN SIDDIQUI  
Founding President and CEO, Meezan Bank Ltd.

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# SILHOUETTE OF A BRANCH MANAGER

By: Rafi Ahmed

The prime tasks of a branch manager (BM) are to head a bank branch, mobilize business, deal with the customers and manage the team. But the first job is to lead by example and build up a team from amongst the existing staff, as nowadays one cannot have a choice of staff to one's personal liking or to say in other words, a favorite team. For attaining the corporate goals, all the staff under the BM will have to work as a highly-involved and enthusiastic team working in tandem as synergy, not as individuals working in different directions.

For running a branch with accomplishment and keeping the happiness index of both the customers and staff on a higher level, the entire staff composition needs to be motivated as an energized team. All team members should know their functions and job description with proper guidance in place for each of them to work efficaciously. A proper dynamism needs to be evolved or developed to not only retain and satisfy the existing clientele relationship but also to attract more customers to help the bank mobilize more business and accordingly increase its profitably base. The functions of a BM do not begin or end in the branch but also encompasses the entire environment in which he operates, which includes the markets, community, civil society and team members as well. It must be remembered that in different areas one of the banks leads in customer service and business irrespective of the size of the bank. Yours might be the leading bank branch in the area where at least 12 more banks operate.

Another important task of a BM is to study the nature, traits and demographics of the area of his branch locale. Today's banks are likely to function in the following areas, all of which demand different treatment and facilities.

- Residential Area
- Market Area
- Market-cum-Residential
- Industrial Area
- Recreation Area
- Project Area
- Commercial Hubs
- Educational Centers

The BM needs to understand the mechanism of each area, for instance even in the market area there are divergent forces at play and methodology applied for business mobilization in a market which caters to auto spare parts, will not be successful in the whole-sale market of commodities or one selling only construction material or electronic gadgets as the customers belonging to all these markets have specific needs.

The BM should hold a daily brief meeting with his team before the bank starts for operations. This meeting should consider the action plan of the day, so that each team member exactly knows what is expected of him. The meeting must focus on bank's targets, procedures, customer service issues and business avenues besides promotion and sale of existing or new products, if any introduced by the bank.

The manager should be first properly trained so that he in turn can perform the

role of in-house trainer. Short training sessions could be arranged after the close of customer hours. In these sessions which can be held once a week or fortnightly, the staff needs to be guided with the new policies and products or any other staff or customer related matter. These training sessions and daily brief morning meetings provide an opportunity to staff to figure out the bank in a better way and also to forge bonds for improved working relationship. Bank staff can also avail of this opportunity to offer their suggestions for further improvements and also equip themselves with effective tools for fraud and forgery control and market the bank products effectively. Morning meetings and short training sessions could result in workforce motivation and positive results including work-related stress relief. It must be kept in mind that one has to demonstrate to all bank employees an example of good customer service. All employees must adopt the practice of greeting customers with a smile. It is often said that 'SMILE' is the longest word in English as it contains a mile after the first letter 'S', hence its importance. Express the importance of being, kind, friendly and personable. Many customers stay with a bank because of the customer service provided to them. Make sure all of the customer's needs are met before they leave the teller counter or an employee's desk.

Staff should be encouraged to cross sell bank products and services. Cross-selling is defined as an added practice of selling more products to existing clients. This connotes that products, to be offered to the customers, must be other than those they have now. In reality, banks normally mix cross-selling and up-selling techniques to increase the quantum of revenue generation. The customers always need after-sales services. So, if offered they would willingly go after them. The BM and his team must have customer – addiction, if they are to succeed in their mission. He must possess a flair to identify customer needs while talking to them. In case of need, the customers must be enlightened about the credit and other facilities offered by the bank. An eye should be kept on those customer segments who are on the verge of retirement or already retired, in this case the branch staff should derive maximum benefits from this situation as such customers can be offered better profit

“

**Training sessions and daily brief morning meetings provide an opportunity to staff to figure out the bank in a better way and also to forge bonds for improved working relationship. Bank staff can also avail of this opportunity to offer their suggestions for further improvements and also equip themselves with effective tools for fraud and forgery control, and market the bank products effectively. Morning meetings and short training sessions could result in workforce motivation and positive results including work-related stress relief.** ”



rates for their pension and gratuity funds. Those pensioners, who require bank advances for incomplete study of their children or marriage needs, should be offered credit lines to finance their shortfalls.

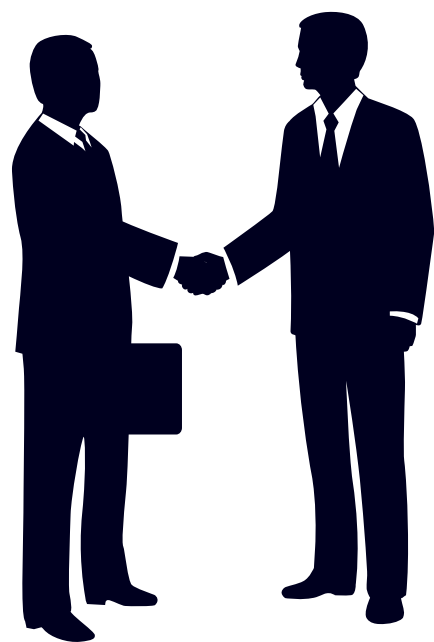
The BM and his team must make it a regular feature to involve with the community and move outside of their shells. They should cultivate and manage reciprocal and cordially proximate relations with the community at social and personal levels, where the branch is located. Since banking industry has assumed a highly competitive character, the bank manager can no longer sit in his salon and take it granted that customers would come to him by themselves. Sometimes, it so happens that the area is residential, and the bankers consider it having a low potential, but when one meets the residents, large untapped avenues unravel as there are house-wives, senior citizens, even millennials, just waiting in the wings to join your bandwagon. These customers are wary of bank hassles, so if the BM or his staff visits, assures, clarifies and talks to them, they may willingly embrace their overtures. The existing clients would be of great help to you in case of referrals, paving the way for widening the customer base.

It is a must for the bank manager in this scenario to motivate the staff to the maximum possible level and recommend them for better incentives, appreciation, promotion, increments and bonuses compatible with their contribution to branch progress.

It is an unwritten function of every manager to keep an eye on their competitors. But it should be discreet and should never be denigrating or giving negative feedbacks about the competitor banks. You should sell your own bank and spell out the USPs (Unique Selling Points) of your own products and services rather hurting others. Your customers would appreciate that you are transparent in your dealings, even if some dissatisfied customers from your neighborly banks come to you with negative feelings, just listen to them silently and not let yourself drag into such bad-mouthing or arguments.

The BM must possess a trio of skill-set which are: business-oriented approach, team management and adequate customer-service skills.

According to Diane Williams, learning consultant for the American Bankers Association, many BMs get heavily involved in sales, helping to bring in new business and to build and maintain customer relationships. BMs deal with everything from security issues, such as opening the vault in the morning or locking it at night, to customers who are upset about overdraft charges or a loan denial. The banking industry is heavily regulated, but managers can learn its rules, says Williams.



BM's with an ideal combination of academic credentials, aptitude and experience will be having favorable circumstances on their side in the domain of branch management. Experience can also be obtained while working as Operations Manager. With banks opting for extended customer service hours, some even doing sunset or evening banking and Saturday banking, with ever-rising branch networks, there is an abundance of space for career advancement. There are always opportunities waiting for the branch managers to move to elevated positions in the banking hierarchy, provided they are inclined to achievement, which would certainly provide a fillip to their professional careers as well as bring about a qualitative change in their life-styles. Other vital attributes which lead to success of a branch manager are: perseverance, sound analytical skills, the ability to complete priority tasks according to their importance or urgency and emphasis on details.

“It takes months to find a customer...

seconds to lose one.”

-Vince Lombardi

It is observed that most BMs mobilize big ticket deposits, ignoring the smaller amounts, however most astute and shrewd BMs would explore all segments of demographics but also never leave people with smaller accounts unattended. As Nadeem Ahmed, with a rich experience as a leading Manager in Summit Bank and MCB Bank, says that clients with smaller amounts say of Rs. 100,000 or more are likely to retain their deposits for a longer period as they have the propensity to save and set-aside for the rainy days ahead or for any future contingency. He further adds that if a customer with 10 million in his account withdraws abruptly, then you have a gap within minutes but if there are 10 account holders each with 1 million deposit, then there is less apprehension that all will be withdrawn simultaneously at a click, there is a chance that there may be only one customer who withdraws, leaving the nine others intact. The withdrawing customer may also replenish his account within a few days.

The BM should also not ignore small vendors and shop-keepers as they possess tremendous potential but with proper and effective application of KYC/AML/CFT guidelines, there is no harm in tapping these small resources. In fact, there is no small or big customer, all customers need to be treated in an egalitarian manner.

Always remember this adage: “It takes months to find a customer... seconds to lose one.” – Vince Lombardi ■

## YOU ASKED FOR IT



### Q. Please explain the significance of Deposit slip?

**Ans.** The main function of a slip is to deposit one's account with cash or submit cheques/pay orders through it for clearing/transfer purpose. Deposit slip may be called by different names in banks such as Cash or Transfer pay-in-slip but its usage remains the same in all the commercial banks. Nowadays, one has to be more cautious while accepting it as you must have noticed and read of an ice-candy man and retired security guards having millions or even record billions of rupees being deposited in their accounts. One extremely disadvantaged ice-candy man had Rs. 2.225 billion in his account to his utter shock and bewilderment some time back. There were many other such cases. In the recent past, the practice followed in some banks was that whenever a customer visited his branch, he used to request the bank staff to fill in the said deposit slip for crediting cash in his account. The concerned staff used to oblige the customer and complete the slip accordingly. Now the banks are more than cautious in dealing with the deposit slips. The depositor has to give his name, signature and contact number. In most of the banks this is mandatory as printed on their Pay-in-slips and have to be filled in. While remaining cautious, it does not mean one has to be suspicious of all depositors. Banks still as a practice oblige some known customers, who enjoy good repute and are trustworthy and fill in their deposit slip as a part of courteous and prompt customer service. But precautions need to be taken in case of those accounts where there is hardly any balance and inactive but not dormant. In view of recent such happenings of grave nature, we have to be more vigilant with the low ticket accounts which were once opened for whatever reason but not operated for a considerable period. If Bankers are vigilant and keep their eyes open when someone deposits cash not compatible with the account balance, history or the financial stature of the account holder, then questions can be asked and action taken accordingly but in a discreet manner.

### Q. What is a Sovereign Wealth Fund?

**Ans.** It can be simply defined as a national investment fund. A Sovereign Wealth Fund (SWF) is a state-owned investment fund which comprises of reserve of money derived from a country's resources or savings or surpluses. Investopedia defines “it as a state-owned pool of money that is invested in various financial assets. The money typically comes from a nation's budgetary surplus. When a nation has excess money, it uses a sovereign wealth fund as a way to funnel it into investments rather than simply keeping it in the central bank or channeling it back into the economy”.

Many nations set aside a certain amount or percentage of their surplus revenue and windfall income, invest in lucrative projects all over the globe and utilize the same as a means to generate profits and contribute towards stabilizing economy and prosperity and wellbeing of its people. The proceeds from exporting natural resources such as metals, minerals, gold and petroleum are also invested in SWFs. It also aims to use the same for future generations as well as for provision of pension and social welfare benefits which include health care, education, survivor benefits and child care etc. as being done in Norway. At present Norway, with a population of 5.3 million, has the biggest SWF in the world with more than US\$ one trillion in its coffers. It has been estimated that Norway owns at least 1.3 percent of all global stocks. With oil reserves depleting fast and income from the same plummeting in the oil rich countries in Middle East and elsewhere, more and more countries of late have established their SWFs.



# REINVENTION AND RESILIENCE

Innovations through time have seen the banking industry harness technology, reinvent itself and remain resilient.

From the first computer used in banking in the 1950s to the arrival of autoteller machines in the 1960s, new developments have long been viewed as a threat to banking and jobs.

But, so far, the sector and its professionals have proven resilient, with technology presenting itself as an opportunity rather than a threat. What can the industry learn from past successes in harnessing innovation and adapting to change?

"In the 1950s, the retail banks had to develop new strategies as companies stopped paying wages in cash," explains Natalie Staniewicz, Head of Digitalization and Innovation at WSBI-ESBG, a global network of savings and retail banks with around 110 member organizations in some 80 countries worldwide.

Banking transactions through the use of cheques was booming, which forced banks to find new and efficient instruments for cheque processing."

## First computer

When Bank of America introduced the first computer used in banking in 1955, it reduced the time required to process cheques by 80%. It processed around 33,000 accounts in the time it would take an average bookkeeper to do 245.

Haim Israel, Head of Global Thematic Research, Bank of America Merrill Lynch, adds: "It handled, read and sorted a wide variety of paper cheques at high speed. It posted to accounts, identified stop payments and holds, flagged overdrafts, calculated service charges, stored account information, printed daily and monthly statements, and sorted 600 cheques per minute."

“It has been about changing the nature of customer interaction with the bank.”

Raman Bhatia, HSBC UK

While humans no longer performed manual cheque processing, their skills were needed in other areas.

Staniewicz at WSBI-ESBG says: "Banks needed to reduce their operational costs through the introduction of technological innovations, mechanization of the banking process and cheque-processing systems. At the same time, this created a need for more technically skilled personnel and investment in training of bank employees."

## Technological revolution

The first appearance of cash dispensers in the 1960s also saw banks adapting to new technology and customer needs.

"Banks had to ride the wave of rising income, current account cross-selling and consumer credit," continues Staniewicz. "This was the start of a technological revolution. Computers were just making their appearance in the bank sector. Today, it's impossible to imagine a bank without a computer network."

Banks have always been 'voracious consumers' of technology and, in many cases, early adopters, says Raman Bhatia, Head of HSBC UK's Digital Bank.

"If you look at the use of mainframe computers in the Sixties and Seventies, banks were at the cutting edge of taking that tech mainstream," Bhatia says. "Thereafter, it was ATMs and telephone banking. Shortly afterwards, in fact, HSBC was one of the pioneers in setting up a branchless contact center bank in first direct. So, banks have displayed tremendous flexibility and adaptability in embracing technology."

## Changing models

Rather than threatening the industry, these innovations have offered new models of banking.

"It has been about changing the nature of customer interaction with the bank," Bhatia continues. "Mobile banking is now the preferred channel of interaction for customers in most markets in the world, particularly the UK. The next iteration of that is biometrics as a means of customer authentication and access."

“In the 1950s, the retail banks had to develop new strategies as companies stopped paying wages in cash.”

Natalie Staniewicz, WSBI-ESBG

Fingerprint and voice biometrics and face identification are again changing how customers can access their banking. HSBC has been at the forefront of this, Bhatia says, and has also announced the move to a cloud-based architecture designed to give it more flexibility in creating better customer experiences.

The bank is already using artificial intelligence in areas including fraud prevention and detection and is also experimenting on scaling chatbots as a means of customer interaction.

With Facebook, Google, Apple and other Big Tech moving into banking, there is no change to the role and function of banks as trusted partners in the financial services ecosystem, Bhatia adds. But complacency is not an option.

He continues: "Banks have to up the bar on customer experience, go away from product-centricity and really think about customer needs – and then create experiences that rival or match that of new challengers, as well as Big Tech players."

That has to be around making banking much more personal, relevant and contextual. And I think that's what we are trying to do."

## New jobs

One of the reasons the banking industry has been resilient to technological innovation is because the products and services offered have continued to grow and develop, creating new jobs, according to professional services firm Accenture.

Alan McIntyre, Senior Managing Director for Banking, Accenture, New York, says: "Before Bank of America created Visa, no one had attempted to attach a general-use line of credit to a payment proposition. You could have a

line of credit with a particular store, but the broad-based merchant acceptance of the Visa card created a whole new category – which then spawned cobranded credit cards, debit cards, rewards schemes, cashback and numerous other innovations that piggybacked on top.

If the industry were static in terms of the services that it offered, it would be easier to automate away jobs. Broadly speaking, for every teller that is no longer needed to count cash, there is an app developer somewhere in Shoreditch working on the next big thing for one of the UK banks, or someone else worried about monitoring anti-money laundering for instant payments."

## False negatives

Some past predictions have been wide of the mark. For example, Booz Allen Hamilton, the US management and IT consultancy, famously predicted that the last cheque would be written in the US sometime over a decade ago.

"The reality is that the dollar value of cheques written in the US last year actually increased," says McIntyre.

"The percentage of the US and UK populations that wants pure mobile banking with no call center or branch backup is still quite small. Most millennials and Gen Zs, despite being digital natives, still want the option to talk to someone or visit a branch. So the worry that mobile apps would destroy traditional banking is over inflated." ■

*Note: Gen Z is the newest generation to be named and were born between 1995-2015.*

*This article originally appeared in the Autumn 2019 issue of Chartered Banker magazine and is reproduced by kind permission of the Chartered Banker Institute.*



# ACHIEVING MACROECONOMIC STABILITY: REVISITING ORIGINAL KEYNESIAN FRAMEWORK

UNIVERSALLY ACCEPTED NORMS OF ACHIEVING A BALANCED AND SUSTAINABLE ECONOMIC GROWTH OF A COUNTRY ARE ITS GDP GROWTH RATE, LEVEL OF PRIVATE AND GOVERNMENT CONSUMPTION, PRIVATE AND PUBLIC SECTOR INVESTMENTS, NET EXPORTS AND LEVEL OF EMPLOYMENT. ALL THESE COMPONENTS OF MACROECONOMICS, PRESENTLY, ARE BEING GUIDED UNDER 'RATIONAL EXPECTATIONAL THEORY OF NEO-CLASSICAL SCHOOL OF ECONOMICS', CONTRARY TO KEYNES FRAMEWORK OF ECONOMIC ANALYSIS, WHICH ADVOCATES RIGIDNESS IN ALL ECONOMIC BEHAVIORS RELATING TO PRODUCTION, PRICING, INFLATION AND EMPLOYMENT.

BY: AKRAM KHATOON

**N**eo-classical model has emphasis on expectational behavior of all economic agents towards success of an economic activity, but this approach has lost grounds after recent global financial and economic turmoil. Abrupt rise in prices of all assets and subsequent rapid fall does not seem consistent with philosophy of rational expectational behavior. In this context one can justifiably assume that expectations of market agents were based on the exploration of past market trends in different economies.

It has been observed in recent past that wrong forecasts relating to investment and spending decisions even in developing countries such as Pakistan resulted in investment, mostly in consumer items like electronic goods, automobiles and a sizable amount going to construction, speculative trading in landed property and stock exchange etc. due to liberal bank financing done during the period 2003 to 2008. This particular economic behavior meant for creating economic prosperity resulted in piling of stocks of unprofitable goods/products with corporations and also at household level, thus resultantly dwindling investments, growing volume of non-performing loans, reduced allocations of bank financing for private sector, contraction of real economic activity and abrupt rise in unemployment level. Under this situation corrective measures taken by both developed and developing countries are more or less in line with Keynesian equilibrium model, which explains simultaneously total production, interest rate, prices and inflation and impact of change in any of these variables on level of employment and wages in conjunction with demand side stimulus. But under present global scenario Keynesian equilibrium formula with emphasis on demand side need to be modified by making adjustments on supply side capacities thus stimulating process of production, which holds good in context of low and middle income developing countries facing galloping inflation and high unemployment rate.

To address this situation in the context of developing countries, Pakistan in particular, where apart from low capital investments, absence or lack of infrastructure and increasing corruption, money laundering, tax evasion and terror financing

threats and above all, recent disturbed conditions on all borders, are responsible for under-activity — there is need to augment capital spending substantially giving priority to development of needed infrastructure for all sectors of economy to boost up economic activity. This will generate employment opportunities on continuous basis, thus arresting growing poverty and bringing in balance between supply and demand sides and ultimately will reduce inflationary pressure.

No doubt the Public Sector Development Program (PSDP) with a 52% share going to provinces under NFC award has been quite helpful, but all thanks to CPEC program which holds great promises/expectations not only for abrupt rise in foreign investments, but also fast development of infrastructure facilitating growth of both urban and rural economy. In fact, it will be a game changer program for the country. Apparently this development program and budgetary proposals announced for 2018-19 are in line with Keynesian approach, which advocates for capital formation by reducing non-developmental expenditures on the part of government and restraining consumption by raising taxes/tariffs on luxuries and items of little utility and providing incentives to entrepreneurs in all sectors of economy. Expected allocations to provinces according to their share in NFC award will help removing existing disparities regarding both on going and proposed development projects, which is apparent from high rate of unemployment and poverty in smaller provinces of Baluchistan and Khyber Pakhtunkwah, but despite this initiative of public sector

capital spending, high unemployment rate, galloping inflation and poverty would persist unless and until steps are taken to prompt private sector to invest in development projects in all sectors of the economy. In view of increasing burden of public debt, exceeding 84.8% of GDP, a holistic approach is essential for inculcating culture of self reliance at all levels.

By ensuring congenial business doing environment, private sector can be motivated to invest in all segments of agriculture, manufacturing and service industries. Particularly to motivate small investors to make capital investments in micro businesses and SME sector incentives like tax holidays for at least five years and easy access to institutional credit must be ensured. This will help achieve accelerated GDP growth rate, substantial employment opportunities and eradication of poverty. In recent years both indigenous and foreign private investments have declined considerably. According to Economic Survey 2018-2019, Foreign Direct Investment is on low growth trajectory. It dropped by 51.7 percent in July-April FY2019 to US \$ 1.376 billion as compared to US \$ 2.849 billion in July-April FY2018. FDI from China remained at 31.2 percent of overall inflows as compared to 60.5 percent in the preceding year. However, Pakistan has improved its position on ease of doing business index and jumped to 136<sup>th</sup> position as compared to 147<sup>th</sup> position last year out of total 190 economies. This will surely attract foreign investors and will boost FDI. Furthermore, Pakistan carried out three reforms during the past year in the areas of starting a business,

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APPARENTLY THIS DEVELOPMENT PROGRAM AND BUDGETARY PROPOSALS ANNOUNCED FOR 2018-19 ARE IN LINE WITH KEYNESIAN APPROACH, WHICH ADVOCATES FOR CAPITAL FORMATION BY REDUCING NON - DEVELOPMENTAL EXPENDITURES ON THE PART OF GOVERNMENT AND RESTRAINING CONSUMPTION BY RAISING TAXES/TARIFFS ON LUXURIES AND ITEMS OF LITTLE UTILITY AND PROVIDING INCENTIVES TO ENTREPRENEURS IN ALL SECTORS OF ECONOMY. ”



registering property and resolving insolvency. The focus of the current government is to improve the investment climate to attract foreign investment in the country, which would no doubt contribute to GDP growth.

No doubt private sector has adequate propensity to save and invest, but due to absence of safe business doing environments, bulk of savings are being invested in government securities and financial products offered by various assets management companies for better returns. Despite sizable allocation of credit for private sector, funds have not been availed in full due to high cost of borrowings and unfavorable business doing environments. Accordingly, growth rate of all sectors of economy except manufacturing remained much below last year's performance. In agriculture sector, either due to drought conditions or untimely rainfall and irregular water supply (as well as use of low quality seeds and fertilizers due to abrupt rise in prices of these items), yield of all the crops remained much below targeted volume of production.

Persistence of global recession was another factor responsible for drastic cut in FDIs. On the other hand, developed economies affected by global recession curtailed their imports from developing countries, who were the main suppliers of both agriculture and manufactured products. Resultantly, in almost all the low income agrarian based economies both agriculture and manufacturing sectors failed to achieve desired growth rate. For achieving macroeconomic stability all the low and middle income South East Asian economies need to promote bilateral and multilateral trade

**“ HOWEVER, PAKISTAN HAS IMPROVED ITS POSITION ON EASE OF DOING BUSINESS INDEX AND JUMPED TO 136<sup>TH</sup> POSITION AS COMPARED TO 147<sup>TH</sup> POSITION LAST YEAR OUT OF TOTAL 190 ECONOMIES. THIS WILL SURELY ATTRACT FOREIGN INVESTORS AND WILL BOOST FDI. ”**

relations in the region. Diversification of export markets and products, particularly targeting the entire Asian market, would give fillip to both agriculture and manufacturing industry. Most importantly trading relations with China and all South Asian countries, including India, will prompt use of new technologies by entrepreneurs in Pakistan, resulting in improved growth of all sectors of economy.

In Pakistan, the SME Sector, particularly agro-based ones, which are labor intensive, need special incentives with regard to uninterrupted and cheaper utility services, adequate infrastructure, simplified documentation, low cost institutional credit and at least 5 year-tax holiday for the new entrants. No doubt, State Bank of Pakistan's initiative to regulate and promote SME and Microfinance sectors through special credit and guarantee schemes and prudential regulations, enforced keeping in view particular business environment of these sectors, thus giving due support to

financing banks as well as borrowers, has given boost to micro businesses, but SME sector is still not getting its due share of Banks' credit and tax incentives as well. Most important is the energy problem, which must be addressed under public and private joint initiative for putting in place alternate energy producing projects on urgent basis, with a target set to remove energy shortage within two years' time.

The firm commitment of both public and private sector to embark on the country's socio-economic development program, strictly according to above discussed strategies will boost up capital formation, GDP growth rate, raise employment level significantly and most importantly, eradicate poverty; all being the basic ingredients of Keynes macroeconomic framework with a component of social welfare. ■



## MIND YOUR LANGUAGE



Please just refresh your minds and remember the good old days of your school years with the Odd Couples, the phrases which always contain words which must be yoked together if you desire to use them so. In idiomatic phrases there are certain words that always go in pairs, for instance kith and kin, the right words are to be placed in right order. You just cannot alter the order of words. It will be silly of us if we say kin and kith.

Some of the Odd Couples are mentioned here to take you out of your hectic mind:

## ODD COUPLES

Bag and Baggage  
Dull and Drab  
Horse and Carriage  
Lock and Key  
Black and White  
East and West  
Hot and Cold  
Men and Women  
Boys and Girls  
Far and Wide  
Hue and Cry  
Part and Parcel  
Bread and Butter  
Fat and Flabby  
Ins and Outs

Questions and Answers  
Carrots and Radishes  
Friends and Foes  
Joys and Sorrows  
Root and Branch  
Cups and Saucers  
Gold and Silver  
Knives and Forks  
Prince and Princess  
Cats and Dogs  
Hale and Hearty  
Ladies and Gentlemen  
Rack and Ruin  
Dark and Dreary  
Heart and Soul

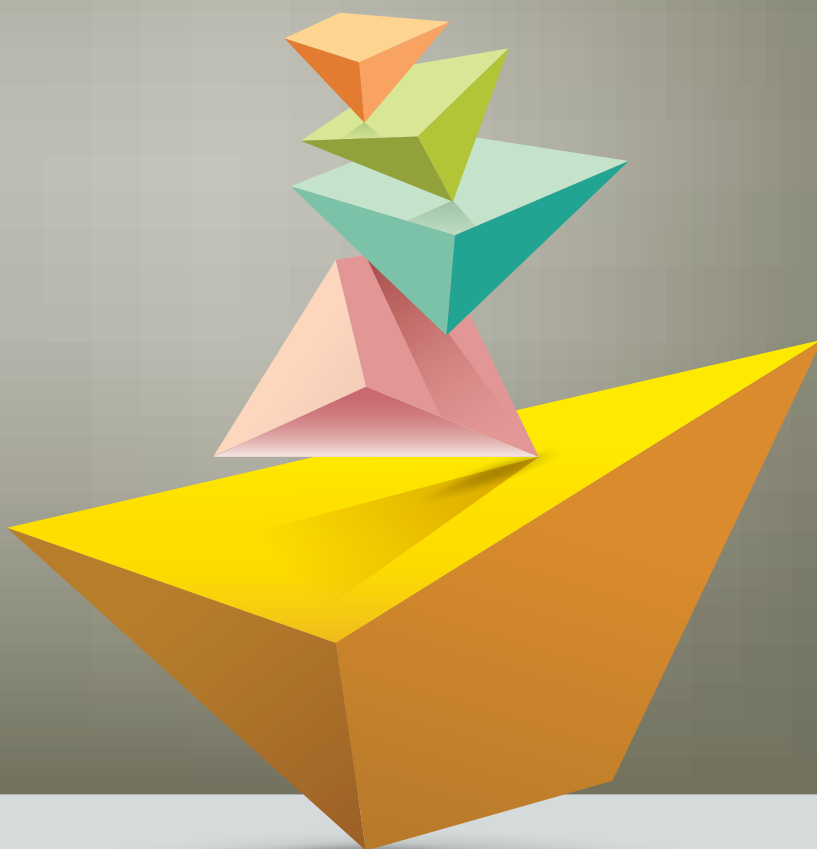
Law and Order  
Slow and Steady  
Doors and Windows  
Here and There  
Lean and Thin  
Spick and Span  
Duke and Duchess  
High and Low  
Loaves and Fishes  
Sum and Substance  
Tooth and Nail  
Up and Down  
Ups and Downs  
Weal and Woe



# ROLE OF BANKS IN THE DEVELOPMENT OF SMEs IN PAKISTAN

By: Raja Aashir Hayat

Economy can simply be identified as a careful management of available resources at state level. It is the sum total of resources being made available by each sector. Agriculture, industry and services sector are the three major and globally accepted sectors that any economy today depends on. The economic division among countries saw them being categorized in either of the two categories i.e. Global North and Global South.



Service sector - led economic growth in Global North countries puts them in a better economic position. As a result they are stable and developed, while Global South is a group of countries who are left out, they are resource rich but that is all they have. Industrialized countries are somewhere in between and are mostly referred to as developed countries. Industrial sector can be sub-divided into heavy industry and small and medium enterprises. Global interdependence theory is what best explains the state of affairs and nature of relationship among the states belonging to different economic group.

Industrialization that took place as a result of industrial revolution lifted global economy to another level ushering a new era that espoused progress and prosperity. Heavy industry (HI) was invested in as a result of this

\*On the other hand Medium Enterprise is a business entity which employs 51-250 people (if manufacturing & services MEs) and 51-100 if trading MEs. Its Annual Sales turnover must be above Rs. 150 mn, and upto Rs. 800 mn.

revolution. Small and medium enterprises received their share of importance. Over the years SME was given due preference over HI because of the multifaceted advantages attached with SME. European Commission defines SME as follows, "The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, or an annual balance sheet total not exceeding 43 million euro". The State Bank of Pakistan defines a Small Enterprise as a business entity which does not employ (including contract employees) more than 50 persons and annual sales turnover is up to Rs. 150 million. Small Enterprises can

be extended finances up to Rs. 25 Million\*. SME are quite prevalent because their economic benefits have the potential to uplift economy. Owing to their small size, they are flexible, innovative and have the ability to promote intra/inter industrial cooperation. As an example, small businesses account for 99 percent of all companies in the UK and are the real drivers of its economic growth. Today SMEs are being seen as engines of national and regional development, as they promote sustainable growth and for the same are an integral part of global and national economic policies. SMEs play a transformative role; for SMEs, this means cultural transformation from simply surviving to sustainability; this means transforming

from just producing to productivity, and finally this means long term market trade capabilities domestically, regionally and internationally. The importance of the SME sector is well recognized worldwide due to their significant contribution to gratifying various socio-economic objectives, such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. The sector has the advantage of inclusive growth that permeates deeper into the population and is more resistant to economic recessionary cycles. Research shows that SMEs contribute to over 55 percent of GDP and over 65 percent of total employment in high-income countries. SMEs and informal enterprises, account for over 60 percent of GDP and over 70 percent of total employment in low - income countries, while they contribute over 95 percent of total employment and about 70 percent of GDP in middle-income countries. In EU, for example there are some 25 million small businesses, constituting 99 percent of all businesses; they employ almost 95 million people, providing 55 percent of total jobs in the private sector. SMEs as emphasized above have their importance in today's economic model. SMEs, being agents of change, have the ability to transform global economy and can help revamp economic outlook of any contemporary State.

Pakistan, being a developing country, relies more on agricultural sector-led growth. It inherently is rich in producing the required raw materials. Industrialization took place back in the decade of 50 and 60's. The successive decade due to political

turmoil saw little effort in this regard. But with political stability being a precursor, economic stability was bound to follow. This saw Pakistan looking for options to set forth on a journey towards sustainable economic development. Importance of SMEs cannot be overemphasized; SMEs constitute nearly 90 percent of all the enterprises in Pakistan employing 80 percent of the non-agricultural labor force with about. 40 percent share in GDP. Pakistan attaches great importance towards growth of entrepreneurship and letting private-sector take lead in reforming and uplifting economy. SMEDA, is an autonomous body working under the umbrella of the Ministry of Industries & Production, it contributes towards the growth and development of SMEs in Pakistan through striving to achieve conducive and enabling regulatory environment, development of industrial clusters, and provision of business development services to SMEs in all areas of business management. Contemporary ideology of neo-liberalism and globalization emphasizes the role of SMEs as promoters of a healthy business climate, economic efficiency and power for economic development, especially in developing countries. Pakistan is fully cognizant of this fact and is adopting holistic approach that strategizes a way forward towards an inclusive and sustainable growth.

## SME: Historical Synopsis and Present Situation in Pakistan

SMEs in Pakistan have failed to garner the desired results mainly because as a sector it did not receive the due importance vis-a-vis large scale heavy industries, referencing data as available in collaborative research of Dr. Faisal Bari, Dr. Ali Cheema and Dr. Ehsan ul Haq, 'Barriers to SME Growth in Pakistan: An Analysis of Constraints, 2002', the data of last three decades of 20<sup>th</sup> century suggests that growth rate of SMEs is far below that of large scale industries, SMEs growth rate for the mentioned decades are 4.4, 4.7 and 2.6 respectively when compared with growth rates of 4.84, 8.16, and 3.6 for large scale industries.

This is quite dismal when compared with the potential for SMEs to flourish in Pakistan. A working paper issued by State Bank of Pakistan disclosed that from 2010 to 2016, SME Credit to GDP ratio was at an average of 137 in China, 118 in Malaysia, 63 in Turkey, 52 in India and Pakistan was second to last with an average of 16. In terms of percentage of SMEs financed by banks, Sri Lanka is leading with 35.4 percent, Chile at 32.5 percent, India with 18.1 percent and Pakistan is at bottom with only 2 percent.

As per economic survey of 2005, around 3.2 million business enterprises exist in Pakistan, 99 percent of which can be categorized as SMEs. Their share in value addition is 35 percent, in industrial employment according to an estimate is 78 percent and in value addition approximately 35 percent. Nearly 53 percent of all SME activity is in retail trade, at present Pakistan's SME sector contributes around \$ 86 bn towards the GDP. This could be much larger if we neutralize factors that act as impediments towards creativity. Lack of finances being a major one, Pakistan's ranking in ease of doing business is 138/189, a clear reflection of what the present situation is.

## Expected Outlook for the Future

As already emphasized SME can be the engine required to boost economic outlook of Pakistan. Shahab Khawaja, the incumbent CEO SMEDA wrote at length about role of SMEs in his paper, 'Unleashing the Potential of the SME Sector with a Focus on Productivity Improvements', in which he believes with strong conviction that SMEs can be the real change agents. Effective government policies can channelize this sector with CPEC ushering a new era of opportunities. By promoting SMEs, Pakistan can achieve the GDP growth rate of 6.5 percent to ensure it uplifts the living standards of masses. Economists think that the government's plan of providing 10 million jobs or similar plans documented under Vision 2025 might seem over-ambitious but they are possible, provided private sector is allowed to take the lead, with government providing the necessary enabling environment. It will help Pakistan raise the standard of living of its denizens and ensure prosperity, peace and sustainable progress.

**SMEs play a transformative role; for SMEs, this means cultural transformation from simply surviving to sustainability; this means transforming from just producing to productivity, and finally this means long term market trade capabilities domestically, regionally and internationally.**



## Impeding Factors Within SME Working:

Some of the factors are as follows:

**Absence of Skilled Labor:** There is a dearth of skilled labor in Pakistan, because vocational training has remained quite neglected over successive decades. Our vocational training programs are antediluvian and do not produce the skilled force required to be globally competitive. We have a workforce of 65 million, but most of them possess no special skills to offer i.e. we have abundance of generalists, instead of having specialized ones.

**Government Regulations and Absence of Enabling Environment:** Government's policies have failed to lure investors and potential entrepreneurs. Government policies at times appear to be in blatant contradiction with enabling environment that is required e.g. debt is very expensive at 5.7 percent on average; Pakistan has the highest net interest margins compared to Bangladesh at 4.3 percent and India at 3 percent.

**Bad Governance - a Major Constraint:** Corruption and bad governance has held back Pakistan progress on many fronts. Economy is believed to be a major victim. Pakistan's ranking in Transparency International Corruption index is quite dismal i.e. 118/180. Because of the bad governance, Pakistan is not being considered as a state that is conducive to innovations and private ventures, Pakistan's ranking has steadily declined over the past decade and is a lowly 138th out of 189 countries in the ease of doing business Index. Bad governance and corruption has marred SME growth in Pakistan.

**Limited Financing Opportunities:** Banks in any modern economy are considered as a source of financing, but banks in Pakistan have historically remained hesitant from financing private ventures due to a number of reasons. Absence of specialized SME banks is an issue while commercial banks find it hard to invest amount that at times has little chance of recovery. SME owners also look at banks with suspicion, making financing a difficult task.

**Misplaced Priorities:** SME owners at times are not interested in expanding their ventures, they look at it as a source of earning livelihood for themselves rather than looking at a bigger national social perspective. SMEs comprise of manufacturing and trading sectors. At present the influx is within trading sector since their working is documented in a better way and are accessible as compared to manufacturing sector whose working is more complex and are mostly based in non-urban centers. The need is that manufacturing sector gets its due share of financing and support.

**Absence of Specialized SME Banks:** As already discussed, specialized government run banks have never found their feet which had a corresponding impact on SME growth.

**Importance of SMEs cannot be overemphasized; SMEs constitute nearly 90 percent of all the enterprises in Pakistan employing 80 percent of the non-agricultural labor force with approx. 40 percent share in GDP.**

**Taxation System:** Tax collection system in Pakistan has many loopholes that are exploited. Indirect taxation hinders independent ventures and increases cost of doing business.

## Factors Inhibiting Financing by Banks

Banks have remained averse to investing and promoting business ventures. What is required though is that Pakistan strives towards a culture where small business economy is supported by angel investors, venture capital, private equity, hedge funds, community banks and investment banks, each one playing a role to move companies up the growth ladder, absence of specialized banks for SME financing resulted in most banks trying to create

SME departments from the lens of their corporate sector legacy but experience shows that SME banking is more inclined towards consumer or micro lending. They did not invest much effort in developing this sector and consequently made bad investment decisions which led to a very high NPL (30 percent) recently. Banks' lending policies are increasingly risk averse and are more concentrated towards minimal risk, government and lower risk corporate lending. Banks can often earn high returns in their core markets, giving them little reason to take on additional risk in the SME market. Banks incur higher administrative costs by lending to SMEs, since requested loans are small but transaction cost per loan is constant and relatively high. Banks prefer short term commitments that are expected

to mature in short and medium term rather than investing in long term risk - prone avenues. Commercial banks have limited information, skills and regulatory support to engage in SME lending, when compared with specialized SME banks. Banks in developing countries face at times, restrictive local regulation and limited forex availability that makes tailored foreign exchange solutions more difficult. High collateral and interest rates create doubts in minds of those who wish to invest on their dreams. These factors collude to make a vicious cycle that hinders SME reliance on banks for lending, resulting in failure for both banks and SMEs. At present banking sector lacks the intent to take risk and come out of its comfort zone i.e. risk free corporate lending. Banks require diversification of their clientele that will not only help them but at the same time help private ventures to grow creating ample opportunities for SME-led economic growth.

## A Way Forward

What requires our attention is quite obvious, all we need to do is to overcome the shortcomings highlighted above through a customized plan so as to neutralize the factors that hinder SMEs economic inclusion in Pakistan.

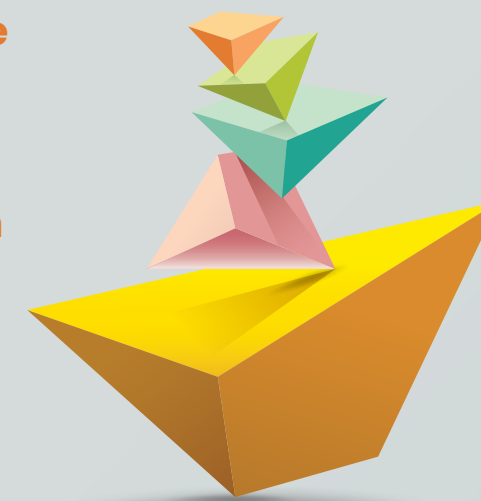
When it comes to SMEs, government needs to prioritize SME sector. It needs to invest big in allowing people with an environment to materialize their ideas and innovate for betterment of society at large.

**By promoting SMEs, Pakistan can achieve the GDP growth rate of 6.5 percent to ensure it uplifts the living standards of masses. Economists think that the government's plan of providing 10 million jobs or similar plans documented under Vision 2025 might seem over-ambitious but they are possible, provided private sector is allowed to take the lead, with government providing the necessary enabling environment.**

It is pertinent to note here that state patronage can help SMEs to grow. Government in recent times has shown interest but it lacks proper planning, strategy and seriousness. PM Youth loan scheme can be a good example where in the first two ballots, out of 10,442 people declared eligible, less than 6,126 choose and received the loan, mainly because of absence of proper guidance and platforms to nourish and polish the required skill-set. Most of the loans thus furnished go down the drain and fail to achieve the expected results. A recent shift is evident where incubation centers working through state sponsorship are being promoted, PITB in Punjab, and KPITB in KPK in addition to national incubation center. These centers aim at ensuring that individuals are properly coached so that they are able to materialize their ideas. Policy remains a weak side, government regulations hinder free flow of ideas and their implementation. It fails to provide enabling environment thus required. A sound government policy will ensure that ideas generated at incubation centers get the light of the day and undue obstructions in this regard are neutralized.

On the other hand, banks being the engine of economy should acknowledge SMEs as potential clients that can return big time. The risk is larger but the dividends expected are even larger. The risk should lure banks who already are short of existent traditional customer base and at present are compelled to look for new avenues so as to remain relevant. SMEs and potential ideas can fill this void, provided banks align themselves with the basic requirements. Banks need

to offer specialized SME services that are properly planned and do not scare entrepreneurs away. They need to facilitate them, by making sure that proper guidance about lending-plans is made available. Government monetary policy can act as a precursor to revisit interest rate; special favors are required to persuade SME owners to bank. Traditional banking has tarnished its image and to overcome, banks need to create comfort for their clientele. Collateral and damages are recovered at rates that convinces owner to look for other sources to raise finance. Banks in short, need to revisit how they deal with SMEs, align their resources to collaborate with incubation centers. International Financial Institutions (IFI, {WB, IMF, ADB}) attach great importance to SMEs as drivers of economic growth. The Commercial banks in Pakistan can learn a thing or two from IFIs, their programs can guide banks to formulate and customize locally suitable plans and work in coordination with them. Microfinancing is something in which banks have not really made a mark. Grameen Bank in Bangladesh is an example that single handedly changed the social outlook of masses. It helped economic inclusion as a phenomenon to trickle down the social fabric through promotion of equal chances to deserving. IFI and incubation centers can act as sovereign guarantors for both the collaborating parties. To conclude, banks need to take the lead, and lure SME owners to prioritize banks as a source of financing; the fear needs to be removed with hope.



## Important Takeaways

Going forward, it is important to emphasize that banking sector can be the real instigator of economic growth and inclusion, if it identifies its contemporary role and responsibility. SMEs require attention from state and banking institutions. Traditional approach might not help and banks need to gear up, so as to harness the potential not only for themselves but also for social and economic benefits of our country.

**Conclusion:** Banks in any modern society have their importance, that cannot be denied, but having said that there is an ongoing debate on banks' role in our society and how they are failing on many fronts in discharging their expected roles. Brick & mortar banks vs digital banks debate coupled with assessments about banks persistent failure to present themselves as a preferable financing institution are incessant. Executives need to understand and take some unprecedentedly bold decisions. SMEs offer a new market that is going to be the big thing in near future, banks need to partner with them on this crooked yet beautiful journey, that ensures mutual benefits. Microfinancing needs encouragement, entrepreneurship needs promotion. As a forerunner, SMEs need to organize themselves and convince the banks that the risks associated with them are unrealistic and that they can deliver, if properly administered and financed. Sufficient financing coupled with sound administration and execution can help SME culture to flourish in Pakistan. ■



# PROBLEM OR INCONVENIENCE

## SIGMUND WOLLMAN'S REALITY TEST

By: Robert Fulghum

It was the summer of 1959. At a resort inn in the Sierra Nevada of Northern California, I had a job that combined being the night desk clerk in the lodge and helping with the horse-wrangling at the stables. The owner-manager was Swiss, with European notions about conditions of employment. He and I did not get along. I thought he was a fascist who wanted peasant employees who knew their place. I was 22, just out of college, and pretty free with my opinions.

One week the employees had been served the same thing for lunch every single day. Two wieners\*, a mound of sauerkraut\*\* and stale rolls. To compound insult with injury, the cost of the meals was deducted from our paychecks. I was outraged. On Friday night of that awful week, I was at my desk job around 11 p.m., and the night auditor had just come on duty. I went into the kitchen and saw a note to the chef to the effect that wieners and sauerkraut were on the employee menu for two more days.

That tore it. For lack of any better audience, I unloaded on the night auditor, Sigmund Wollman. I declared that I had had it up to here, that I was going to get a plate of wieners and sauerkraut and wake up the owner and throw it at him. Nobody was going to make me eat wieners and sauerkraut for a whole week and make me pay for it and this was un-American and I didn't like wieners and sauerkraut

enough to eat them one day for God's sake and the whole hotel stunk and I was packing my bags for Montana where they never even heard of wieners and sauerkraut and wouldn't feed that stuff to animals. Something like that. I raved in this way for 20 minutes. My monologue was delivered at the top of my lungs, punctuated by blows on the front desk with a fly swatter, the kicking of chairs and much profanity.

As I pitched my fit, Sigmund Wollman sat quietly on his stool, watching me with sorrowful eyes. He had a good reason to look sorrowful. He liked being alone at the night job. It gave him intellectual space, peace and quiet, and, even more, he could go into the kitchen and have a snack whenever he wanted to - all the wieners and sauerkraut he wished. To him, a feast. More than that, there was nobody around to tell him what to do. In Auschwitz he had dreamed of such a time. The only person he saw at work was me, the nightly disturber of his dreams. Our shifts overlapped an hour. And here I was, a one-man war party at full cry.

"Lissen, Fulchum. Lissen me, lissen me. You know what's wrong with you? It's not wieners and 'kraut and it's not the boss and it's not the chef and it's not the job."

"So what's wrong with me?"

"Fulchum, you think you know

everything, but you don't know the difference between an inconvenience and a problem. If you break your neck, if you have nothing to eat, if your house is on fire-then you got a problem. Everything else is inconvenience. Life is inconvenient. Life is lumpy. Learn to separate the inconveniences from the real problems. You will live longer. And will not annoy people like me so much. Good night."

In a gesture combining dismissal and blessing, he waved me off to bed.

Seldom in my life have I been hit between the eyes so hard with truth. There in that late-night darkness of a Sierra Nevada inn, Sigmund Wollman simultaneously kicked my butt and opened a window in my mind. For 30 years now, in times of stress and strain, when something has me backed against the wall and I'm ready to do something really stupid with my anger, a sorrowful face appears in my mind and asks, "Fulchum. Problem or inconvenience?"

I think of this as the Wollman Test of Reality. "Life is lumpy. And a lump in the oatmeal, and lump in the throat, and a lump in the breast are not the same lump. One should learn the difference. Good night, Sig." ■

\*wieners - Vienna sausage

\*\*sauerkraut - A kind of fermented cabbage

# TECHNOLOGY MEETS HUMANITY

Talent, trust and the human touch will remain key to meeting customer expectations as technology transforms financial services.

Technology is revolutionizing banking and financial services. But it is people – not machines – that are key to understanding customers' needs and driving organizational transformation.

This is the central premise of PwC's 22<sup>nd</sup> Annual Global CEO Survey, which explores why banking and capital markets transformation is all about people.

"Technology alone can't meet customer expectations; consumers still value human interaction and accountability," says Alan Gemes, Senior Partner at Strategy & PwC's strategy consulting business.

"Technology should be used to handle routine transactions and interactions so your employees have more time to serve customers directly. It's also important to ensure that employees understand the incoming technology so they can judge how to use it in customers' best interests – for example, using mobile capabilities to encourage saving, rather than to simply reduce operating costs."

Meeting more exacting customer expectations requires human collaboration with, rather than replacement by, machines, PwC says. People – not systems – drive innovation and help realize its full commercial potential.

"For instance, millennials working in FinTech are drawing on their personal experiences – such as difficulties in saving enough for a deposit on a home or attracting funding for new business ideas when they have little or no credit record – to develop new banking capabilities that include spending tracking and analysis apps to help individuals reach specific financial goals," Gemes says.

## Human touch

The need to train artificial intelligence (AI) to understand and respond to human interactions and nuanced demands is going to make this ability to relate to real lives ever more important. And as more operations become automated, the innately human capabilities that can't be replicated by machines, such as creativity, empathy and leadership, are becoming even more of a differentiator.

"For example, the growing importance of delivering financial wellness as a key customer outcome and strategic goal underlines the value of empathy," Gemes continues. Further need for the human touch would include judging how technology can be deployed in the best interests of customers and wider society.

However, unfettered use of AI and client data could have unintended and reputationally damaging consequences. The big risk for businesses is that the necessary talent isn't there, or that employees don't know how to use technology in a sufficiently trusted, effective or meaningful way. Skills are the top business concern for UK business leaders, with 79% of respondents to PwC's survey worried about having the right skills available in their organizations.

The firm found organizations were struggling to translate a deluge of data into better decision-making, with a shortage of skilled talent to clean, integrate, and extract value from big data and move beyond baby steps toward AI, it said.

"Organizations must work harder to identify, nurture and retain the right skills for the continually evolving digital age,"



**Technology alone can't meet customer expectations".**

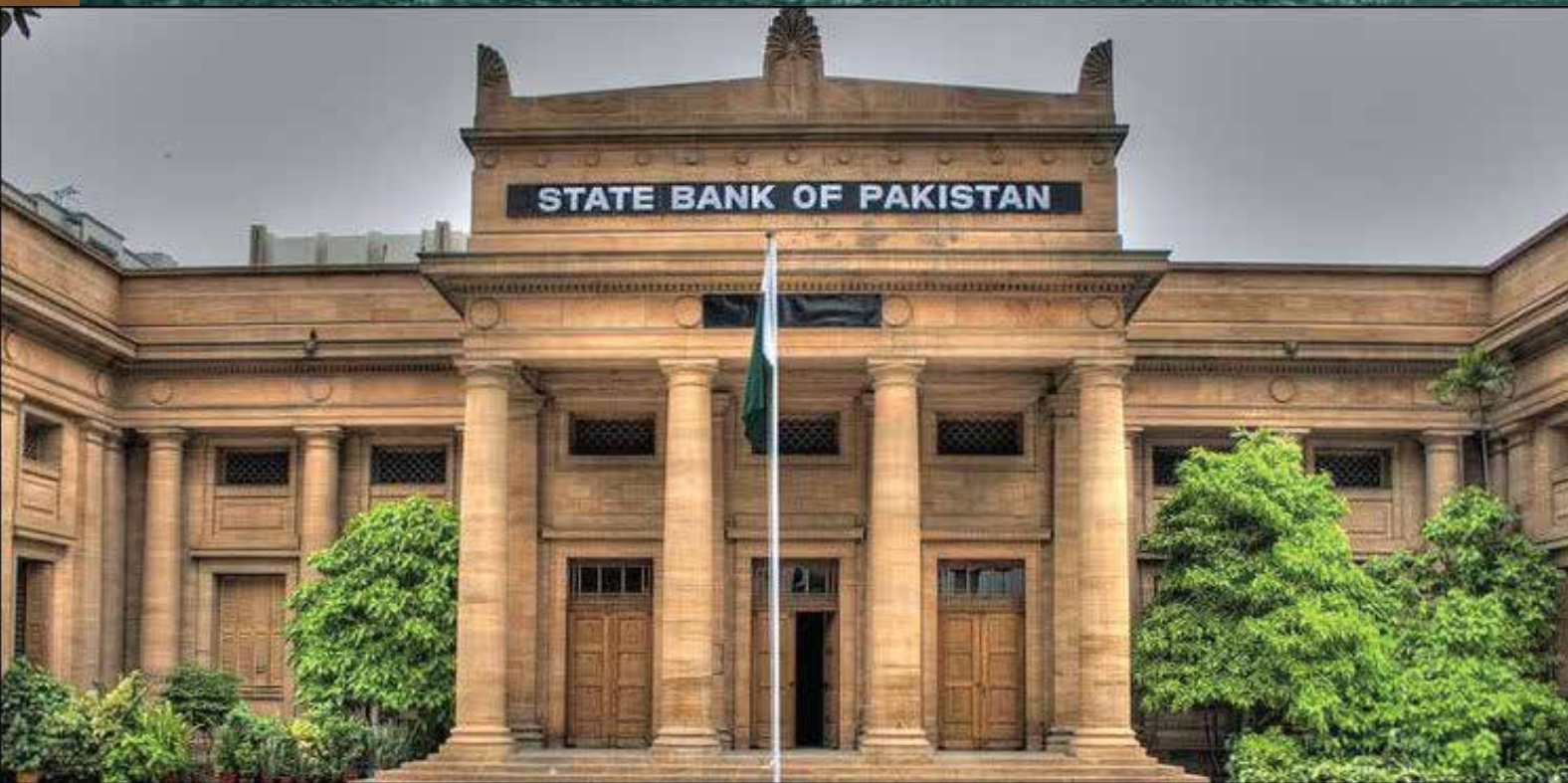
Alan Gemes, PwC

Gemes says. "Business needs to lead the charge, preparing and adopting AI technology and looking beyond recruitment, to training the workforce of the future.

This is a chance for UK business to demonstrate its positive role in society, working with government and education providers," Gemes adds. "New tech apprenticeships are a great example of this starting to happen." ■

*This article originally appeared in the Autumn 2019 issue of Chartered Banker magazine and is reproduced by kind permission of the Chartered Banker Institute.*





### Governor SBP Unveils Commemorative Coin at 550<sup>th</sup> Birth Anniversary of Baba Guru Nanak Sahib

Governor SBP Dr. Reza Baqir unveiled the commemorative coin of Rs. 550 to mark the 550<sup>th</sup> birth anniversary of Baba Guru Nanak at State Bank of Pakistan. A delegation of Sikh Community led by Sardar Ramesh Singh Khalsa, Patron in Chief Pakistan Sikh Council & Member Prime Minister's Taskforce for Evacuee Trust Property Board, comprising members of Pakistan Sikh Council and Baba Guru Nanak Darbar also attended the ceremony. In his welcome address, the Governor informed the audience that this was the first time in the history of the country that a coin in memory of a religious personality is issued. He cited three reasons behind the issuance of the commemorative coin in the name of Baba Guru Nanak. The first is that through this gesture, State Bank has contributed in the national efforts to support inter-religious harmony. Second, the coin will underscore the message of peace taught by Baba Guru Nanak. Third, this initiative is to promote peace, which enhances economic prosperity which is a key goal of the State Bank of Pakistan. The Chief Guest, Sardar Ramesh Singh Khalsa in his address thanked the Governor SBP and State Bank and stated that the issuance of the coin serves as special gift for 140 million Sikhs living all over the world. It may be added here that the Commemorative Coins are since available through the exchange counters of all the field offices of SBP Banking Services Corporation. These coins are also available at Nankana Sahib Gurdwara and Shrine of Baba Guru Nanak at Kartarpur Sahib. At the end of the ceremony, Governor State Bank presented memento to the Chief Guest.

The details of the coin are as under: Metal composition: Cupro-Nickel, Copper 75% & Nickel 25%  
Dimension: 30.0 mm Weight: 13.5 grams

**OBVERSE:** The waxing crescent moon and five-pointed star facing North West in rising position is in the center on the obverse side of the coin. Along with periphery on the top of the crescent star is inscribed in the wording 'ISLAMI JAMHORIA PAKISTAN' in Urdu script. Below the crescent and at the top of two springs of wheat with arms curved upward, there is the year of issuance 2019. The face value of the coin in numerical '550' in bold letters and RUPIA in Urdu script are written on the right and left sides of the crescent star respectively.

**REVERSE:** On the reverse side of the coin, picture of monument of Sri Guru Nanak Dev Ji is shown in the center. The wordings of '550<sup>th</sup> Birthday Celebrations' written on the top of the monument and 'Sri Guru Nanak Dev Ji' at the bottom of monument whereas '1469-2019' is written along the periphery at the coin depicting the span of birthday celebrations.

Below are the Visuals of the Coin both Obverse and Reverse Sides:



### SBP Launches National Payment Systems Strategy during Visit of World Bank's President

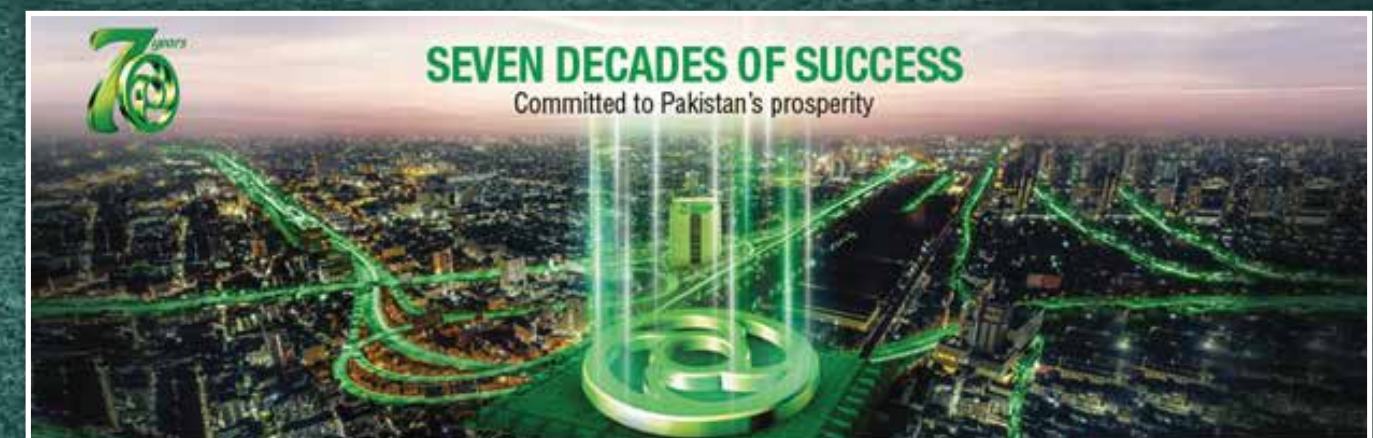
Dr. Reza Baqir, Governor, State Bank of Pakistan launched the National Payment Systems Strategy (NPSS) in an event held today at its headquarters in Karachi. President of the World Bank, Mr. David Robert Malpass was the Chief Guest at the event that was attended by key stakeholders including regulators, government entities, banks, telcos, Electronic Money Institutions (EMIs), Payment System Operators (PSOs) and Payment Service Providers (PSPs) and other Fintechs. Speaking on the occasion, Governor SBP welcomed Mr. David Malpass and other World Bank officials to SBP and thanked them for their support in the preparation of this strategy. The Governor highlighted the benefits that the NPSS would bring to the people and economy of Pakistan and said "this strategy lays out a road map and action plan for Pakistan to have a modern and robust digital payments network." Elaborating the benefits further, he said that the key goal of this strategy would be to make access to financial services easier for people and help in improving financial inclusion in the country, particularly for women, along with greater documentation of the economy. He briefed that SBP has adopted a proactive approach to innovation and will continue to support the digitization of banking and payments in Pakistan. "Going forward, as part of the implementation of this strategy, SBP will continue to focus on strengthening the legal and regulatory framework to bring it in line with international best practices", said Governor Baqir. On the occasion, Dr. Baqir announced the issuing of the rules for digital onboarding of merchant, which will help increasing the touch points for digital payments in Pakistan. Governor Baqir also shared that SBP is developing a faster payment system that will simplify the requesting, receiving and sending of payments in the country. President World Bank, Mr. David Malpass, giving his keynote address, congratulated the SBP for launching the NPSS. He said that there is great potential to be unlocked in Pakistan and the launch today is an important step. Adding further, Mr. Malpass said that this effort by the central bank is coming at a good time



because there has been time to stabilize after the start of the new administration and that stabilization will facilitate growth, going forward. He appreciated the role of SBP as a regulator and catalyst of digitization of banking and payments in Pakistan. He highlighted that Pakistan's pathway towards digital financial inclusion centers on push towards usage of digital financial services and not only SBP but also all stakeholders are responsible to drive digital payments reforms. Further, he extended full support to SBP in implementation of key economic reforms and action items as highlighted in the strategy.

### BANKING MILESTONE

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## SOME COMMEMORATIVE POSTAGE STAMPS



## COMMEMORATIVE COINS ISSUED BY SBP IN 2017-2018



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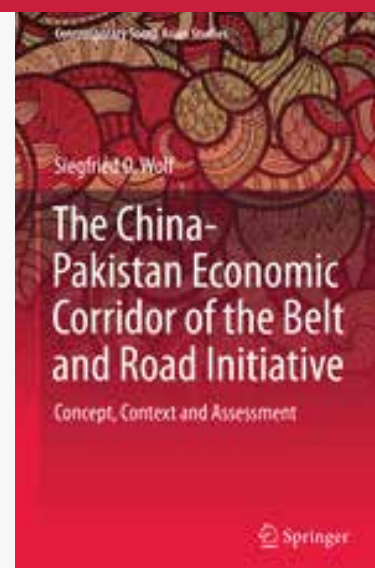
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# The China-Pakistan Economic Corridor of the Belt and Road Initiative

Concept, Context and Assessment



By: Siegfried O. Wolf

## Synopsis:

This book focuses on the implementation of the China-Pakistan Economic Corridor (CPEC), a multi-billion-dollar infrastructure development project intended to connect Asia with Europe, the Middle East and Africa. By introducing a new analytical approach to the study of economic corridors, it gauges the anticipated economic and geopolitical impacts on the region and discusses whether the CPEC will serve as a pioneer project for future regional cooperation between and integration of sub-national regions such as Balochistan, Khyber Pakhtunkhwa, the Federally Administered Tribal Areas and Gilgit-Baltistan. Further, it explores the interests, expectations and policy approaches of both Chinese and Pakistani local and central governments

with regard to the CPEC's implementation. Given its scope, the book will appeal to regional and spatial sciences scholars, as well as social scientists interested in the regional impacts of economic corridors. It also offers valuable information for policymakers in countries participating in the Belt-and-Road Initiative or other Chinese-supported development projects.

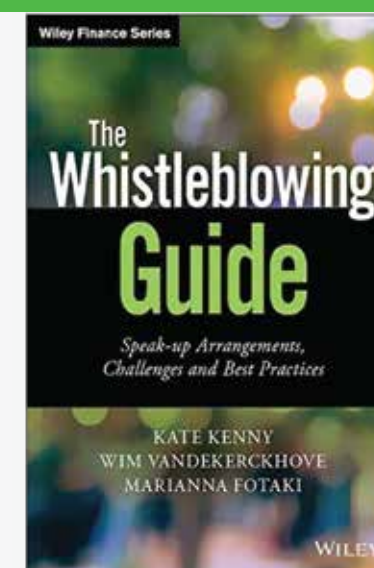
## About the Author

**Dr. Siegfried O. Wolf** is Director of Research at the South Asia Democratic Forum (SADF), a Brussels-based think tank, and a Senior Researcher (member) at the South Asia Institute, Heidelberg University, Germany. He completed his Master of Arts (2003) and Doctor of

Philosophy (2009) in South Asian Political Science at Heidelberg University. He is an affiliated researcher with the Pakistan Security Research Unit (PSRU, Durham University, UK), a former research fellow at the Institute of Political Science (IPW, Heidelberg University) and Centre de Sciences Humaines (CSH, New Delhi, India), and a former visiting fellow at the National University of Science and Technology (NUST, Islamabad, Pakistan). He was a member of the external expert group for the Afghanistan-Pakistan Task Force, German Federal Foreign Office, and worked as a consultant to the Federal Ministry for Economic Cooperation and Development (BMZ), Germany.

# The Whistleblowing Guide

*Speak-up Arrangements, Challenges and Best Practices*



By: Kate Kenny, Wim Vandekerckhove and Marianna Fotaki

## Synopsis:

### Choose the Best Speak-Up Arrangements for Your Organization

The last five years have seen dramatic and fundamental changes in whistleblower procedures for organizations. Prompted by a spate of important public disclosures, organizations are now mandated by law to implement effective arrangements enabling employees to speak up about perceived wrongdoing. Currently few resources exist to help with this. To help fill the gap, The Whistleblowing Guide examines the opportunities and challenges associated with different types of whistleblowing and speak-up arrangements, making recommendations based on best practices you can trust. It: identifies the major organizational, structural and cultural obstacles to speaking up through speak-up arrangements; proposes effective whistleblowing and speak-up arrangements; explains the specific policy and legislation requirements that can promote or impede the effective implementation of speak-up arrangements, and how these can be translated into commercial and public organizations across sectors and cultures; makes a clear distinction between internal and external reporting arrangements. The Whistleblowing Guide offers conceptual

clarification about these key issues, including a focus on internal and external speak-up procedures, organizational response and communication, impartiality and trust.

## Editorial Review

Recent studies have shown that the effectiveness of whistleblowing in exposing illegal or unethical conduct is greater than all the other corporate security, internal auditing and law enforcement measures combined. Due to significant changes in fundamental whistleblower procedures, organizations are now mandated by law to establish speak-up arrangements that enable employees to disclose perceived misconduct. Although the economic and ethical benefits of whistleblowing are substantial, resources on the development and implementation of speak-up engagements are scarce.

The Whistleblowing Guide fills a considerable gap in current literature – discussing the opportunities and challenges associated with numerous types of whistleblowing and speak-up arrangements while offering real-world recommendations based on best practice. This timely guide

presents an effective model for the development of sustainable speak-up systems that is rigorously grounded in new, empirical, international research in various organizational settings.

## About the Author

**Kate Kenny** is Professor in Business and Society at NUI Galway. She has a PhD from Cambridge University's Judge Business School and has held fellowships at the Edmond J. Safra Lab at Harvard Business University and Judge Business School.

**Wim Vandekerckhove** is Reader in Business Ethics, University of Greenwich Business Faculty, and co-director of the Centre for Research in Employment and Work (CREW).

**Marriana Fotaki** is Professor of Business Ethics, Warwick Business School and a Senior Editor for Organization Studies. She has a PhD from London School of Economics and was a Network Fellow at EJ Safra Center for Ethics, Harvard University (2014-15).



# The 10 Best-Ever Anxiety Management Techniques

Understanding How Your Brain Makes You Anxious and What You Can Do to Change It



By: Margaret Wehrenberg

## Synopsis:

**A Much-Anticipated Update to the Classic Personal Road Map, Full Of Strategies to Understand, Manage and Conquer Your Stress.**

Do you feel a tightness in your chest and a racing heart anytime you have to speak up for yourself, whether in a large group or small? Does the very idea that others could perceive you as looking uncomfortable or frightened make those symptoms even worse? Do you vigilantly avoid potential panic triggers, and always think the worst is bound to happen?

If so, you may be one of the 40 million Americans who suffer from anxiety. Symptoms run the gamut from mildly embarrassing but tolerable to persistent and debilitating. While feelings of worry, dread, panic, social unease, and general anxiety are common, their impact is insidious, leaving sufferers feeling worn out and often hopeless.

This book is your answer. Drawing on fresh insights into the anatomy of the anxious brain, Dr. Wehrenberg gets to the biologically based heart of the problem

and offers readers practical, effective tips to manage their anxiety on a day-to-day basis. From diaphragmatic breathing and self-talk, to mindfulness, muscle relaxation, and "plan to panic" strategies, you can learn to train your brain, conquer your stress and anxiety, and regain control of your life.

## Editorial Review

"Although her book and workbook are written for the lay reader, they are good resources for clinicians to have on hand. . . . Because both the book and workbook are user-friendly, this is not something that is going to make anxious people more anxious. . . . *The 10 Best-Ever Anxiety Management Techniques* is a realistic guide to help people work through anxiety provoking thoughts, feelings, and experiences." - *Psych Central*

"Ideal for the non-specialist general reader seeking to successfully deal with the enervating, disabling, devitalizing, injurious effects of untreated anxiety, *The 10 Best-Ever Anxiety Management Techniques* and its accompanying

workbook are impressively 'user friendly' in organization and presentation, making it unreservedly recommended for personal self - help/self - improvement collections." - *The Midwest Book Review*

"This book offers the key to unlocking the complex biochemistry of your brain and reversing your anxiety-inducing habits. Dr. Wehrenberg has done the work for you to create the right learning environment and organize the needed tools. Follow her lead and your body and mind will thank you with the peace and quiet you deserve." - **Reid Wilson, PhD, author of *Don't Panic: Taking Control of Anxiety Attacks***

## About the Author

Margaret Wehrenberg, Psy.D., is a licensed psychologist in private practice, a popular public speaker and international anxiety coach. She is the author of *The Anxious Brain*, *The 10 Best-Ever Anxiety Management Techniques*, and *The 10 Best-Ever Depression Management Techniques*. She lives in St. Charles, Missouri.



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



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