Journal of The Institute of
Bankers
Pakistan
Volume 85 | Issue # 4
October - December 2018

BIOMETRICS IN BANKING SECTOR

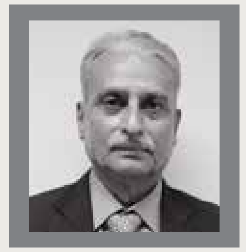
THE NEXT FRONTIER OF KYC

CUSTOMER LOYALTY
CHALLENGES IN BANKING

NEED FOR REFORMING
WTO RULES

ROLE OF
OPERATIONS MANAGER

IBP



Rafi Ahmed
Editor

Contours of Customer Service in Banking

Bill Gates had once very wisely advised sometime back: Your most unhappy customers are your greatest source of learning. As such, Customer Service in banking is one of the most crucial and vital tool to retain and increase the customer base of any bank. The present day customer service is an art as well as science. In fact, it is much more than that, it is also a technology-based spectrum. It is no longer just over the counter service. It embraces empathizing with the customers, literally reading their minds like a psychologist and then solving the issues concerning them. Even small problems can be solved instantly. Better customer service gives rise to profitability and satisfactory results in the best interest of all stakeholders.

But this is not a rocket science at all. There are some essential customer service skills that all bankers, in direct or indirect contacts, with the customers must be adept at if they are to retain and create an ever-increasing clientele, if they are to compete with the competitor banks. This is also necessary to infuse happiness and increase satisfaction level amongst the customers. Based on SBP's half-yearly review of Banking Sector for the period ending June 30, 2018, total number of branch-based accounts number 49 million and branchless banking accounts are 37.26 million, out of a population of 208 million, which means only 41 percent of people are in the ambit of banking. If banks are to compete for more customers, then they would have to make concerted and well-planned efforts to tap the customer market and increase financial inclusion of unserved and unbanked areas and segments of population, besides catering to the existing portfolio.

Banking Industry Scenario

The banking industry in Pakistan is undergoing drastic changes due to ever-increasing technological disruptions, whose hallmarks include a refractory and stiff market competition. The market pitch is characterized by multiple players, with 28 mainstream banks alone, 3 foreign banks and 7 microfinance banks, besides many DFIs and investment companies, all vying for the same pie of the cake. With all the banks having mostly identical products and services to offer and similar branch environment, so only the level of commitment, efficient, courteous, cordial and pleasantly-personalized service would count as a significant factor.

As someone said: The secret to success is to treat all customers, as if your world revolves around them. In doing away with this saying, in course of retaining or increasing the customer-base, the bankers face a complete wrack and plummeting financial results. These would happen if bankers ignore the ever-changing dynamics of customer demands. But bankers have the tools, the employment of which basically achieves more success in their dealings. This is an age of 'great service beats fast service', Sometimes, a bit sluggish service may be an acceptable service, as American Entrepreneur Derek Sivers has explained, that such a service is an interaction where the time spent with the customer was used to better understand their problems and needs from the company.

If the bankers are to succeed in attracting more customers, then they would need to equip themselves with the following skill-set to strive for better results and achieve more customer happiness.

Observation is one of the most important customer-service tools to satisfy the demands and requirements of any customer to contend with. If the customer relations manager or the branch manager can develop an observational mindset, then most of the issues can easily be sorted out. Acute sense of observation needs to be developed about customer behavior to learn more about them, those who visit the branch often or even a walk-in one, as sometimes the walk-in customer (by word of mouth publicity) brings in more customers, if such customers are accorded genial and cheerful treatment. Of course the regular customers are our fast-track resource, it is entirely due to the customers that the bankers enjoy the pay and perks.

Creativity is another trait which is a vital part of customer service rubric. Out of box solutions of customer issues, even sometimes minor ones can result in increase in customer happiness index.

Innovation is an implement which would aid the bankers in coming out with newer, more innovative ways and means in customer solutions.

Patience is the quality of staying calm and quiet in face of irritation and annoyance and bear any offensive behavior without

editorial

loss of temper. Patience is the buzzword in customer service. In managing the customers, who enter your branch with anger writ large on their faces, you should request them to be seated and offer a glass of water or tea to pacify them, then let them ventilate their grievance. Half the anger would fade within the first few moments, when you break the ice. It must be remembered that the banker is sitting in a comfortable environment, while the customers must have come from soaring temperature, outside of the branch. A Swahili Proverb aptly supports the contention that "Patience attracts happiness; it brings near that which is far".

Communication skills consist of both good listening skills as well as conversational skills. The main communication skills which relate directly to customer service are:

- Listening
- Empathy
- Non-verbal Communication
- Para-verbal Communication
- Amiability
- Trust
- Receptivity
- Warmth

Nearly all the above components are of vital significance but listening and empathy top the list.

Listening: A person, who possesses effective listening ability, is also successful in providing better service, for it acts as a catalyst, which is very crucial and helpful in great service. Listening with understanding, tolerance and silence always augments the customer hopes and aspirations. As management experts have listed the listening process involves five stages: receiving, understanding, evaluating, remembering and responding. In active listening one must be fully attentive and alert to each word being uttered by the customer, during the conversation, the listener should, at no cost, look at his laptop, doorway, wall clock or wristwatch, as all these distractions would mean that the listener is not interested in what is being said or the attitude is indifferent or casual. Clear communication skills ensure that the issue at hand is tackled promptly.

Today's customers are shrewd enough to distinguish between those managers or customer relations officers, who possess good conversational skills with clarity and credibility and those bereft of those skills. A branch manager who can enjoy conversing with customers over a cup of tea or coffee on even minor issues can expect better results. The Opacity Wall coming between the banker and customer is to be overcome and transparency must prevail at all costs.

Empathy: According to Mohsin Hamid (a noted Pakistani writer) empathy is about finding echoes of another person in yourself. So as bankers, they comprehend and partake the sentiments, emotional state and sensitivity of their customers and resolve their grievances and banking needs accordingly. Empathy is a character trait and capability to be compassionate, accepting and tolerant, partaking the feelings of another. If someone lacks this trait, it can be acquired as a skill through training, learning and by profoundly observing and reading articles on the topic.

Product Knowledge

All bankers on the front line must possess deep knowledge and understanding of the products and services being offered by their banks. They should also be aware of the competitor products in their vicinity. Besides knowledge of product range, they must also be well aware of the market segmentation, which includes what is actually required by the potential customers as well as existing ones. They must also know what are the USPs of various accounts, asset products and services, be ready to answer all queries in a very affable manner. But they must have complete command and agility in satisfying customers and also good advisory acumen.

Time Management

According to a management guru: No one is too busy in this world, it is all about priorities. The bankers' first priority should be their customers.

Time management is the process of organizing and planning how to utilize the time to one's best advantage in order to fulfil customer expectations. Effective time management emphasizes on work smart–not hard– so that more is accomplished in less time even when one is involved in a hectic schedule and subject to high pressures. Failing to manage your time harms your effectiveness and causes stress. In customer service one has to meet timelines as well as share with your customers the Turn-Around Time (TATs), so that they have no ill-feelings, as some of the tasks rest with the head office, while some within your branch. If the customers are aware of the TAT for each service, then they would be contented customers, not grumbling ones. It must be ensured that timelines are strictly met at HO level. But sometimes, the approval may be delayed, in that case do not blame the head office as it casts an adverse impression on the customers.

The purpose of every business is to create a customer who creates more customers. In a nutshell: *Great Service Beats Fast Service and Work Smart, Not Work Hard.* As customer care expert Damon Richards opines: Your customer does care how much you know until they know how much you care.

The Contributors

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

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The readers of our Journal are invited to send their contributions (write-ups/jokes/positive quotes/general knowledge etc.) to the Manager Publications on topics of interest relating to banking and allied fields. If approved, the same will be published in the Journal.

3RD PAKISTAN BANKING AWARDS 2018

The Definitive Awards For Banking Excellence

The 3rd Pakistan Banking Awards ceremony was organized by The Institute of Bankers Pakistan in collaboration with DAWN Media Group and A.F. Ferguson & Co at a Karachi hotel on Friday, November 9, 2018. This initiative was taken to provide a platform to recognize the contribution of institutions making a marked difference in the world of banking.

The awards were given by The State Bank Deputy Governor Jameel Ahmed, who was the chief guest on the occasion, DAWN CEO Hameed Haroon, Dr. Ishrat Husain, Syed Shabbar Zaidi of A.F. Ferguson & Co and Acting Chief Executive of The Institute of Bankers Pakistan, Farooq Shaikh were also present.

Earlier in a detailed talk, Dr. Ishrat Husain urged all banks to enlist their names for nomination for the next Banking Awards. Analyzing the current banking situation in Pakistan, Dr. Ishrat Husain said banks were on a sound footing. He said Pakistani bankers were no less competent than any other bankers across the world. However, he observed that banks in the country were not mobilizing their deposits like those of the neighboring countries, which resulted in poor savings. A low-saving rate is the main hindrance in the way of higher investment that brings growth to the economy.

Mr. Hameed Haroon, the DAWN CEO, expressed satisfaction that the 3rd Pakistan Banking Awards established its credibility. He thanked the jury for their hard work and impartiality for the evaluation of the banks for the awards. Recognizing banks' achievement through the awards was a great success for the organizers and the jury, he added.

Mr. S. Shabbar Zaidi of A.F. Ferguson & Co provided his analysis of the banking sector in the background of economic growth and uncertainties in the country.

SBP Deputy Governor Mr. Jameel Ahmed read out the speech of State Bank Governor Tariq Bajwa, who could not manage to attend the award ceremony due to his hectic official engagements. He discussed both banking and economy in his speech. The State Bank was working hard for stability in the economy, he said while outlining the measures being taken by the SBP through monetary policies to keep a balance in the economy and all segments related to the economy, including banking. The key stakeholders of Pakistan's Banking Sector attended this prestigious event.

WINNERS

BEST BANK: Meezan Bank Limited

BEST EMERGING BANK: Dubai Islamic Bank

BEST CUSTOMER FRANCHISE: Bank Alfalah Limited

BEST INVESTMENT BANK: Habib Bank Limited

BEST BANK FOR AGRICULTURE: Habib Bank Limited

BEST BANK FOR SMALL BUSINESSES: Bank Alfalah Limited

BEST MICROFINANCE BANK: Khushali Microfinance Bank

BANK THE UNBANKED: Mobilink Microfinance Bank

JURY

Dr. Ishrat Husain - Head of Jury, Advisor to the Prime Minister for Institutional Reforms & Austerity

Mr. Atif Bajwa, Former President & CEO, Bank Alfalah Ltd.

Mr. Atif R. Bukhari, Former President & CEO, United Bank Ltd.

Dr. Farrokh Iqbal, Dean & Director, Institute of Business Administration

Mr. Naveed A. Khan, Former President & CEO, Faysal Bank Ltd.

Mr. Ehsan Ali Malik, Director & CEO, Pakistan Business Council

Dr. Zeelaf Munir, Managing Director & CEO, English Biscuit Manufacturers (Pvt.) Ltd.

We congratulate all the Winners and participating banks for their efforts and contribution in making this event a success. Our special thanks to our co-organizers DAWN Media Group and A.F. Ferguson.

GALLERY

Pakistan Banking Awards
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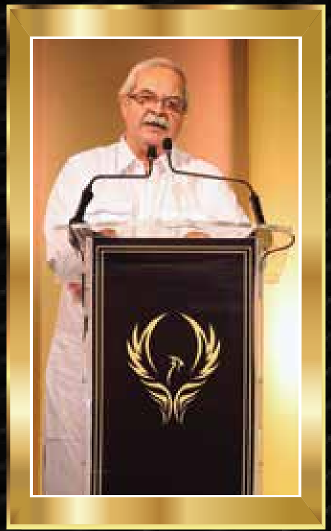


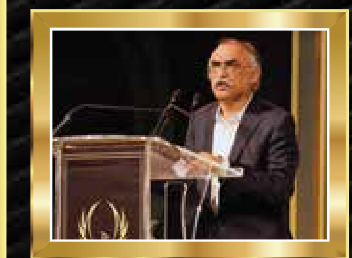



























BIOMETRICS IN BANKING SECTOR

THE NEXT FRONTIER OF KYC

Technology is in progress in today's world and we can see the presence of electronic services in all financial marketplaces, such as banks. Banks feature in every society caused by development in economic and social sectors; hence, it is obvious that banking industry plays an important role in the development of countries. Keeping money, funds transfer, collection and distribution of funds, converting currency and providing facilities are some of the tasks that a bank can perform. With the increasing use of the internet, traditional ways of giving service to customers have transformed the banking landscape.

By: M. Subtain Raza

Biometrics Take KYC Beyond Branches

The process of identity verification has historically required customers to take their physical ID into a branch, where a CSO determines if they are indeed the same persons pictured on their IDs. Widely known as in-person "Know Your Customer" (or "KYC" for short), this process is not only inconvenient and expensive; it can also be questionable from a security perspective. In-person KYC relies completely on the branch representative. Human error introduces opportunities for fraudsters to present tampered ID credentials for example or for criminal collusion to take place between the bank representative and the applicant.

But the KYC process has finally broken free of branch-based face-to-face meetings. Banking providers can now use biometrics to verify a customer's identity — even remotely, using videoconferencing for instance. This is a big deal. Early implementation of new biometric-driven KYC processes can significantly reduce costs, while enhancing the banking experience, making services more attractive and convenient to users.

What is Biometric?

A biometric is a representation of a characteristic of a person, such as fingerprints, voice, face, or iris patterns. 'Biometric solutions' are the systems, processes, and technologies utilizing biometrics for the purposes of identification or verification of individuals in different applications.

> "The process of identity verification has historically required customers to take their physical ID into a branch, where a CSO determines if they are indeed the same persons pictured on their IDs. Widely known as in-person "Know Your Customer" (or "KYC" for short), this process is not only inconvenient and expensive; it can also be questionable from a security perspective. In-person KYC relies completely on the branch representative. Human error introduces opportunities for fraudsters to present tampered ID credentials for example or for criminal collusion to take place between the bank representative and the applicant."

A biometric can be used as one of a number of factors for two functions: identification and verification. These functions are fundamentally different:

Identification is the process of identifying an individual within a population, helping to answer the question "Who is this person?" For example, a facial image of a person may be compared against lots of images in a database. Positive identification occurs if the person to be identified is found in the database. Negative identification occurs if the person is not found. Negative identification can be used for ascertaining if there are no duplicates in a database; useful, for example, to 'weed out' duplicate registrations. This process is also referred to as 1-to-Many or 1:N matching, or recognition.

Verification is the process of authenticating that the service user is the individual the user claims to be, helping them claim "I am person X". For example, a person may use his or her facial image to help them make the claim. A process then takes place to compare their facial image with a previously taken facial image of theirs. If the facial images match then the claim is successful. If the facial images do not match then the claim is unsuccessful. This process is also referred to as 1-to-1 or 1:1 matching, or authentication.

Usage of Biometrics

The practical use of biometrics is growing rapidly, with the aim of bringing more security to consumers and various organizations, including banks with ease. Airport officials have been using iris recognition to verify passenger identities at numerous large international airports for a number of years; this is making life easier for airport officials and passengers. China, for example, is implementing facial recognition technologies that capture the faces of the drivers violating traffic rules and then matches them with the police database, hence enabling enforcement authorities to identify and fine traffic violators, including those driving without a valid licence.

Biometrics in Banking

This technology is making its way into the financial services space, as a rise in identity fraud in recent times mandates verifying the identity of the customer with almost zero error. Thanks to the huge boom in media devices with finger and iris scanning capabilities, organizations such as banks are creating customized KYC procedures that verify the identity of the customer through biometrics.

One of the key drivers of using biometrics for KYC is that it brings in higher security than manual KYC processes, as it uses unique characteristics such as face and iris recognition to verify the identity of customers and ensuring the persons are really who they say they are, and has ownership of the documentation to prove it.

Market & Technology Analysis, Adoption Strategies & Forecasts 2018-2023 identifies that by the end of 2020, some 1.9 billion bank customers will be using biometrics to:

- Withdraw cash from ATMs
- Prove their identity when contacting their bank via telephone (both actively and passively)
- Prove identity for digital onboarding using their faces
- Access digital bank services through an increasing number of connected IoT devices including smart home devices and via connected car and smart city services
- Authenticate into a mobile bank app using their biometric, either using an embedded sensor or through an app or SDK
- Use a combination of biometric modalities (face and voice for instance) to initiate money transfers when accessing web-based eBanking services.

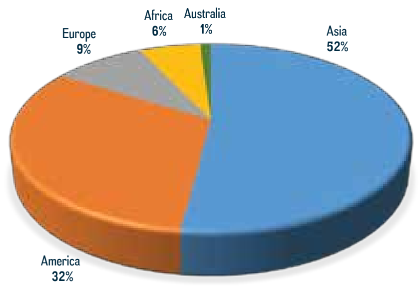
The rapid digitization of banking services, combined with the continued need to adopt stricter customer and employee identification protocols to prevent identity theft and fraud, has set the table for biometric identification technology to become an integral and strategic part of financial service security platforms. Acting as a strong authentication tool to help secure ATM, brick and mortar, and online transactions, biometrics in banking also helps to increase customer trust and improve brand reputation. The necessity for a stronger authentication solution became inevitable in banking services, because of the growing pace of sophisticated transactional technology adoption, along with the unfortunate rise in fraud and security breaches due to reliance on traditional security systems such as passwords. The rise in use of biometrics in banking is helping to better secure customer transactions to prevent fraud.

Emerging Trends of Biometric Technology in the Banking Sector

Biometrics is an automated method of recognizing customers through their biological characteristics and traits such as fingerprints, finger vein patterns, iris, and voice recognition. Biometric characteristics are unique for every individual and difficult to forge, which is why biometric verification and authentication is commonplace in immigration control, law enforcement and forensic studies. Many banks worldwide are already using biometrics with their banking systems to authenticate employees and customers and among all banks utilizing biometrics, 52 percent are located in Asia. Japan has more than an estimated 15 million customers using biometric authentication for banking transactions. Banks in Mexico, South America, Africa and the Middle East are also moving towards the use of biometric identification technology because of its popularity with consumers and ability to offer more security than traditional personal identification numbers (PINs) and passwords.

As biometrics become more popular, usernames and passwords are disappearing — a US Bank recently reported that 2 million of its own customers have traded passwords for biometric security. Digital identity protection and security have become increasingly important to financial markets and institutions across the United States and globally.

Proportion of Banking Using Biometric



Different Ways to Use Biometrics in Banking

Biometric technology is slowly replacing traditional passwords and token-based electronic access, signature-based branch service access, and PIN-based access in mobile banking and at ATMs. Here are ways that banks can use biometric technology to improve banking services and better protect customer assets:

Biometrics in Branch Banking

Financial service institutions are using fingerprint and finger vein biometrics in banking for customer identification in their branches because these two biometric authentication methods deliver quick results that are suitable even for the busiest of branches of a bank. Moreover, fingerprint and finger vein systems are user friendly, easy to use and ensure reliable security. When customers visit branches they can be authenticated at the counter, through fingerprint and finger vein biometric scanners, that match the customer's existing biometric template within the bank database and after successful authentication, the customers will be allowed to move forward with their banking transactions.

> This technology is making its way into the financial services space, as a rise in identity fraud in recent times mandates verifying the identity of the customer with almost zero error. Thanks to the huge boom in media devices with finger and iris scanning capabilities, organizations such as banks are creating customized KYC procedures that verify the identity of the customer through biometrics.

Biometrics in Banking ATMs

Using biometrics in banking ATMs is popular in developed countries and the adoption rate is growing significantly. There are two approaches for customer authentication in ATMs — a customer using only biometrics and a bank card or a PIN along with biometric authentication. Therefore, facial recognition, fingerprints, finger vein patterns and iris recognition are most suitable for ATMs as these biological traits can be easily authenticated in this environment. Furthermore, these types of biometric modalities also have other advantages such as flexibility, compactness, and accuracy.

Biometrics for Internet Banking

Many computers, laptops and even smart phones already have webcams, microphones and fingerprint scanners, offering flexibility for banks to easily adopt biometric authentication in online banking services with fingerprint, finger vein, facial and voice recognition. When customers attempt to access their accounts, some banks now require them to provide a biometric credential first. Some banks require biometric authentication, besides the traditional password to make authentication stronger, also known as a "multi-factor" authentication system. This helps banking institutions to protect customer identities from being compromised by cyber criminals and any other elements trying to illegally obtain sensitive customer information to commit a crime.

Benefits of Using Biometrics in Banking:

- **Protecting Banking Information** – Biometric technology provides the strongest method of authentication that protects banking information from being compromised by unauthorized personnel.
- **Fast and Accurate Branch Banking** – Biometric technology provides fast and accurate identification for the banking industry. Customers can be quickly authenticated in mere seconds through a fast biometric scan.
- **Protection Against Insider Fraud** – Biometric identification of employees performing transactions on the back end is a crucial step in ensuring identity protection and reducing frauds. Biometrics in banking will help financial institutions to prevent insider frauds by establishing secure employee authentication, accountability and concrete audit trail of each transaction.
- **Secure Online Banking** – Over the past years the banking sector has been suffering from massive online service cyber attacks. In most of these cases customers lose their money from the negative effects of identity theft. Biometrics in banking helps the bank to protect customer identities when using online banking services.
- **ATMs with Biometrics** – Biometrics in banking for ATMs authentication brings outstanding benefits to both customers and banks. This system now gives customers flexibility to make transactions without bringing bank cards. Banks can avoid the costs and liabilities of customer problems due to lost or stolen bank cards.
- **Audit Trails** – Banks can easily track and monitor employee and customer activity in the system to create concrete audit trails with biometric technology solutions.
- **Fast, Secure and Accurate Customer Care Service** – The banking sector is always in need of tighter security solutions to provide improved and more secure customer care service over the phone and internet. A biometric voice recognition system for example provides a secure and flexible solution to verify any customers executing transactions outside of a brick-and -mortar environment.

Due to the role of customer trust and loyalty in the success of banks, thus in the economic development of countries, banks should provide convenient and more secured banking services to customers. Biometric technology, integrated with an existing traditional security system, will empower banks to deploy the highest level of authentication security possible. Finally, by using biometric technologies, financial organizations are enhancing their KYC procedures for better customer experience. Biometrics has already hit the mainstream with the advent of more and more devices currently using biometric authentication and this technology will gradually become the focal point of the improved KYC process. ■

By: Muhammad Rafiq

CUSTOMER LOYALTY CHALLENGES IN BANKING

Digital transformation has eroded traditional loyalty of the customers with banks. Customer loyalty has turned out to be a world of moving targets. Sentiment of the banking consumer is shifting regularly on the advent of certain fintech and digital innovations. So, for members of the banking industry, it is very hard to stay on top. The balance of power in the banking sector has changed in favor of the customer. With the available panorama of digital solutions, the customer expectations have rocketed. Banking customers are now in a position to dictate terms; what they expect, how they would like to be serviced, what information they are willing to share and how loyal with the bank they are intended to be, is all at the customers' discretion.

Banking industry of Pakistan is also subject to this challenge. The leading experts of Forrester Research observe very rightly: "We are in the age of the customer, in which the only competitive sustainable advantage is knowledge of and engagement with the customer."

Customer loyalty is a continuing belief of the customers that the product or service of a company being offered to them is the best available option. The banks and financial institutions are under exceptional pressure not only to retain their existing clients but also to market new customers for long term relationship, in the wake of digitization of financial services. With fickle customer loyalty, the traditional banks are losing their business in big proportions. Ant Financial, an affiliate of Chinese Alibaba, is the world's biggest online and mobile payment service provider. Its market capitalization exceeds US $ 150 billion.

Cognizance of the Challenge:

Before embarking upon how to combat the challenge, it is essential to analyze the emergence of challenge by elaborating the developments of digital and financial technology, as under:

Around two decades back, customer attrition was negligible because the clients had to stay local with the traditional bank branch. Shifting funds from one bank to the other was a big hassle. Then, the rise of internet and the technologies of digital communications introduced radical changes in the conventional relationship between the banks and their clients.

GAFA, the combination of Google, Amazon, Facebook and Apple, is mainly responsible for a big shift in customers' expectations. Facebook has started P2P payment through its app Messenger. Apple allows its users to send money to each other by using iMessaging. Amazon has commenced SME lending. Google Pay facilitates payment transactions. These are the titans of technology who possess a major share in consumer to business (C2B) financial transactions. Free from any regulatory obligations, GAFA networks, with their purchasing and payment potential, have diluted the customer loyalty of traditional banks for their greater acceptability with the consumers in their 20s and early 30s. Pakistan is one of the top GAFA network user countries.

Superior customer delight at cheaper cost and blinking pace has made the customer loyalty very volatile. Growth of non-traditional financial service providers has increased options for the customers. E-commerce companies like Alibaba and Uber have redefined customers' expectations. Samsung Pay enables the consumers to pay on the go by just tapping on their smartphones. Social network like Twitter has also initiated the payment services.

The non-traditional financial service providers are not subject to any regulatory pressures; therefore, they are less risk averse and can focus more on customer experience. It is this customer experience that makes the difference with regulator-driven service delivery of the traditional banks.

Like anywhere in the world, the combination of internet and cellular technology has popularized the mobile financial services in Pakistan. Famous brands like Easypaisa, Upaisa, Mobile Jazzcash and UBL Omni etc. have also decreased the branch-based banking transactions by the customers. These brands cater to millions of consumers for services like money transfer and utility bills payment.

On customers' choice, the digital payments are on the rise in Pakistan. According to a report by SBP, during the last quarter of 2017, a total of 186.7 million transactions of Rs. 11.7 trillion were carried out in Pakistan through digital banking channels like mobile phone banking, internet banking, Interactive Voice Response (IVR) banking, Point Of Sale (POS) machines, Real Time Online Branches (RTOB), ATMs and e-Commerce etc.

Digital transformation in Pakistan is also supported by demographics. About 55% of 208 million people are under 25 years of age. There are around 45 million bank accounts while 90 million are the mobile subscribers; leading to a ratio of 1:2. Such massive use of cell phone is estranging the bank customers from traditional loyalties and associating them with touch away financial solutions without the limits of time and space.

Coping with the Challenge:

The circumstances portrayed above contribute to unstable customer loyalty and resulting shrinkage in business of the banks. Therefore, this serious challenge is to be coped with positively by evolving a strategy in line with the ground realities. The following guidelines are elaborated in order to overcome the challenge:

A. Omni-Channel Customer Engagement

Omni-channel banking means that the banking operations can be carried out by the customers through all channels, offline and digital e.g. a call center, a mobile app, a bank branch, a website or any other channel. It must be realized that the core differentiator is now the omni-channel customer engagement. More and more customers are shedding their relationship with the traditional banks. Present day consumers have got used to omni-channel life; therefore they seamlessly switch from device to device and channel to channel, at their will. Hence, the banks are required to develop cross-device as well as cross-channel consistency in their product and services in order to attract customers and establish brand loyalty. In addition to physical outlets, making available a frictionless access to mobile and desktop apps can stabilize the customer loyalty.

B. Enhancement of Digital Experience

Digital transformation with its inherent features of cost effectiveness, speed, accuracy and round-the-clock availability, has shuffled traditional consumer loyalties. Resultantly, client traffic has shrunk in physical bank branches and bank operations have moved online and into mobile domain. This situations demands capital investments for enhancement of digital banking experience of the customer. In this respect, Pakistan's banking industry is already moving towards right direction. As per latest SBP report, paper based banking transactions have shown a decline of 3.7% as compared to digital banking transactions. However, still a lot has to be done to retain and attract customers with digital innovations and fintech solutions.

C. Data-Mining for Customer Intelligence

In a recent paper published by Harvard Business Review, it has been claimed that despite having possession of 95% data required for sound comprehension of their customers, only 36% business organizations have the data mining expertise to extract value by getting

"Customer loyalty is a continuing belief of the customers that the product or service of a company being offered to them is the best available option. The banks and financial institutions are under exceptional pressure not only to retain their existing clients but also to market new customers for long term relationship, in the wake of digitization of financial services. With fickle customer loyalty, the traditional banks are losing their business in big proportions. Ant Financial, an affiliate of Chinese Alibaba, is the world's biggest online and mobile payment service provider. Its market capitalization exceeds US $ 150 billion."

> On customers' choice, the digital payments are on the rise in Pakistan. According to a report by SBP, during the last quarter of 2017, a total of 186.7 million transactions of Rs. 11.7 trillion were carried out in Pakistan through digital banking channels like mobile phone banking, internet banking, Interactive Voice Response (IVR) banking, Point Of Sale (POS) machines, Real Time Online Branches (RTOB), ATMs and e-Commerce etc.

information about customer preferences, tastes, tendencies and expectations etc. Banks can strategize the digitization of their operations after having insights of customer motivators, expectations and needs through data mining technique. This would certainly help them in achieving prolonged customer retention.

D. Banking as Service Industry

A renewed focus is required to treat banking as service industry. Banks should compete more in terms of the service quality rather than financially. Quality of service still matters in customer loyalty because complex needs of a bank customer are catered with face to face interaction in physical bank branches. So, the customer delight at exceptional service quality can block loyalty spillovers.

E. Digital Brand Building

Brand association results in customer loyalty. In a crowded digital technology environment, the banking customers have become choosy in opting for the branded digital solutions of their choice. In this prevailing digital brand building, the 'customer experience' will decide how the client would interact with the brand. Therefore, even in largely automated environment, the banking organizations should ensure that the customer is connected personally to ensure a memorable experience for the user. It is possible with a unique attitude, voice and behavior.

F. Total Relationship Loyalty

Total Relationship Loyalty (TRL) is based on the idea that the customer should be rewarded for his entire relationship with the bank. While banking on the TRL, a 3- dimensional view about the customer is established including (1) tenure and value of the customer (2) usage and ownership of the product and (3) the desired channel behavior. Under TRL, reward schemes are introduced to build up customer portfolio, extract maximum customer value and evolve retention. For instance, Citibank's 'Thank You' earns loyalty points for its customers based on their activity relating to their entire range of products across the bank. Similarly, MCB Loyalty and Discount program offers discounts to the customers of MCB VISA Card, with fascinating discounts and Askari Bank's Loyalty Bonus Allocation EFU Life provides assurance protection and lifelong investment opportunity.

G. Eradicating Digital Pain Points of the Customer

In order to ensure long term customer loyalty, banks must identify the digital pain points of the customers like sign up problem, difficulty in completing a specific transaction and user ID not getting active etc. Research studies show that around one third customers abandon a brand after a single unsuccessful mobile experience. With the purpose to address the digital pain points, intensive sessions of product development are needed to make sure that the features of the app solve all existing and likely pain points before the product offering.

H. Recognize Limits of the Customers in Absorbing Change

Embracing change is very essential. But too much change in the field of digital banking can negatively affect the customers who are accustomed to interact in a specific manner. The product development teams and the management are required to confirm that the change does not affect the customer experience adversely. Limits of the customers to absorb the change must be given due consideration.

The above guidelines are very practical that can be effective in dealing with the emerging customer loyalty challenges being faced by the banking sector, on the advent of digital banking.

The secret of preserving customer loyalty in banking lies in getting more and more customer centric, meeting desires and expectations, treating pain points and delivering personalized services. Banks will have to rise above the transactional relationship and engage in the enhancement of customer experience that is far more satisfying and delightful. Adoption of digital mindset is very essential. The digitally conscious millennial customers of Pakistan possess very volatile loyalty. Customer has supreme significance under the digital paradigm shift in banking industry. Seamless customer experience is desired with more choices, prompt availability and click away delivery. Retaining the customers has turned out to be the biggest challenge of the banking industry. Investment in customer analytics and data driven marketing can also bolster customer loyalty. ■

NEED FOR *REFORMING* WTO RULES

The basic document of World Trade Organization is a redefined and elaborated form of rules and guidelines stipulated under General Agreement on Tariffs and Trade (GATT) in force since 1948. It has particularly prescribed guidelines for Special and Differential Treatment (S&D) to be extended to developing countries to ensure free flow of trade among these countries through preferential access to their markets, liberalizing their capital accounts and ensuring sustained flow of investment in these countries.

By: Akram Khatoon

Under the S&D or preferential treatment approach, it should be incumbent on the part of rich countries to minimize conditions attached to specific trade agreements entered into with the least developed and middle income countries, as presently in terms of rules pertaining to S & D developing countries are required to designate special products and use special safeguards, particularly for agriculture related exportable products, which when implemented, generally result in adding to the cost of production. Hence the 'development and support perspective'- the ultimate philosophy of WTO is negated.

Presently, initiative for reforming WTO rules come from economically rich countries or rather super powers who, in conflict with economic strategies adopted by fast emerging superpower (particularly China), feel threatened as such reforms suggested in this regard particularly by US, European Union and Japan constrain or rather block so-called Chinese mercantilism. These super powers, ignoring the fact that China (through its initiatives to invest in developing infrastructure of quite a number of developing economies including Pakistan), has landed a sustained support to their economies, want to curb growth of China's State owned firms who through subsidies have brought a glut in global steel market. Actually, the need is to bring harmony in the system and in this regard China needs to preserve global trading order and western super powers also go strictly according to program of WTO, particularly the provision regarding trade capacity building support to developing economies.

In this regard reforms to be introduced must be to safeguard the interest of developing economies, who despite the above stated friendly provisions in WTO document, continue to face discriminatory trading environment at the behest of political grouping supported by one or other super powers within the realm of developing economies.

As a first step towards reformatory approach desired by developing countries particularly Pakistan, faced with immense economic constraints, there is need on the part of economically rich countries to adopt preferential treatment in the form of 'trade aid' coupled with strengthened grant based financing to improve trade supply capacity and competitiveness of local firms of developing countries, upholding one of the basic objectives of WTO, of redistribution of gains from trade liberalization and creating an enabling environment for developing countries to streamline integration into WTO mechanism.

In the Ministerial Conference at Doha in 2001, deliberations were made on this particular issue that rich countries will do away with all subsidies and tariffs and commit part of their gains from the trade liberalization to a fund to be set up for building up trade capacity of developing countries, but its implementation was done half-heartedly. Germany, however, could make headway in this regard. Here building trade capacity means offering financial support for developing human, institutional and infrastructure requirements of the countries. Countries from South Asia, particularly Pakistan, have not been offered any such financial support from rich member countries of WTO. The government of Pakistan needs to take up this issue afresh at all international forums.

> "Under WTO regime, rich countries are required to provide service visas to skilled and non-skilled workers of developing countries on non-discriminatory basis, but still quite a number of countries from South Asia and Africa are being discriminated at this count also."

Under WTO regime, rich countries are required to provide service visas to skilled and non-skilled workers of developing countries on non- discriminatory basis, but still quite a number of countries from South Asia and Africa are being discriminated on this count also.

Pakistan's service sector, particularly information technology (IT), has a competitive edge over quite a number of developing countries, but it is being overlooked by economically rich countries while outsourcing their requirements relating to development of software and other IT-related services. Similarly, Pakistan is known for quality financial services. Developed countries must open up their service sector to entertain expertise from developing countries.

Contrary to this, rich industrial countries insist on lower tariffs and no subsidies in any form to any sector of the economy. In case of Pakistan, its major trading partners, while reviewing its trade policy from 2008 onwards, apart from insisting fiscal consolidation and infrastructure expansion, are prevailing on Pakistan government to liberalize trade by withdrawing low rate of income tax charged to exporters, which is being taken as subsidy to exporters and to lower the import tariffs. Frequent use of adhoc policy instruments like SROs and special tax rates to certain sector of economy and regulatory duty imposed on import of wheat and sugar were objected to on the excuse that these policy measures undermine the trade regime of Pakistan. Besides these, some of the member countries objected to high degree of tariff protection, which favors import substitution. Subsidies being allowed to exporters in the form of low mark-up rates on export financing schemes were also identified as contrary to WTO regulations.

Further, the practice on the part of economically rich countries to protect their farmers through levying high tariffs on the imports of agriculture and agri-based products from developing countries is going unabated. This, apart from defying the developmental perspective of WTO agenda, is providing incentives to their inefficient farmers at the cost of growing poverty among the farmers of low-income developing countries, who mostly have agrarian economies.

Besides that, developing countries, who have already removed subsidies from all sectors of their economies particularly agriculture and exports, need to be allowed to retain tariffs on products in which they need to protect particular industry from the developmental perspective. Sufficient time must be made available to them to reduce the tariffs to a manageable level.

In the Ministerial Conference held in Hong Kong in 2005, about 110 less developed nations took a strong stand for gaining access to rich countries' markets and for the removal of agriculture subsidies by rich countries on an immediate basis. They succeeded in availing better protection for Low-Income Developing Countries (LDCs), relating to export of textiles and also sufficient time for removing subsides allowed for both industrial and agriculture products. As such on similar lines, all the low and middle income countries need to insist unitedly for greater market access for export of their non-agricultural products.

Reaching a global agreement on reforms suggested by developing and emerging economies, directly impacting gainful trading position of economically rich countries, is being found difficult and in the past also such issues had stalled the talks at almost all ministerial conferences held from 2005 onwards, as reported in press. In this regard, reconciliatory efforts are needed to be made by Secretariat of WTO and at the same time established terms as envisaged in basic document of WTO need to be enforced. However, keeping in view attitude of super powers who are in conflict with each other particularly US and China, being least concerned about welfare of developing countries through WTO's agenda, implementation of suggested reforms in totality remains doubtful unless concerted efforts are made by all member countries to be on same page to protect the sanctity of WTO. ■

Risk, Risky, Riskier

By: Rafi Ahmed

> "The biggest risk is not taking any risk. In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks."
>
> — Mark Zuckerberg (co-founder of Facebook)

> **"Systemic risk is the possibility that an event at the company level could prompt serious vulnerability or crash in an entire industry or economy. Systemic risk was a major precipitator to one of the greatest financial crisis of 2008. Companies considered to be a systemic risk are called "too big to fail." Investopedia describes "Too big to fail" as the concept whereby a business has become so large that a government will provide assistance to prevent its failure because not doing so would have a disastrous ripple effect throughout the economy. These form a significant part of the overall economy."**

From our early lives, we have been hearing the idiom: No Risk No Gain. Behind the rubric of risk is more that we could see and experience. We often intermingle risk and hazard and treat both as one and the same. But it is necessary to arrive at a clarity relating to the fundamental differences between risk and hazard. Behind this medley, hazard is simply any act that can cause injury, disease, death, economic or pecuniary loss or devastate environment. Hazards are known factors, for example, everyone is well aware that touching an electric pole during rainy season is dangerous, while risk is hidden or unknown, it is defined as the probability of suffering a loss or damage from a peril. Take for example a life Insurance policy, which is dependent on the likelihood of happening of any accident or not, causing injury or death. Or a person who is walking bare-footed in a paddy field and unexpectedly and suddenly bitten by a snake, this is an incidence of risk, the likelihood of which is 50/50 in this case. The knowledge about risk is very important for the bankers, stock dealers, mutual fund manager and investors.

Amongst the plethora of risks, which we face in our daily lives as well as professional lives as bankers, one should know the most important types in order to manage risks appropriately.

Unsystematic Risk is also known as precise, diversifiable or leftover risk. Unpredictability is associated with this type of risk, for example if someone has put an order with a textile company for providing jeans within 60 days, and there is a news circulating that it is undergoing commotion or sudden strike by its employees, then the likelihood of this risk arises, which can only be reduced by diversification or change. Examples of unsystematic risk include losses caused by labor problems, nationalization of assets, or weather conditions. This type of risk can be reduced by assembling a portfolio with significant diversification so that a single event affects only a limited number of the assets. Unsystematic risk means risk associated with a particular industry or security. The effects of Unsystematic risk can be reduced through diversification. For instance, the strike of South African workers at De Beers, the world's largest diamond producer in July 2011, over wage demands was a clear-cut case of unsystematic risk. This was specific to only diamond industry.

Systematic Risk, on the other hand, refers to the possibility of loss associated with the whole market or market segment. Systematic risk is uncontrollable whereas the unsystematic risk is controllable. According to an expert: The systematic risk is a result of external and uncontrollable variables, which are not industry or security specific and affects the entire market leading to the fluctuation in prices of all the securities. Systematic risk means the possibility of loss associated with the whole market or market segment. Unsystematic risk means risk associated with a particular industry or security. But systematic risk can be mitigated only by being hedged. A hedge is an investment position intended to offset potential losses or gains that may be incurred by a companion investment.

Some Major Risks with Consequential Significance:

Apart from the two as discussed, there are some more risks which can have adverse effects.

Systemic risk is the possibility that an event at the company level could prompt serious vulnerability or crash in an entire industry or economy. Systemic risk was a major precipitator to one of the greatest financial crisis of 2008. Companies considered to be a systemic risk are called "too big to fail." Investopedia describes "Too big to fail" as the concept whereby a business has become so large that a government will provide assistance to prevent its failure because not doing so would have a disastrous ripple effect throughout the economy. These form a significant part of the overall economy. The term is borrowed from Too Big to Fail which is the title of an American biographical television film on Andrew Ross Sorkin's non-fiction book *Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System—and Themselves (2009). Too Big to Fail* chronicles the 2008 financial meltdown.

A company highly interlinked and integrated with others is also a source of systemic risk. Systemic risk should not be confused with systematic risk as it relates to the entire financial system. The ideal example of systemic risk is of Lehman Brothers Holdings, a global financial services firm. Before filing for bankruptcy in 2008, it was doing business in investment banking, equity and fixed income sales and trading (especially U.S. Treasury securities), research, investment management, private equity, and private banking. Lehman's bankruptcy filing played an adverse role in the unleashing of the late-2000s global financial crisis. The market collapse also gave impetus to the "Too Big To Fail" doctrine. The collapse had great global repercussions in the banking and financial sector, it was caused by Lehman's involvement in the subprime mortgage crisis and its exposure to less liquid assets.

Country risk happens when a foreign government will default on its financial commitments and be unable to meet its trade finance obligations. Country risk also refers to the broader notion of the degree to which political and economic unrest affect the securities of issuers and investors, exporters and importers, doing business in a particular country. The current examples are of Venezuela, Afghanistan, Somalia and Zimbabwe which are chronic cases of country risks. Country risk is a matter of concern because political and socio-economic turmoil create volatility and disturb peace and world trade. Country risk varies from one country to country and can include political risk, exchange-rate risk, economic risk, and transfer risk. In particular, country risk means the risk that a foreign government will default in its financial commitments. In a broader sense, country risk is the degree to which political and economic unrest affect the ease of doing business in a particular country.

Currency Risk, sometimes referred to as exchange rate risk, is the possibility that currency depreciation will negatively affect the value of one's assets, investments and their related interest and dividend payment streams, especially those securities denominated in foreign currency. This will also have adverse implications on import and export trade with that country. A fresh example is again of Venezuela where according to an investigative report there is rampant hyperinflation. The annual inflation rate reached 83,000% in July, 2018 according to a recent study. Currency risk has deep ramifications, not only across the borders and international arena, but also within the country as noted in this case. Prices in Venezuela have been doubling every 26 days on average. This has resulted in many Venezuelans finding hard to afford basic

Systematic Risk versus Unsystematic Risk:

Unsystematic Risk

The fluctuations in returns of a company arising due to micro-economic factors are termed as unsystematic risks. These risk factors exist within the company and can be avoided if necessary action is taken. The risk factors can include the production of undesirable products, labor strikes, etc.

It is further divided into two categories:

- **Business Risks**
- **Financial Risks**

VS

Systematic Risk

Systematic risk is also referred to as non-diversifiable risk or market risk. Systematic risk is the fluctuations in the returns on securities that occur due to macroeconomic factors. These factors could be the political, social or economic factors that affect the business.

It is further divided into three categories:

- **Interest Risk**
- **Inflation Risk**
- **Market Risk**

items such as groceries. With small items like a cup of coffee costing a whopping 2.5 million bolivars until recently, it also became increasingly difficult to pay for goods in cash. Until the currency's redenomination on 20 August, 2018, Venezuelans needed 25 of their highest denomination notes - the 100,000 bolivar bill - to pay for their coffee cup. Further it has caused the exodus of 2.3 million people (more than 7 % of the population of 32.4 million).

Most of the times, currency risk goes in tandem with the country risk.

Reputational Risk is a risk of loss resulting from damages to a company or bank's reputation, revenue loss; increased operating, capital or regulatory costs; or degradation of shareholder's value, consequent to an adverse impact. In some cases, a decrease in reputation can lead to large-scale financial losses due to failure in raising capital, loss of sales and increased costs such as fines or legal fees. The following are a few examples of reputational risks.

- *Accounting:* A company finds some discrepancy in its accounting and need to revise its results for the past 2 years. Its share price plummets and the company loses all credibility with investors. They have difficulty raising capital and their cost of capital rises dramatically.

- *Information Technology:* A bank experiences a security incident in which a hacker discloses its customers' private information such as name, address and credit card details. They face lawsuits, regulatory inquiries and a severe drop in sales as customers close their accounts or avoid their website.

- *Operations:* A bank's systems crashes, its customers cannot avail its services for several critical hours. The crash gains much publicity and regulators investigate the bank. The outage becomes a key selling point for competitors who claim to have more stable systems. Customers close their accounts and regulators impose fines.

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs.

> This has resulted in many Venezuelans finding hard to afford basic items such as groceries. With small items like a cup of coffee costing a whopping 2.5 million bolivars until recently, it also became increasingly difficult to pay for goods in cash. Until the currency's redenomination on 20 August, 2018, Venezuelans needed 25 of their highest denomination notes - the 100,000 bolivar bill - to pay for their coffee cup. Further it has caused the exodus of 2.3 million people (more than 7% of the population of 32.4 million).

In case of default by its creditors, the bank will face difficulties in meeting its targets.

Types of Credit Risk

There are, generally, three types of credit risk:

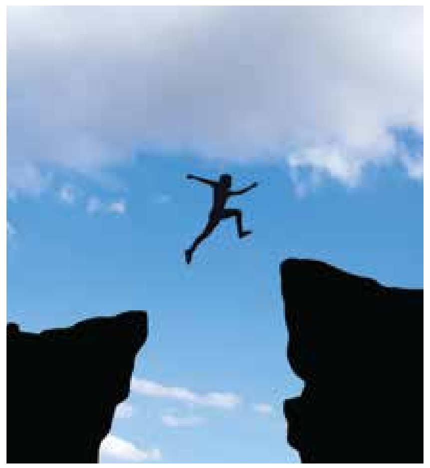
- Credit spread risk occurring due to fluctuations in the difference between investments' interest rates and the risk free return rate.

- Default risk arising when the borrower is not able to honor contractual payments.

- Downgrade risk resulting from the downgrades in the risk rating of an issuer.

Operational risk is very well-defined by the Basel Committee on Banking Supervision as: "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk". Operational risks may be caused by sudden disasters such as typhoons, earthquakes, flash floods etc. On the internal front, it may be due to computer systems hacking, internal and external frauds.

The bankers ought to take cognizance of various risks lurking in their domain and understand all risk management processes and mitigation tactics. As Alan Greenspan, an American economist who served as Chairman of the Federal Reserve of the United States, had stressed: "Indeed, better risk management may be the only truly necessary element of success in banking." ■



17 METHODS of Inspiring Others

By: Sohail Zindani

Leaders inspire. They may inspire in different ways – but it is the inspiration that qualifies them to be a leader. The good news: the ability to inspire and motivate comes down to doing a lot of the "simple" and "common sense" things well. But remember, simple is not necessarily easy. What is experienced all too often is that many of these ideas, while they may be common sense, are anything but common practice.

Leaders who inspire…

- Take team orientation seriously. They work to dissolve the separate camps and eliminate silos.
- Challenge ideas respectfully. The best part is that they encourage others to speak up.
- Are committed to individual's strengths. They coach, they mentor – and help their team mates to bring the best out of themselves.
- Display contagious enthusiasm and passion for what they are doing.
- Exhibit genuine concern for the people they work with.
- Focus on achieving most important goals without getting distracted.
- Follow through on commitments. They keep promises, no matter what.
- Are excited about new initiatives and help the team experience the same level of excitement.
- Are always marching towards a vision.
- Help the team understand major decisions. They don't just inform – they involve.
- Are connected. No cc or bcc – they are connected.
- Help their teams think fearlessly.
- Aim for clarity in all communication.
- Actively seek feedback.
- Celebrate team's success.
- Treat everyone fairly — with respect and dignity.
- Are candid- They don't sugarcoat – and hence, they are deeply trusted.

Remember, John Quincy Adams once said, **"If your actions inspire others to dream more, learn more, do more, and become more, you are a leader."** ■

All inclusive?

Financial inclusion is on the rise globally, but account ownership varies dramatically: from 9% in South Sudan to 100% in countries such as Sweden. How can organizations not only extend access to the remaining underserved population, but ensure that it is genuinely useful?

Globally, 69% of adults – 3.8 billion people – now have an account with a bank or mobile money provider, according to the World Bank's Global Findex database. While in some economies account ownership has surged, progress has been slower elsewhere – often held back by large disparities between men and women and between the rich and poor.

In the UK, basic bank accounts have been available for over a decade. A voluntary agreement in 2014 marked a commitment from the nine largest personal current account providers to improve basic bank accounts and, in 2016, a further agreement was designed to standardize and extend their availability. All nine, along with some other banks not covered by the agreement, now offer basic bank accounts that are 'fee-free' for standard operations, including a failed payment.

This major agreement between government and the banking industry was hailed as a positive step towards helping the 1.5 million adults who, according to the University of Birmingham's Financial Inclusion Annual Monitoring Report 2017, lacked access to basic banking services.

Get the Basics Right

But, stresses Joanna Finlay, who won the Chartered Banker Young Banker of the Year award in 2017 with her project to boost financial inclusion, the introduction of these accounts alone has not been enough. This, she believes, is because the existence of basic bank accounts does not ensure that people are aware that they are entitled to apply and face no barriers in doing so." Additionally, as authors Karen Rowlingson and Stephen McKay point out in the aforementioned University of Birmingham report, "having access to a bank account does not in itself guarantee that it will be useful or be used".

Finlay saw this at first hand: "Through listening to previously homeless people and the charities supporting them, I became deeply frustrated that the reality was that those who could benefit most from having a basic bank account were often unable to apply."

Eligibility and Access

The reasons why individuals remain unbanked are complex, with common factors including accessibility, desire to own, the ability to manage an account and eligibility. Finlay chose to start with the latter, working with charities, banks and homeless individuals to overcome the mutual challenges around verifying a potential customer's proof of address.

"If we can help people without proof of address to access banking services, receive legitimate income, pay rent and bills electronically and escape the poverty premium, this can support their rehabilitation, in turn enabling the charities to get more people off the streets," she explains.

Finlay's solution sought to tackle the underlying issue: trust. Without trust, she insists, "There is little hope for those outside our system." She identified two areas in which trust needs to be built: "On the one hand, unbanked people are often wary of banks, not believing themselves to be welcome as customers." On the other, banks can be wary of non-standard forms of identification due to the risk of fraudulent applications and potentially serious repercussions of having unsatisfactory AML defences, she says.

While many banks will in principle accept a letter of introduction, Finlay found the reality was that branch staff did not always recognize this as an acceptable proof of address. Similarly, charities and homeless individuals applying for a basic account were largely unaware that it could be used. Aside from these apparent communication problems, the verification process has inherent flaws in terms of both efficiency and risk, she points out, as it relies on the retrospective assumption that the author is legitimate and trustworthy.

> **"I became deeply frustrated that those who could benefit most from basic bank accounts were often unable to apply."**

Trusted Partners

To overcome these challenges, Finlay created a solution based upon building personal relationships between branches and charities and thus creating a space for trust to grow. "This approach enables us to satisfy our need for identifying each applicant via a trustworthy, independent source, reduces the risk of fraudulent applications and account misuse, and ensures that branch colleagues and charities are not only aware of the solution, but empowered to use it." While she accepts that, as a manual process, this might be seen as cumbersome, digital options to trace the letter's source to the relevant homing charity manager proved cost-prohibitive within the context of the competition. "Opportunities to make the process slicker should not be an excuse for not starting today," Finlay stresses. "The simple forms we are piloting aim to take the guesswork out of providing and verifying these letters."

Access for All?

It is through intelligent, adaptable technology that Pockit, a FinTech which describes itself as a 'digital current account, not a bank', aims to revolutionize access to banking. A central part of this approach is its recognition that, when it comes to KYC, there is no one-size-fits-all. Customers have diverse needs, stresses CEO and co-founder Virraj Jatania. One person might, for example, struggle to provide proof of address because they have recently moved to the UK. Another might be in temporary housing or unable to afford expensive forms of ID such as a passport. "That's why we've streamlined our process to ensure that it's easy to use and incredibly accommodating of individual situations," says Jatania.

Pockit will grant customers a basic bank account no matter what, he explains, always striving to provide them with the fullest access to its services at their point of sign-up. "But if we can't do that, we make it as easy as possible for them upgrade to our full suite of tools for free." To do so, customers can simply send a selfie and proof of ID. "We do our best to accept alternatives to traditional forms of ID, such as letters from the government, and also accept in-person verification with partner organizations such as homelessness charities once we've satisfied due diligence requirements." A big part of the process is always making sure that there's a human on the other end of the phone. For Jatania, improving financial mobility is ethically the right thing to do. But, he explains, it also makes business sense for Pockit. "Two million UK consumers are unable to access even a basic bank account, and millions more are left stranded by highstreet banks in other ways: isolated by branch closure, unable to access affordable credit, reliant upon unarranged overdrafts, or otherwise trapped by a lack of basic services." Historically, retail banks have extracted the highest value from their most affluent customers, he notes, meaning that recruiting customers on low incomes is effectively disincentivized. This cycle has created a huge gap in the market, so it "makes sense for Pockit to meet the burgeoning demand".

The Power of Partnerships

Jatania recognizes that challengers like Pockit benefit from the agility that is inherent in startup business models, yet he also highlights the mutual benefits of partnering with larger players. "Our size allows us to be flexible and resilient and to roll out radical internal change at pace where necessary," he explains. The UK regulatory environment could certainly be more conducive to supporting vulnerable customers, he believes; "But as Pockit develops we are finding policymakers increasingly sensitive to this market."

Pockit has itself benefited from partnerships with larger, more traditional financial services firms, but there are learnings to be found on both sides. "A great example is our work with Experian," he says. "We share customer insight and best practice, but also develop each other's perspective on the best ways to tackle industry challenges."

Solutions at Scale

While it does not have a UK retail presence itself, Citigroup's global experience underlines the importance of strategic partnerships in tackling financial exclusion. "People don't wake up in the morning wanting to get banked," says Bob Annibale, Global Head of Financial Inclusion at Citigroup. "Instead, individuals have real, practical needs and our approach at Citi is to create solutions for as many people as possible.

"New entrants and innovation are constantly creating new opportunities to better address the needs of the unbanked and underserved," he adds. "The most powerful models that we have seen globally are partnerships – sometimes between unlikely parties and banks – that allow these solutions to be scaled."

> **"People don't wake up in the morning wanting to get banked. They have real, practical needs that require solutions."**

Citigroup, the 'World's best bank for financial inclusion 2017', according to Euromoney, put this into practice in Mexico. There it operates as Citibanamex, forming a joint venture with the country's largest mobile network operator, América Móvil. The resulting mobile payments operator, Transfer, removes the need to visit a traditional bank branch by hosting simplified digital bank accounts – together with integrated, in-app financial education tools – that people can open via the network or their mobile phone.

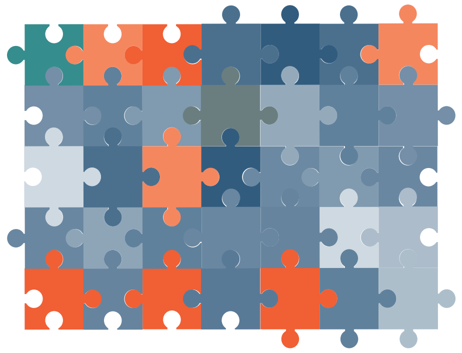
In 2017, through a distribution partnership with convenience store chain OXXO, the bank opened an average of more than 8,000 new Transfer accounts every day. That year alone, more than three million Mexicans set up a Transfer account, 85% of whom did not previously have a bank account. By 31 March 2018 more than seven million accounts had been opened, performing over 20 million transactions per month.

Inclusive Growth

But it was after many years of philanthropic contributions to financial inclusion that the bank realized it could contribute most if it brought its business to bear, says Annibale. As a result, Citi Inclusive Finance was created as a specialized industry unit with the business. "Our work is not only focused on serving individuals through products like Transfer, but also enabling corporate, government and other institutions who serve low-income customers directly achieve scale."

To achieve this, he explains, Citi's businesses around the world work with banks, corporates and non-profits on lending, transaction banking, capital markets and IPOs to create efficiencies and drive more capital and diverse investors into the sector. Inclusive growth is an area that is also increasingly important to the bank's clients, regulators and employees.

Towards 'Tech Touch'?

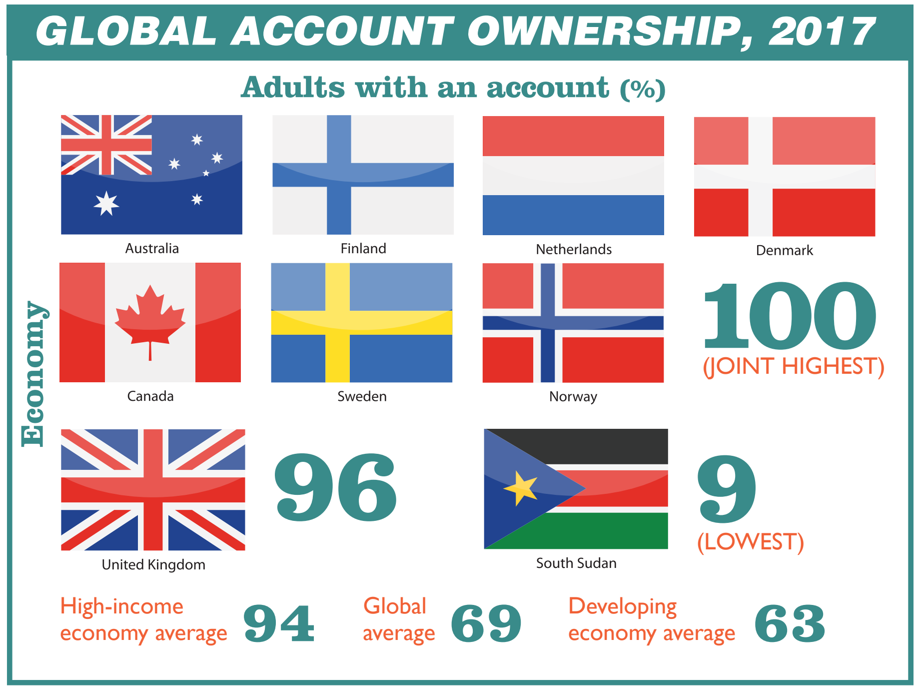


Whether customers are affluent, millennial or low-income, the way they interact with finance is converging, notes Annibale. "Game-changing technology such as smartphones may have contributed to a decrease in the use of branches as a primary means to access financial services, but we must remain mindful of the clients that we are trying to serve."

While smartphone-only solutions have proven very successful in some countries, often leapfrogging traditional banking services, they are not appropriate for everyone and every market. In the UK, for example, an estimated 600,000 of the 1.5 million financially excluded adults are older people, highlights Annibale, and around a third of over-80s have either never used a cash machine or prefer to avoid them.

"From our global perspective in financial inclusion we are seeing the emergence of tech-touch solutions that combine technology and a local presence to create efficiencies and maintain connectivity to communities." ■

This article was originally published in October/November 2018 issue of Chartered Banker magazine.



Source: The Global Findex Database 2017

Propositions with purpose

Could FinTech be an agent of social and environmental change? SARAH LOWTHER investigates.

Two billion people around the world do not have a bank account, with 1.5 million of those in the United Kingdom. What causes these people to remain unbanked is down to a variety of factors, such as eligibility, accessibility, desire to own, and the ability to manage an account. FinTech – technologies and innovations including smartphones, blockchain, artificial intelligence and machine learning – has the potential to be a social and economic equalizer, enabling the unbanked to gain access to the benefits of having an account of their own.

With Great Power…

With technical progress, transformation and associated opportunities comes responsibility – a responsibility to ensure that FinTech does not inadvertently create a divide between the haves and the have-nots; and that it will empower the economically disadvantaged and assist sustainable development. Central to this is the question that banks, government agencies, financial agents of change and software developers are considering: what is the purpose of FinTech and who should it serve?

Anna Laycock is Executive Director at the Finance Innovation Lab, an organization dedicated to creating a financial system with a social and environmental purpose. "We see many FinTech developments as 'status quo innovation,'" she says. "They add a better user experience or a more efficient back-end, but they don't fundamentally change the way finance works for individuals or communities."

Laycock's 'status quo' is based on an analysis of what she sees as the maintenance and beautifying of existing business models and power relations in traditional retail banking. More inclusive innovation is required. This comes just two years after the Financial Conduct Authority used three metaphors to describe the difficulties consumers had in accessing financial services. Physical and digital barriers were described as 'The Void'; complex bureaucratic procedures were 'The Maze'; and 'The Fog' referred to a lack of transparent and simple information, hampering understanding.

A Call for Data Clarity

The implementation of the General Data Protection Regulation (GDPR) in May spawned FinTech cloud-based solutions to assist companies understand the intricacies of what the regulation was demanding of them. The challenge remaining for banks and other B2C organizations is how to explain to the customer how their personal data is used. There is only one way at present, and that is the text-heavy, long-handed way.

"BANKS' FINTECH FOCUS IS PREDOMINANTLY ON CUSTOMER CONVENIENCE, BUT THIS IS NOT WHERE THE TRUE TREASURES OF FINTECH AND GREEN FINTECH ARE TO BE FOUND."

Paul Clark, Chief Technology Officer at Tandem Bank, points to the Consumer Credit Act 1974 which regulates credit contracts and largely dictates what a bank tells its customers. "It's a beast of a document and in practice few people will read and understand it in full," he says.

The digital challenger bank, which operated under the working title of 'The Good Bank' while it was being set up, and which has a base of more than 10,000 cofounders, is committed to clarity. "Customers' data protection rights are set out in Tandem's privacy policy in language that people can understand; it explains what data is collected, how it is used and how a customer can correct it or have it deleted.

"When we request information as part of customer registration, we do our best to give the context for why we want this information and what we'll use it for," emphasizes Clark. "This way, people know what they're signing up for and how they stand to benefit."

The Small Print

There is an expectation that the customer reads everything in full – but do they? Who really reads the small print? Anna Laycock remains concerned about 'weak consent', where the user does not understand how their data is used, shared and stored. "We know people don't read terms and conditions," she says. "The problem is now compounded by the lack of understanding of data-use and business models. The website Doteveryone.org.uk, for instance, has found that 70% of people don't realize a free app will be using and/or monetizing their data."

Laycock references the FCA's Duty of Care discussion paper released in July. It is exploring whether a specific duty of care requirement for firms in financial services could enhance good conduct and culture and provide additional protections for consumers. "Many compliance departments seem to assume that more information equals more understanding, or that boilerplate warnings will be read and understood. We'd like to see new tech used to ensure that people are presented with clear, concise, relevant information about their contractual obligations at the point where it will have most meaning for them. Can banks and FinTechs work together and with the regulators to test and refine this?"

Clark highlights one of Tandem's relevant FinTech solutions: "We can use a customer's data to see if they're going to break even at the end of the month; if they're not, we can proactively suggest ways for them to make savings, be that switching to a cheaper utility provider or cancelling a streaming subscription that has increased in price."

Tandem's app aggregates every bank account owned by a customer into one place. Insight gained from that data then assists in the creation of financial products and features aimed at helping customers manage their money better.

Digital Exclusion?

Laycock returns the conversation to the socially disadvantaged. "Much of the FinTech sector is focused on the wealthy or on millennials, as a more attractive target audience in terms of profit and scaling." She wonders whether enough products are being designed for lower-income customers who don't have smartphones or who have to rely on public Wi-Fi. "Will this create a new form of financial exclusion where people can not access services that have been designed on the assumption we all have the latest smartphones and always-on 4G?"

The flagging of public Wi-Fi access is a critical one. Consumers using less sophisticated handsets could be vulnerable to identity theft and fraud. Public Wi-Fi can expose the user to unencrypted networks. If the consumer's information is unprotected, criminals eavesdropping on Wi-Fi signals can access everything the user is doing online.

" WE SEE MANY FINTECH DEVELOPMENTS AS 'STATUS QUO INNOVATION'. THEY ADD A BETTER USER EXPERIENCE OR A MORE EFFICIENT BACK-END, BUT THEY DON'T FUNDAMENTALLY CHANGE THE WAY FINANCE WORKS FOR INDIVIDUALS OR COMMUNITIES."

More Interaction

Floris Kleemans, the former Head of Strategy at ABN AMRO and the founder of the FOCAFET Foundation, agrees with Laycock's assertion that FinTech is not transformative enough at the back end, but he also offers another viewpoint: "Banks' FinTech focus is predominantly on customer convenience at the front end. This is nice but it is not where the true treasures of FinTech and green FinTech are to be found. With such an approach, banks remain legacy-constrained, IT spaghetti-bound, costly and slow-moving operators."

Kleemans understands and sympathizes with banks and what he describes as the focus on three-to-six-month profit targets and 18-month timelines to introduce change. He argues that for the creation of a 'oneness', banks must look at design and architecture that allows information to communicate directly with other information unimpeded. "With the right, 'rigidly agnostic approach', for instance, and the use of ecosystem-neutral and open identifiers such as 'virtual addresses', FinTech can remove IT spaghetti and legacy. It will make banks agile, fast and scalable again in functional interoperability. With that renewed agility, speed and scalability, a lot more interaction and sustainable value can be created."

Sharing the Value

The concept of 'oneness' interests Laycock: "How can we share in the value of our data rather than give it away to companies who will use it to generate value for themselves, but not necessarily share this value with the public?" she asks.

Kleemans is hopeful he has found a solution and one that's not too dissimilar from the worldwide web's research-sharing purpose when it was created almost 30 years ago. Today, FOCAFET is creating a free-to-use internet protocol that allows information to interact directly with other information on an open source data, open intellectual capital basis. He describes it as a new 'internet of entities' or 'virtual internet', in which everyone and everything can interact with the use of virtual addresses. In working proofs of concept, 'everyone and everything' can concurrently interact with each other in over 80 languages.

Fintech For Sustainability

In a FinTech innovation recognized as capable of supporting sustainable development, FOCAFET is working with several international companies and banks on a virtual barcode that provides a product-centered shared data solution with customizable information access and controls in the supply chain. Banks can collateralize products through the virtual barcode and provide finance to low-income producers that currently do not have access to finance.

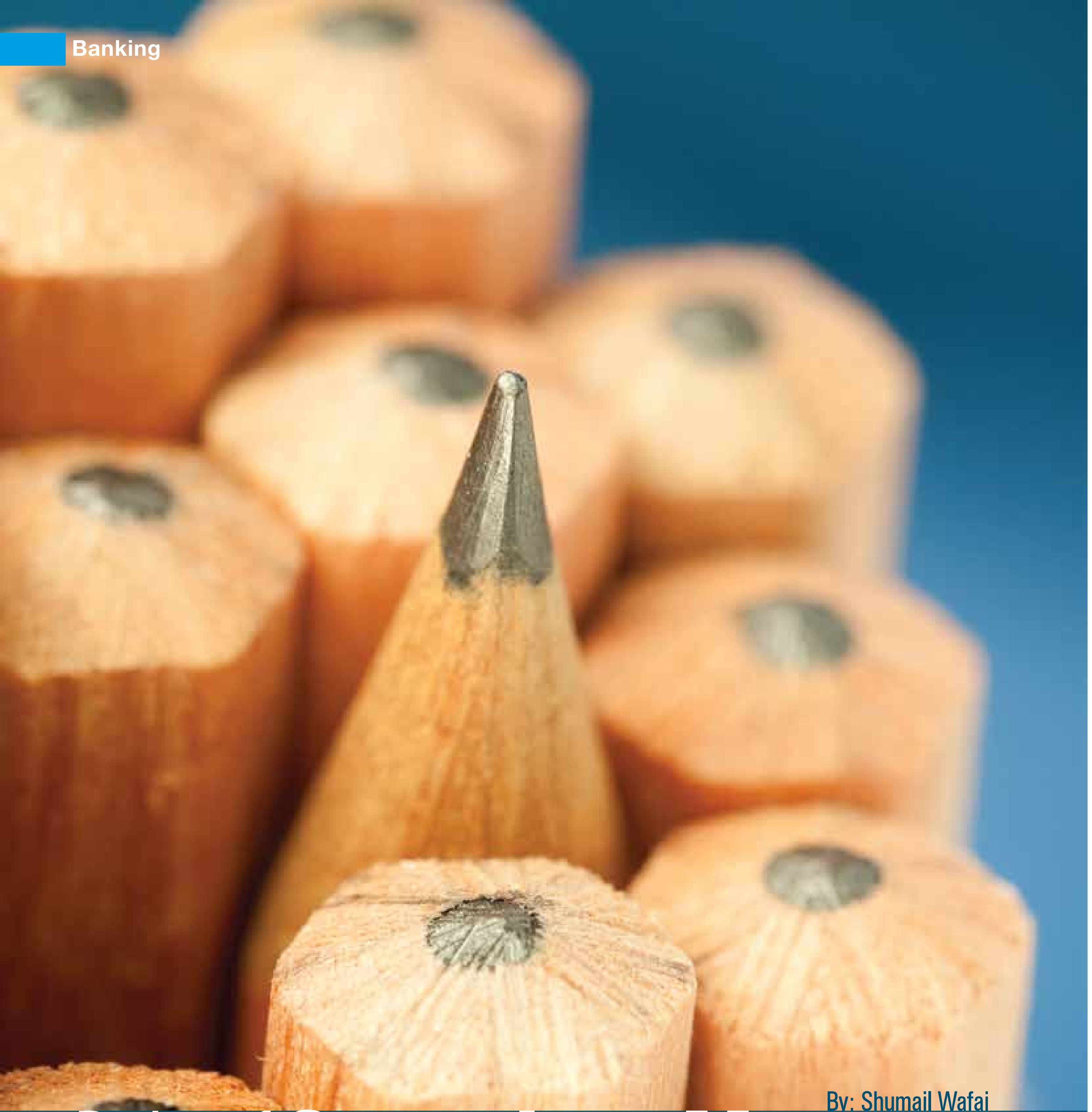
It is a collaborative change in approach rooted in a commitment to social and economic good. Kleemans concludes: "Beyond technology, FinTech is also about culture and principles. I would consider FinTech to be a result of the smart combination of recent technologies and concepts into new propositions."

And it is propositions with purpose that could become FinTech's motivation, fostering universal relevance.

This article was originally published in October/November 2018 issue of Chartered Banker magazine.

WATER SYMPHONY

The dictionary defines water as a colourless, oudourless, transparent liquid which forms seas, rivers, lakes and rain and is the basis of the fluids of living organisms. Chemistry calls it a combination of two parts hydrogen to one part oxygen or H2O. The adult human body is 60% water. Our hearts and brains are 73% water and our lungs, 86%. Our bones, the most solid thing we have in our bodies, are 30% water. So perhaps we should call it what it is; water is that liquid without which you and I will die. (Swati Thiyagarajan)



By: Shumail Wafai

Role of **Operations Manager**

Operations Manager, in a bank, has the overall responsibility of leading and supervising the daily operations of his branch. The importance of his role can be judged from the multi-functional roles being performed by him in the bank and in fact the entire edifice of branch is built around these crucial roles. The OM leads day to day activities of high visibility multi-functional operations department. If the Branch Manager, to whom he reports is the brain, then he is the body of the branch.

He manages vital activities to ensure timely and accurate processing of daily operational requirements. He also coordinates with his team members to improve processes and procedures that meet compliance, audit, legal and customer service targets. He also works in close cooperation with the Branch Manager, Credit and Trade Finance Departments as well, acts as bridge between the staff and the Branch Manager and implements efficient, technology-driven solutions within all operational areas. He also has to supervise staff and keep monitoring their performance to meet the required standards. He also ensures regulatory compliance and information security standards pertaining to his areas.

The operations manager lends a vital support to the branch manager by overseeing the efficient working of the branch to ensure all operational functions are adequately performed by the staff, while displaying an aura of confidence, service, security and satisfaction to all the customers and staff. He has also to keep in liaison with the internal customers such as other fraternal branches and Head Office departments, besides other banks also, in case of need.

Functions as mentioned below are usually performed by an Operations Manager. Almost all banks follow the same pattern, but some variance may happen.

- **Branch Administration** – The entire branch administration is his territory, and he has to monitor and manage the following:

A. Branch opening and closing procedures are his responsibility.

B. Notice boards and sign boards are visible and neat and clean. The notice boards must have all the relevant circulars, rules and regulations placed within the easy reach of the customers and staff.

C. Proper maintenance of high resolution Close Circuit Television (CCTV) cameras – Whether the same are functioning properly with surveillance coverage over the entire ATM cubicle, cash counter and the entire branch security. He has to ensure the digital video recording (DVR) of ATM feedings and branch security, which are to be preserved for 90 days.

D. Upkeep of branch premises and bank assets, furniture and fixtures, such as generator, ATM, air-conditioner, photo-copier, stabilizer, lightings, cash counting and sorting machines, scanner and to ensure that the fire extinguishers have not expired etc.

E. Ensure display of Mission, Vision and Core values of the bank at focal places, the standees must be sufficiently stocked with pamphlets of products and services, within the range of customers.

F. The security guards are properly documented at branch-end and their uniforms are clean and guns are in order, besides other staff should also follow the dress code.

- **Funds Transfer** – Funds Transfer from one client to another and one branch to another is also the responsibility of the OM.
- **Account opening of Customers** – The process starts with the Customer Services Officer and goes to the table of the OM, who after scrutinizing the same, ultimately submits it to BM for onward passing to CPU Account Opening.
- **Cash management** – Cash counter and the strong room can only be opened with the keys of authorized Teller, Head Teller and Operations Manager.
- **Remittances** – Issuance of pay orders etc.
- **Safe Vault (Lockers) Management** – The entire SOP has to be followed by the operations manager with regard to security, secrecy and privacy of lockers.
- **Transactions:** The Operations Manager is also responsible for Updating KYC and monitoring all daily transactions, keeping a watch if there is any need for Cash Transaction Reporting to Compliance.
- **Cheque Scrutiny & Authorization:** Examining the valid features of cheques presented and then authorizing payments.
- **Inward & Outward Clearing Operations:** Inward clearing means the cheques received by the bank from other banks, on the other hand, Outward Clearing means cheques sent for collection. In view of importance of the clearing system to the customers, the OM has to remain alert and ensure that proper procedure is followed.
- **Day-end statement of affairs/GL** properly balanced and reconciled

There may be more functions, assigned to OM like satisfying customer queries about bank products, as such he should fully keep himself abreast of all products and services being offered by his bank. ■

"The operations manager lends a vital support to the branch manager by overseeing the efficient operation of the branch to ensure all operational functions are adequately performed by the staff, while displaying an aura of confidence, service, security and satisfaction to all the customers and staff. He has also to keep in liaison with the internal customers such as other fraternal branches and Head Office departments, besides other banks also, in case of need."

CASA, Fraud & Forgery

Q. For the last many years, an acronym CASA is being widely used in the banks, can you please explain what it means?

Ans. In banking parlance, CASA means Current Account and Savings Account, which is common in many countries but with the advent of millennial banking, this has become quite commonplace in Pakistani banking scenario. Even before the use of this acronym, CASA was very much there. Banks always preferred CASA deposits in the form of Current and Savings accounts, as they are the cheaper source of funds.

Bank deposits are divided into four types based on the return to the depositors:

1. Cost-free such as current accounts, which are free of profit.

2. Low-cost deposits such as Savings Bank Accounts: usually up to 5 percent profit per annum.

3. Medium-cost deposits: from 6-9 percent, these also can be term deposits.

4. High cost deposits: may be from 10 percent and above per annum, offered to high profile customers who have heavy balances in their accounts in the form of either term deposits or normal accounts with fixed tiers.

Current accounts are opened mostly by the business people, traders and corporate entities. Of course, some individuals also maintain current accounts, these are the people who desire interest free banking facility. Since current account does not carry any profit, it is the cheapest mode of funds for banks. The savings accounts portion pays lower profit rates as compared to current accounts. Nowadays, all banks prefer cheaper or free of cost deposits and maintain CASA ratio to increase their profitability levels. CASA ratio stands for current and savings account ratio. CASA ratio of a bank is the ratio of deposits in current and saving accounts to total deposits. A higher CASA ratio indicates a lower cost of funds, because banks do not give any interest on current account deposits and the interest on saving accounts is usually very low in the range of 3-5 percent per annum. It must be remembered that banks act as financial intermediaries, which is holding funds from lenders in order to make loans to borrowers. The main function of a financial intermediary is to funnel money from surplus sources to fund-deficit channels. Banks always strive to maintain at least 60-80 percent CASA deposits, if conditions are ideal they would prefer total portfolio of CASA, but in times of liquidity crunch, it may not be possible to maintain such a ratio, so they have to look to sources with medium or higher tags to their funds. However, it has been noticed that in some branches located in high- density commercial or market areas, 90 to 100 percent deposits may be cost-free.

Q. What is the difference between fraud and forgery?

Ans. Whenever a document or record is forged – that is imitated or replicated – it is referred to as forgery, which means creating an identical facsimile or copy of a document and object with the intention of deceiving another. These can be a documents, house ownership deeds, figures, paintings, sculptures or any other form of an object. This fraudulent copy is usually called a forge. The intention of deceiving and misuse of any such object or document is forgery. In case of currency being forged, this is known as counterfeiting. Forgery is a just one mode of fraud and considered a crime. Any act of forgery is tantamount to depriving the rightful owner of his right. For example, a person enters a bank and somehow leaves his cheque book on the side desk earmarked for writing cheques and forgets the same for a while in order to talk to the manager. At this time, a leaf is severed from cheque book by a miscreant, then the signature is forged on it to obtain money. This is total deceit and a crime in the eyes of law. This action is called a fraud.

Fraud can be described as any form of deception of an individual for monetary gain. This is considered a crime by law. The difference between fraud and forgery is that the forgery is a form of fraud. Fraud is an intentional deception for monetary gain at the cost of the rightful owner. However, all forms of fraud are illegal. Action can be taken in such cases since it is considered a crime that guarantees punishment for the culprit. Fraud can assume multiple forms such as: Identity theft, tax fraud, bank fraud, legal fraud and collateral fraud. Now with the development of technology, fraud has become so much easier. As a result, internet fraud has become very popular. In fact, fraud and forgery are the two faces of the same coin (obverse and reverse sides).

FITNESS WATCH

PRESERVE YOUR SMILE

Compiled by: Sidrah Jamail

Herbal Tea Can Damage Your Teeth

In a quest to cut down on caffeine, many of us are relishing herbal tea instead of the traditional stuff. But researchers at the University Dental Hospital of Manchester have found that fruit-based teas attack your teeth. Teas such as orange, lemon, raspberry and black currant contain acids that dissolve the tooth's enamel after as little as four months' regular consumption, leaving teeth vulnerable to chipping and sensitivity to hot and cold. Brushing your teeth after drinking such teas can do more harm than good, as the softened enamel is brushed away. Try rinsing your mouth after drinking citrus teas, or drink non-fruit teas such as chamomile and peppermint.

Caffeine is a natural stimulant that occurs naturally in some foods, most commonly found in tea, coffee and cacao plants. Energy drinks can contain high levels of caffeine. It works by stimulating the brain and central nervous system, helping you to stay alert and preventing the onset of tiredness. The US Food and Drug Administration (FDA) recommends a maximum intake of 400 mg a day, or two to three cups of coffee. But of course, there can be negative consequences from caffeine consumption, particularly if ingested in high doses. The Mayo Clinic states that consuming more than 500-600 mg of caffeine a day may lead to insomnia, nervousness, restlessness, irritability, an upset stomach and even a fast heartbeat.

Health Experts List Multiple Benefits of Chamomile Tea

- Promotes Sleep and Treats Insomnia
- Boosts Immunity
- Treats Cold
- Soothes Stomach Ache
- Treats Cuts, Wound and Skin Conditions
- Reduces Stress
- Lightens Skin
- Reduces Acne
- Anti-Aging
- Treats Sunburn
- Reduces Under-Eye Dark Circles
- Gets Rid of Dandruff

Take Care of Your Gums

The mouth is a gateway to good health. Indeed, the healthier your gums are, the better off the rest of your body is, says American anesthesiologist Dr. Michael F. Roizen, an internist and award-winning author and the chief wellness officer at the Cleveland Clinic. Preventing gum disease with good oral hygiene is an easy way to help ward off heart attacks, strokes and wrinkles. Some new findings for strengthening your gums:

1. Eat yoghurt. People who consume plenty of dairy products are less likely to have gum disease. Researchers in Japan now say this may be thanks to the lactic acid in foods such as yoghurt and some cheeses. The healthy bacteria in these foods seem to control the growth of bad bacteria. "Consuming just a quarter cup of yoghurt a day, for example, can help reduce your risk", says Susan Karabin, of the American Academy of Periodontology.

2. Avoid Smoking. It is a major cause of gum disease. Toxic substances in the smoke likely hinder the body's ability to fight inflammation. ■

SO THIS IS *ENGLISH*

By: Khawaja Naveed Ahmed

Meet some Odd Adjectives, you just have to refresh and revive your memory of what you had learnt in your primary or secondary classes and extract a leaf out of them.

An adjective is described as that part of speech which is used as a word, naming an attribute or quality of a noun, such as sour, salty, blue, or professional. Some are simple and easy to understand such as color (noun) whose adjective is colorful. Yellow's adjective is yellowish. But some adjectives are very odd, they are not related directly to the noun (it must be noted that an adjective is a descriptive word for noun, it modifies a noun). An adjective can add color and life to your sentence, and it can add important information, but that is not all. Adjectives have many other uses. They can tell you the quantity (how much) and quality (how well) of things, and they can help you compare two things. In other words, adjectives are wonderful, amazing and fantastic. So for many it is hard to judge what it is. Some of the adjectives sound very odd as it is hard to discern to which nouns they are related. A few of such adjectives are listed below:

Noun	Adjective
Tailor	Sartorial
Governor	Gubernatorial
Viceroy	Viceregal
Goat	Hircine
Donkey	Asinine
Cow	Bovine
Cairo (Egyptian Capital)	Cairene (of or belonging to Cairo)
Holland	Dutch
Madagascar (a country)	Malagasy
Cat	Feline
Horse	Equine
Day	Diurnal
Night	Nocturnal
Snake	Serpentine

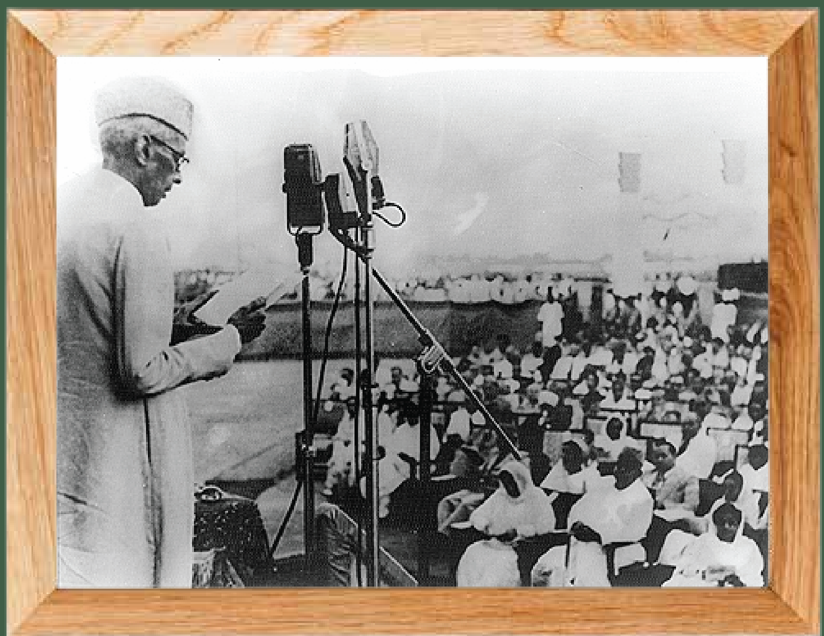
There is another aspect of adjectives. As you must be knowing that nearly all adverbs end in –ly. But there are some exceptions as few adjectives also end in –ly, as shown here:

- Fatherly
- Fortnightly
- Friendly
- Gentlemanly
- Ghastly
- Ghostly
- Holy
- Homely
- Humanly
- Kingly
- Leisurely
- Lovely
- Maidenly
- Manly
- Masterly
- Lonely
- Westerly
- Silly
- Princely
- Beastly
- Brotherly
- Comely
- Costly
- Cowardly
- Deadly
- Elderly

Some adjectives are indeed unique, as they are multi-purpose, for example take the word Daily which is an adjective but it can be also used as a noun and adverb. If used as an adjective it refers to 'of or occurring during the day', if used as an adverb: 'Wind the clock daily' and as a noun: 'daily', which means a newspaper which is published every day. ■

A LEAF FROM OUR GOLDEN PAST

The first Governor Zahid Hussain presenting an address of welcome on the occasion of the opening ceremony of the State Bank of Pakistan on July 1, 1948. The great leader Muhammad Ali Jinnah and his illustrious sister Mohtarma Fatima Jinnah listening attentively.
(Courtesy: SBP Archives)



Quaid-i-Azam delivering his inaugural address on the occasion of the opening ceremony of the State Bank of Pakistan on July 1, 1948.

An extract from Quaid-i-Azam's Speech On the occasion of the Opening Ceremony of The State Bank of Pakistan on 1st July, 1948.

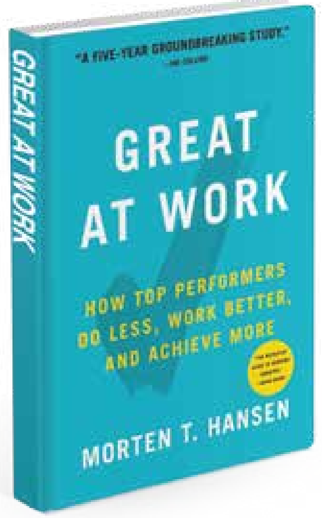
"Mr. Governor, Directors of State Bank, Ladies and Gentlemen.

The opening of the State Bank of Pakistan symbolises the sovereignty of our State in the financial sphere and I am very glad to be here today to perform the opening ceremony. It was not considered feasible to start a Bank of our own simultaneously with the coming into being of Pakistan in August last year. A good deal of preparatory work must precede the inauguration of an institution responsible for such technical and delicate work as note issue and banking. To allow for this preparation, it was provided, under the Pakistan Monetary System and Reserve Bank Order, 1947, that the Reserve Bank of India should continue to be the currency and banking authority of Pakistan till the 30th September, 1948. Later on it was felt that it would be in the best interests of our State if the Reserve Bank of India were relieved of its functions in Pakistan, as early as possible. The State of transfer of these functions to a Pakistan agency was consequently advanced by three months in agreement with the Government of India and the Reserve Bank. It was at the same time decided to establish a Central Bank of Pakistan in preference to any other agency for managing our currency and banking. This decision left very little time for the small band of trained personnel in this field in Pakistan to complete the preliminaries and they have by their untiring effort and hard work completed their task by the due date which is very creditable to them, and I wish to record a note of our appreciation of their labours".

(Courtesy: SBP Archives)

GREAT AT WORK

How Top Performers Do Less, Work Better, and Achieve More



By Morten T. Hansen

From the New York Times bestselling coauthor of *Great by Choice* comes an authoritative, practical guide to individual performance—based on analysis from an exhaustive, groundbreaking study. Why do some people perform better at work than others? This deceptively simple question continues to confound professionals in all sectors of the workforce. Now, after a unique, five-year study of more than 5,000 managers and employees, Morten Hansen reveals the answers in his "Seven Work Smarter Practices" that can be applied by anyone looking to maximize their time and performance. Each of Hansen's seven practices is highlighted by inspiring stories from individuals in his comprehensive study. You'll meet a high school principal who engineered a dramatic turnaround of his failing high school; a rural Indian farmer determined to establish a better way of life for women in his village; and a sushi chef, whose simple preparation has led to his restaurant (tucked away under a Tokyo subway station underpass) being awarded the maximum of three Michelin stars. Hansen also explains how the way Alfred Hitchcock filmed *Psycho* and the 1911 race to become the first explorer to reach the South Pole both illustrate the use of his seven practices (even before they were identified). Each chapter contains questions and key insights to allow you to assess your own performance and figure out your work strengths, as well as your weaknesses. Once you understand your individual style, there are mini-quizzes, questionnaires, and clear tips to assist you focus on a strategy to become a more productive worker. Extensive, accessible, and friendly, Great at Work will help you achieve more by working less, backed by unprecedented statistical analysis.

Reviews:

"In an ambitious new study, Morten Hansen illuminates the habits that separate superstars from their peers. This is the definitive guide to working smarter."—**Adam Grant, *New York Times* bestselling author of *Give and Take, Originals,* and *Option B (with Sheryl Sandberg)***

"The typical book about management or careers requires a heavy dose of faith because you don't know where the recommendations come from. Morten Hansen brings beautiful data from a massive research project that reveals how stars at work, in dozens of industries, actually do their work. The data and Hansen's analysis will surprise you, change you, and make you better at work... no leaps of faith required."—**Chip Heath, Professor Stanford Graduate School of Business, and author of three *New York Times* bestsellers, including *Switch***

"In this groundbreaking book, Morten Hansen delivers on the genius of "and:" rigorous and relevant, research-driven and well-written, empirical and empowering, timeless and practical, full of big concepts and useful tips. Hansen's work is truly distinctive in the genre of professional effectiveness, and a tremendous contribution. This is a book I will read more than once, and reference forever."—**Jim Collins, *author of Good to Great,* co-author of *Built to Last* and *Great by Choice***

About the Author:

Morten T. Hansen is a management professor at University of California, Berkeley. He was previously a professor at Harvard Business School and INSEAD (France). He obtained his Ph.D. from the Graduate School of Business at Stanford University. Hansen has also been a senior management consultant with the Boston Consulting Group in London, Stockholm and San Francisco. He is ranked among the top 50 most influential management thinkers in the world by Thinkers50.

BLUE OCEAN SHIFT

BEYOND COMPETING

Proven Steps to Inspire Confidence and Seize New Growth

By: W. Chan Kim & Renee Mauborgne

Blue Ocean Shift is the essential follow up to Blue Ocean Strategy, the classic and 3.6 million copy global bestseller by world-renowned professors W. Chan Kim and Renee Mauborgne. Drawing on more than a decade of new work, Kim and Mauborgne show you how to move beyond competing, inspire your people's confidence, and seize new growth, guiding you step-by-step through how to take your organization from a red ocean crowded with competition to a blue ocean of uncontested market space. By combining the insights of human psychology with practical market-creating tools and real-world guidance, Kim and Mauborgne deliver the definitive guide to shift yourself, your team, or your organization to new heights of confidence, market creation and growth. They show why nondisruptive creation is as important as disruption in seizing new growth. *Blue Ocean Shift* is packed with all-new research and examples of how leaders in diverse industries and organizations made the shift and created new markets by applying the process and tools outlined in the book. Whether you are a cash-strapped startup or a large, established company, nonprofit or national government, you will learn how to move from red to blue oceans in a way that builds your people's confidence so that they own and drive the process. With battle-tested lessons learned from successes and failures in the field, *Blue Ocean Shift* is critical reading for leaders, managers, and entrepreneurs alike. You'll learn what works, what doesn't, and how to avoid the pitfalls along the way. This book will empower you to succeed as you embark on your own blue ocean journey. *Blue Ocean Shift* is indispensable for anyone committed to building a compelling future.

Reviews:

Winner of The Best Leadership and Strategy Book of 2017 by 800-CEOREAD

"Kim and Mauborgne have followed one blockbuster book with another. *Blue Ocean Shift* takes the groundbreaking principles of their original work and offers a smart, systematic plan to help any organization move from competing in existing markets to creating new markets altogether. You needn't be an entrepreneur or techie to take advantage of these insights. You just have to be willing to challenge the assumptions of your industry, ask fresh questions, and—get this—embrace your humanness."—***Daniel H. Pink, New York Times* bestselling author of *Drive* and *To Sell Is Human***

"An exciting new book that synthesizes their experience in assisting with the implementation of Blue Ocean strategy ....*Blue Ocean Shift* provides us with a comprehensive guide to enable any organization with the right mindset to launch and implement a Blue Ocean initiative."—***Forbes***

"The challenge of any business is to grow in markets that are crowded and competitive, and to do it in a way that is intelligent, effective, and humane. In *Blue Ocean Shift,* you will find all of that and more as Kim and Mauborne guide you on a journey that will open your eyes to the untapped growth opportunities in your business, whether you are a startup, small business, or Fortune 500 company." —***Ram Charan,* CEO and board advisor, *New York Times* bestselling author of *Execution***

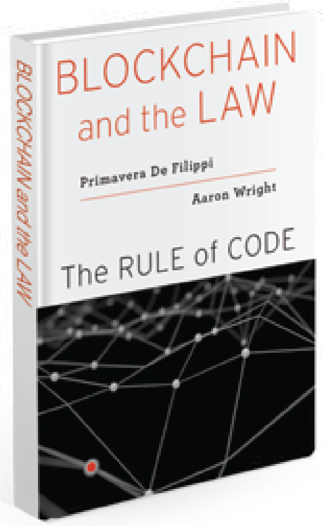
About the Author:

W. Chan Kim is the Co-Director of the INSEAD Blue Ocean Strategy Institute and a Chair Professor of Strategy and International Management at INSEAD. His book *Blue Ocean Strategy,* co-authored with **Renée Mauborgne**, has sold 3.6 million copies and is a bestseller across five continents. Kim & Mauborgne are ranked in the top 3 management gurus in the world in the Thinkers50 list and have received numerous awards from across the globe. They are fellows of the World Economic Forum and the founders of Blue Ocean Global Network.

BLOCKCHAIN and the LAW

The Rule of Code

By: Primavera De Filippi & Aaron Wright



Since Bitcoin appeared in 2009, the digital currency has been hailed as an Internet marvel and decried as the preferred transaction vehicle for all manner of criminals. It has left nearly everyone without a computer science degree confused: Just how do you "mine" money from ones and zeros? The answer lies in a technology called blockchain, which can be used for much more than Bitcoin. A general-purpose tool for creating secure, decentralized, peer-to-peer applications, blockchain technology has been compared to the Internet itself in both form and impact. Some have said this tool may change society as we know it. Blockchains are being used to create autonomous computer programs known as "smart contracts," to expedite payments, to create financial instruments, to organize the exchange of data and information, and to facilitate interactions between humans and machines. The technology could affect governance itself, by supporting new organizational structures that promote more democratic and participatory decision making. Primavera De Filippi and Aaron Wright acknowledge this potential and urge the law to catch up. That is because disintermediation—a blockchain's greatest asset—subverts critical regulation. By cutting out middlemen, such as large online operators and multinational corporations, blockchains run the risk of undermining the capacity of governmental authorities to supervise activities in banking, commerce, law, and other vital areas. De Filippi and Wright welcome the new possibilities inherent in blockchains. But as Blockchain and the Law makes clear, the technology cannot be harnessed productively without new rules and new approaches to legal thinking.

Reviews:

"An important new book... [It] attempts to do for blockchain what the likes of Laurence Lessig and Tim Wu did for the Internet and cyberspace—explain how a new technology will upend the current legal and social order... A fine, deeply-researched book that can be expected to show up on law school syllabi for years to come... *Blockchain and the Law* is not just a theoretical guide. It's also a moral one."—**Jeff John Roberts, *Fortune***

"Useful to an educated readership... If you...don't 'get' crypto, this is the book-length treatment for you. It sees merit and potential in crypto, without buying into any particular claim just for the sake of hype."—**Tyler Cowen, *Marginal Revolution***

"De Filippi and Wright offer neither a jeremiad nor a gospel; unlike the breathlessness that pervades much writing on blockchain technology, they stick to sensibleness and sobriety."—**Nathan Schneider, *America***

"At long last—a deeply researched, thoughtful, and measured analysis of blockchain technology and the policies that could help us harvest its opportunities and avoid its pitfalls. *Blockchain and the Law* should be required reading for anyone serious about understanding this major emerging element of our technological ecosystem."—**Yochai Benkler, author of *The Wealth of Networks***

About the Author:

Primavera De Filippi is a permanent researcher at the CERSA/CNRS/Université Paris II Panthéon-Assas and a faculty associate at the Berkman Klein Center for Internet & Society at Harvard Law School.

Aaron Wright is Associate Clinical Professor of Law and Director of the Blockchain Project at Benjamin N. Cardozo School of Law at Yeshiva University.

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

Mohammad Ali Jinnah
Founder of Pakistan
(Ziarat, 1948)

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