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PEDAGOGICAL APPROACHES TO TRAINING

WHY NEW ENTRANTS DO NOT ASSIMILATE

PAKISTAN'S FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

IT TAKES SOMETHING ELSE TO MOTIVATE

IBP

EDITORIAL

Rafi Ahmed
Editor

A Sonnet for State Bank of Pakistan

The State Bank of Pakistan was established on July 1, 1948, its strategic importance can be gauged from the fact that it was inaugurated by no less a person than the founder of Pakistan and its first Governor General Muhammad Ali Jinnah. His inaugural speech on that august occasion itself reflects the raison d'etre of our financial independence. His speech symbolizes what type of economic life he envisioned. A few excerpts are reproduced below:

"The opening of State Bank of Pakistan symbolizes the sovereignty of our state in the financial sphere. I need to hardly dilate on the important role the State Bank will have to play in regulating the economic life of our country. The monetary policy of the bank will have a direct bearing on our trade and commerce, both inside Pakistan as well as with the outside world and it is only to be desired that our policy should encourage maximum production and free flow of trade".

He further went a step forward to share a much wider scope of his vision, which would later on become the cornerstone of the central bank, since then meticulously followed by it:

"I am confident that the State Bank will receive the co-operation of all concerned including the banks and universities in pushing them forward. Banking will provide a new and wide field in which the genius of our young men can find full play. I am sure that they will come forward in large numbers to take advantage of the training facilities which are proposed to be provided. While doing so, they will not only be benefiting themselves but also contributing to the well-being of our State. The monetary policy pursued during the war years contributed, in no small measure, to our present day economic problems."

In his inspiring address on that occasion, he particularly emphasized the urgency and significance of the following issues, relating to the banking sector and economic life of our country:

- Training of newly-inducted youth in the banking sector – SBP implemented this with great enthusiasm and for a long time it not only trained and produced young bankers for itself but also provided a well-groomed workforce for the nascent banking sector which was facing a dearth of trained staff to run the banks due to a vacuum created by sudden flight of such personnel. It was a policy at SBP to select batches of fresh graduates or Masters through pure merit, these Probationary Officers used to undergo comprehensive training and after the successful conclusion of training, they used to be absorbed at SBP, while some of them were assigned to the commercial banks for meeting the human resource needs of the banking sector.

- Monetary policy of the Bank & its impact on trade and commerce – The central bank managed the monetary policy as a barometer of our sound financial health.

- Maximization of production – SBP also promoted through its pragmatic policies, the pace of industrialization and contributed towards GDP growth, industrial and services production, trade, commerce and international trade by offering, incentives, loans and refinance schemes on easy terms and conditions.

True to the guidepost provided by our founding father, the State Bank of Pakistan made optimum efforts to realize the goals enunciated by him in our greater national interest.

In times of disasters, crisis or downturn of economy, or such sudden abnormal times as the country is undergoing nowadays due to outbreak of COVID-19 pandemic, SBP is perhaps the first central bank in the entire region to have been proactive in helping the people to overcome financial hardships. Also, it is assisting the government in its program to combat and mitigate the adverse economic and financial impact in our daily lives.

The contribution of the regulatory body can be evidenced in the slew of more than a dozen or so measures adopted by it to address the challenges posed by COVID-19. In a short period from March to June 2020 alone, it undertook some vital measures as discussed below:

- The Monetary Policy Committee (MPC) of the SBP, in its meeting on June 25, 2020, **cut the policy rate by 100 basis points to 7%.** This brings the cumulative easing over the past three months to 625 basis points. The reduction in this rate cut would add to other measures recently taken by the SBP to support the economy, including concessional financing to companies that do not lay off workers, one-year extension in principal payments, doubling of the period for rescheduling of loans from 90 to 180 days and concessional financing for hospitals and medical centers incurring expenses to combat the outbreak.

- **Under SBP Refinance Scheme to support employment and prevent layoff of workers,** it introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of the business concerns. This was indeed a timely action to lend much-needed support to the most vulnerable segments of the society. Further incentives under the same scheme have been provided later on, enhancing scope and financing limits under its Rozgar Scheme. Then SBP took a step further to facilitate middle and large businesses, which employ large numbers of people, to ensure payment of wages and salaries under this scheme. SBP enhanced its refinance limits to finance up to 100% of wages and salaries of businesses with average 3-month wage bill of up to Rs. 500 million. This can be used for the onward payment of wages and salaries for April, May and June, 2020. Earlier, 100% financing was available up to a wage bill of Rs. 200 million only. Similarly, for businesses with 3-month wage bill exceeding Rs. 500 million, State Bank will now finance up to 75% with maximum financing of Rs. 1 billion. Earlier, 75% financing was available up to a maximum of Rs. 375 million and 50% up to a maximum of Rs. 500 million. These changes are applicable with immediate effect. However, businesses that had earlier availed lower financing due to applicable limits can now avail additional financing on the basis of revised criteria.

- Thirdly, **Prime Minister's COVID-19 Pandemic Relief Fund 2020** was also opened for providing the badly needed alleviation to the disadvantaged segments of our population.

- **Relief package for households, businesses & refinance schemes** offers comprehensive relief package for households, such businesses as microfinance, SMEs, corporates, commercial, retail and agriculture to help them manage their finances through temporary phase of disruption and refinance schemes. All these vital sectors badly needed finance to keep the wheels of economy moving to the benefit of the affected sectors.

- For **supporting the health sector to combat the virus,** SBP began providing cheaper loans for hospitals and medical centers to purchase medical equipment for combating COVID-19. This will allow them to enhance capacity for treatment of infected patients of COVID-19.

- For **ensuring the availability and continuity of financial services,** it introduced measures to fight the spread of COVID-19 through the financial system by increasing awareness among staff, customers, banks and issued detailed directives to ensure availability of uninterrupted financial services to bank customers.

- SBP took effective measures for **promoting digital** payments, as it finished all charges for customers using online fund transfer services, which will allow customers to perform online interbank transactions free of cost. This step was taken to halt spread of COVID-19 by limiting the physical interaction of citizens at bank branches.

- **Credit requirements were relaxed for exporters and importers in** order to support growth and employment by easing such requirements on exporters and importers to gain access to cheap finance under existing facilities.

- Among its long list of stratagem, it also aimed at fostering **new investments** in the country, ultimately lending support to growth and employment by providing subsidized credit for new investments across all sectors of the economy. SBP launched the Financing Scheme for BMR and expansion under its Temporary Economic Relief Facility (TERF) with access on further stimulus to the economy in the context of COVID-19's impact on the economy, to support investment in the country for modernizing or expanding manufacturing/production units in response to feedback from stakeholders.

- Another action on the trajectory charted out by SBP proves its strong commitment to ensuring the personal and collective wellbeing and the health of people at large and saving them from the deadly infection. It has made certain that sufficient **fresh, fit and disinfected currency notes** are available. It has also assured the banks that sufficient cash is at the disposal of the central bank to meet all demands for such cash in a timely manner.

By its sleight of such important measures within a span of more than three months, SBP has widened its scope of activities and contributed its best efforts to address the risk of COVID-19 by helping nearly all crucial socio-economic sectors and demographics and proved beyond any doubt that it is not only a bankers' bank but also a people's bank, thus it has earned kudos from all segments of our population.

Faithful to the lofty ideals desired by the founding father, as enshrined in the Preamble to The State Bank of Pakistan Act, 1956, which states the very essence of its genesis: An Act to provide for the establishment of The State Bank of Pakistan.

"Whereas it is necessary to provide for the constitution of a State Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country's productive resources".

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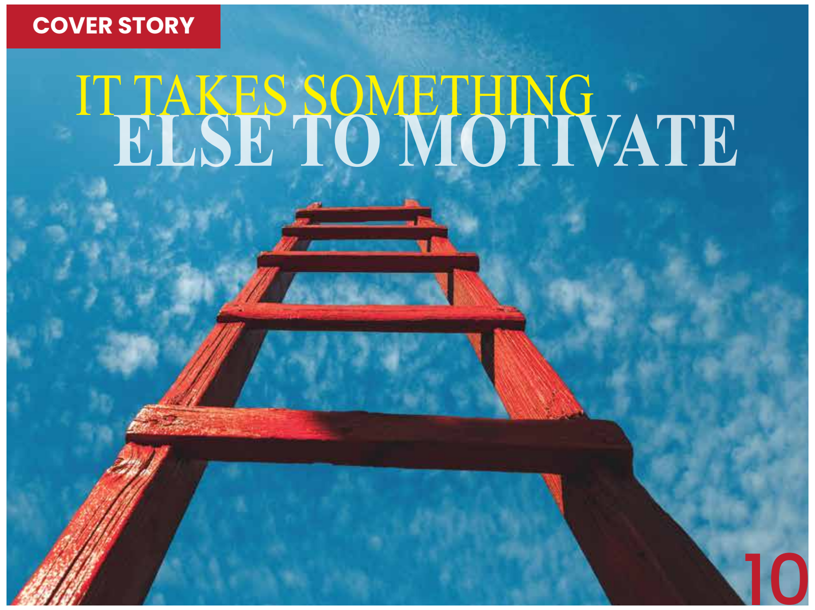

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COVID-19
IBP's ALTERNATE CHANNELS

Online Coaching Classes

In view of recent exceptional situation of global ramifications, arising out of coronavirus and in order to facilitate students during the pandemic scenario, The Institute of Bankers Pakistan had designed learning-friendly solutions for the ISQ candidates. Against this backdrop, IBP conducted online demonstration classes for four ISQ subjects on 30th and 31st May 2020, namely Accounting for Financial Services, Management Accounting for Financial Services, Lending: Products, Operations & Risk Management and Branch Banking, which was attended by a considerable number of students. Further, IBP is also conducting regular Online Coaching Classes from mid-June 2020 onwards.

Online Trainings

IBP is perhaps one of the few professional Institutes to remain in touch with its partners in the banking industry, keeping in mind their requirements, as such it further facilitated by conducting 3 Online Trainings in the month of June 2020. The topics of Trainings included: Strategy and Leadership Development; Regulatory Compliance with Reference to AML/ CFT-KYC; Signature Verification and Forged Signature Detection etc. IBP also conducted Free Webinars on Digital Payments and Business Continuity in the month of June 2020. Its future strategy is based on more such Free Webinars on various topics of immediate interest both for the banking sector and students as well.

Awareness Session on Relaxations in Islamic Financing Products

Mr. Faisal Hussain, Director Research & Development, IBP

Mr. Ahmed Ali Siddiqui, SEVP/Group Head Shariah Compliance Dept., Meezan Bank Ltd

Ms. Bushra Shafique, Joint Director Islamic Banking Division, SBP

The Institute of Bankers Pakistan (IBP) in collaboration with Institute of Business Administration, Center of Excellence in Islamic Finance (CEIF), conducted a webinar on May 21, 2020 to raise awareness on State Bank of Pakistan's Initiatives of Deferment of Principal/Rescheduling/Restructuring Islamic Financing Facilities in View of COVID-19 Pandemic.

Mr. Faisal Hussain, the Director Research & Development at IBP, welcomed the audience and introduced the panelists. The webinar was conducted in 3 sessions. The first session was conducted by Ms. Bushra Shafique, Joint Director Islamic Banking Division, SBP. She is an economist with a Master's degree from the London School of Economics, UK. She is an authority and a prolific writer for the Islamic Banking and finance practices for SBP Quarterly Research Bulletin, as well as for international journals, reports, conferences.

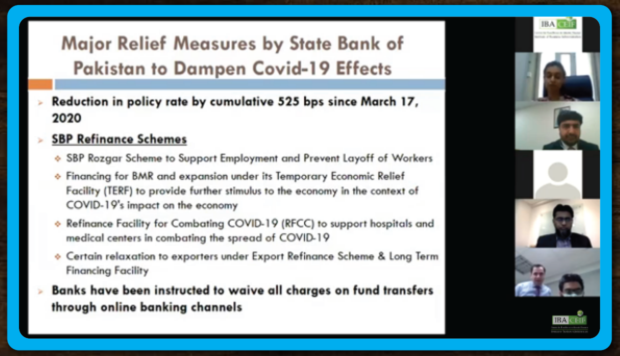
Ms. Shafique apprised the audience on Refinance Schemes introduced by SBP in the wake of COVID-19 to address the economic situation in Pakistan. The efforts of State Bank of Pakistan include relief package for Households, Businesses & Refinance Schemes, Principal Deferment and Rescheduling/Restructuring of loans.

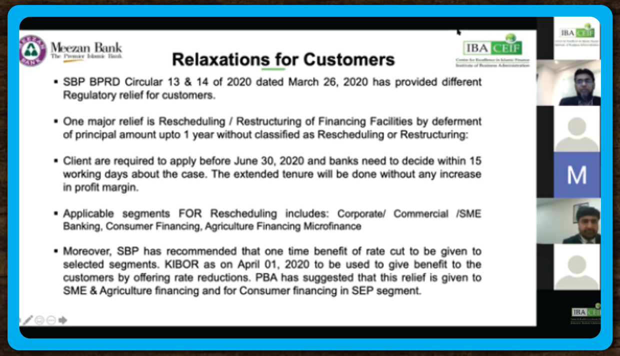
Mr. Ahmed Ali Siddiqui, a professional banker and an educationist with 18 years of Islamic Banking experience, conducted the second session. He has, through his pioneering work, played a key role in promoting Islamic Finance in Pakistan. He is currently serving as SEVP & Group Head – Sharia Compliance Department at Meezan Bank Ltd. and is founding Director of IBA Centre for Excellence in Islamic Finance.

Mr. Siddiqui discussed various options and challenges for the Islamic Banks during the COVID-19 pandemic situation. He shared the impact on the local and global economy due to COVID-19. He further shared the operational details of product-wise treatment for deferment and extension of tenure in Islamic Banks. During the final session, the expert panelists responded to the queries of the audience. The audience lauded the efforts of IBP and IBA in arranging the session and recommended similar sessions in future. The webinar ended with a vote of thanks to all the participants.

The recorded session is available at the below link:

https://youtu.be/zeL1bh-YNwE





POLICY FOCUS NOW ON GROWTH: SBP GOVERNOR'S ADDRESS AT ICAP

Savings from oil imports have more than compensated for the decline in exports and remittances, State Bank of Pakistan (SBP) Governor Dr. Reza Baqir said on June 3, 2020, during an address at the Institute of Chartered Accountants of Pakistan (ICAP). He went over the pre-COVID-19 economic situation and analyzed the impact of the pandemic on the economy. Economic conditions were improving significantly before the coronavirus, both financially and in terms of real economy, he said. In the middle of 2018, "Pakistan witnessed unprecedented current account deficit" and since then significant improvement has been seen. He said the net reserves went down to almost zero (gross reserves minus forward liabilities), but they have recovered since by almost $10 billion. Another problem was the primary fiscal deficit, which has also seen a remarkable turnaround, he added. Real improvement was visible in sectors like construction, exports, stock market and business confidence indices also showed significant improvement, he added. However, the impact of COVID-19 has driven inflation down allowing for what he said was "the highest cut in interest rates among emerging markets."

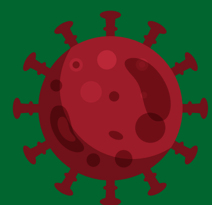
The SBP has taken many policy decisions other than rate cuts, he said adding that around Rs. 500 bn loans have been deferred and Rs. 71 bn restructured. Total liquidity injection by the SBP has been Rs. 971 bn and the government has injected Rs. 1.2 tr to mitigate the impact of COVID-19. The GDP growth mark down in Pakistan has been less than other countries, he said, adding that the outlook remains better than other economies.

Key priority for the central bank is to inject liquidity into the small and medium enterprises, he said while adding that that as new data comes in, the Monetary Policy Committee is ready to take action if necessary. Day to day and month to month movements in exchange rate are normal, however, we are well funded, he emphasized, adding "it is a market-based exchange rate." "There should not be many disorderly movements and the SBP will only intervene when this happens."

Monetary Policy Statement-June 25, 2020

At its meeting on 25th June 2020, the Monetary Policy Committee (MPC) decided to reduce the policy rate by 100 basis points to 7 percent. This decision reflected the MPC's view that the inflation outlook has improved further, while the domestic economic slowdown continues and downside risks to growth have increased. Against this backdrop of receding demand-side inflation risks, the priority of monetary policy has appropriately shifted toward supporting growth and employment during these challenging times.

Countering COVID-19:



Measures by State Bank of Pakistan

As at June 29, 2020

- Policy Rate Slashed to 7pc w.e.f June 25, 2020
- Loans Deferred – Rs. 566 bn
- Loans Restructured – Rs. 113 bn
- Loans Sanctioned for Wages – Rs. 113 bn
- Loans Sanctioned for Hospitals – Rs. 6 bn
- Loans Sanctioned for Investment – Rs. 8.8 bn
- Bank Branches Open – 93pc
- ATMS Available – 94pc

COVID-19 is challenging human life globally and straining economic activity. Governments as well as central banks are taking extraordinary measures to address the challenges associated with this situation. Pakistan is no exception. SBP has already taken a range of measures to protect the safety of public and address the economic impact. In line with its mandate, SBP is focused on ensuring that inflation remains contained, reducing the impact of COVID-19 on economic growth and employment and overseeing that the banking and payments system remains healthy. In this context, it has taken a number of significant policy measures. It is working in close tandem with stakeholders to

continuously assess the situation and stand ready to take additional measures as the situation related to COVID-19 and its impact on the economy become clearer. It has launched Helplines for the convenience and benefit of people.

Helplines:
Email: covid19.stimulus@sbp.org.pk
or Phone: +92-21-111-727-273 or a dedicated COVID-19 SBP team can be contacted by phone at 111-727-273.

Banks Performance Under SBP Rozgar Refinance Scheme

Supported by Government of Pakistan's Risk Sharing Facility on April 10, 2020, State Bank of Pakistan introduced a Refinance Scheme to provide concessional credit at 3 percent interest rate and generous repayment terms to any business that commits to not layoff workers for 3 months. The goal of the scheme was to provide an incentive to businesses to protect jobs. On May 06, 2020 SBP complemented this scheme with a 40 percent risk sharing facility (RSF) on first loss basis from the Government of Pakistan for utilization of this scheme for SMEs and small corporates (defined as business with annual turnover not exceeding Rs. 2 bn). As of June 12, 2020 there has been significant take up in the scheme. Banks have approved loan applications worth Rs. 107.5 bn of which Rs. 23.5 bn is for SMEs and small corporates under the risk sharing facility.

A review of data indicates that Top Performing Five Banks, together constitute more than 61 percent share of overall approved financing amount under the Risk Sharing Facility (RSF) with JS Bank Limited at the top, followed by HBL and Bank AL-Habib. Review of performance of banks regarding acceptance ratio in terms of amount and number of applications approved shows that Top Performing Five Banks remain in the range between 65 percent to 83 percent and 70 percent to 83 percent respectively. Interestingly, Top Five Performing Banks are the same which are also top performers with respect to approved financing amount.

Top Performing Five Banks - (Rs in Millions)
May - June 12, 2020:

JS Bank Ltd :	3,784
Habib Bank Ltd :	3,625
Bank Al Habib Ltd :	3,094
Bank Al Falah Ltd :	2,256
Askari Bank Ltd :	1,987

Financial Stability Review CY-19 Suggests Resilience of the Banking Sector to the COVID-19 Pandemic

The State Bank of Pakistan (SBP) has issued its flagship annual publication, the Financial Stability Review (FSR) for CY19. The Review presents performance and risk assessment of various segments of the financial sector including banks. In order to limit risks and facilitate stakeholders, SBP has taken a host of policy measures. These measures include substantial monetary easing, release of capital buffers, deferment of the repayment of principal loan amount for corporate, SMEs, and household borrowers, restructuring / rescheduling of loans, concessionary financing to save jobs and boost health care to combat COVID-19. These measures have started bearing results as banks have approved debt deferment of around PKR 495 bn and rescheduling/restructuring of PKR 70 bn to around seven hundred thousand borrowers. Under the refinance scheme to avoid layoffs, around PKR 93 bn have been approved for 1172 companies covering about eight hundred and fifty thousand employees.

A key highlight of the FSR is that the banking sector has remained resilient, with robust solvency backed by healthy profitability. The Capital Adequacy Ratio (CAR) improved to 17 percent, well above global and domestic minimum regulatory requirements of 10.5 percent and 11.5 percent, respectively. Earnings of the banking sector surged by 14.3 percent to PKR 170 bn in CY19, a turnaround after the contraction of the previous few years. Encouragingly, the deposit base also exhibited a marked recovery, expanding by 11.92 percent and provided the resources to support asset growth. The FSR suggests that the performance of the Islamic Banking Institutions (IBIs) also remained remarkable during CY19. Not only did their assets surge by 23.52 percent but their profitability also increased.

IT TAKES SOMETHING ELSE TO MOTIVATE

By: Sohailuddin Alavi

Pakistan armed forces; many scholars; researchers; social entrepreneurs and so many others undoubtedly are truly motivated for what they do. Work-motivation refers to employees' sense of responsibility, ownership, enthusiasm, commitment and passion that enables performance far above the average requirement. Harnessing employees' motivation towards the organizational mission and goals is the biggest of all challenges facing the organizations. To an extent, organizations can hire best of the talents by offering fair and competitive pay and through training and developing their skill-set. Nevertheless, their investment would be futile if they fail to harness their motivation in the right direction – inculcate a sense of responsibility, ownership, enthusiasm, commitment and passion for the organization and work they do. In this context, let us explore the role of monetary incentives in managing employees' motivation.

Undoubtedly money occupies a central function in our lives. Money buys us our necessities; it gives us feeling of security; it affords us status in society; and of course it is a measure of success. As we earn more money we get more gratification: A higher standard of living; fulfill our dreams; get pleasure of power; feel greater freedom; indulge in greater comfort; so on and so forth. Nevertheless, numerous evidence-based research studies suggest that with money organizations cannot motivate employees. Herzberg, author of famous "Two Factor Theory", had long ago suggested that money keeps employees from getting dissatisfied but does not induce satisfaction. He explained that dissatisfaction and satisfaction are two independent variables. Hence he termed money as a 'maintenance' factor, not a 'motivational' factor, for it maintains employees' behaviors at the minimum level but does not induce motivation to perform at par excellence.

Speaking from the organizations' perspective, paradoxically, evidences suggest that money cannot buy employees' engagement beyond the minimum actions. Money can buy an employee's time and presence in a situation but it cannot make him yield performance above the minimum requirement. Money does not make a person ready to work with responsibility and ownership; to bring commitment and enthusiasm, to take pleasure in doing the work etc. In short, higher pay can enhance personal gratification by providing means for fulfilling personal needs, desires and dreams – a personal gratification syndrome [PGS] – but does not affect motivation to work at par excellence.

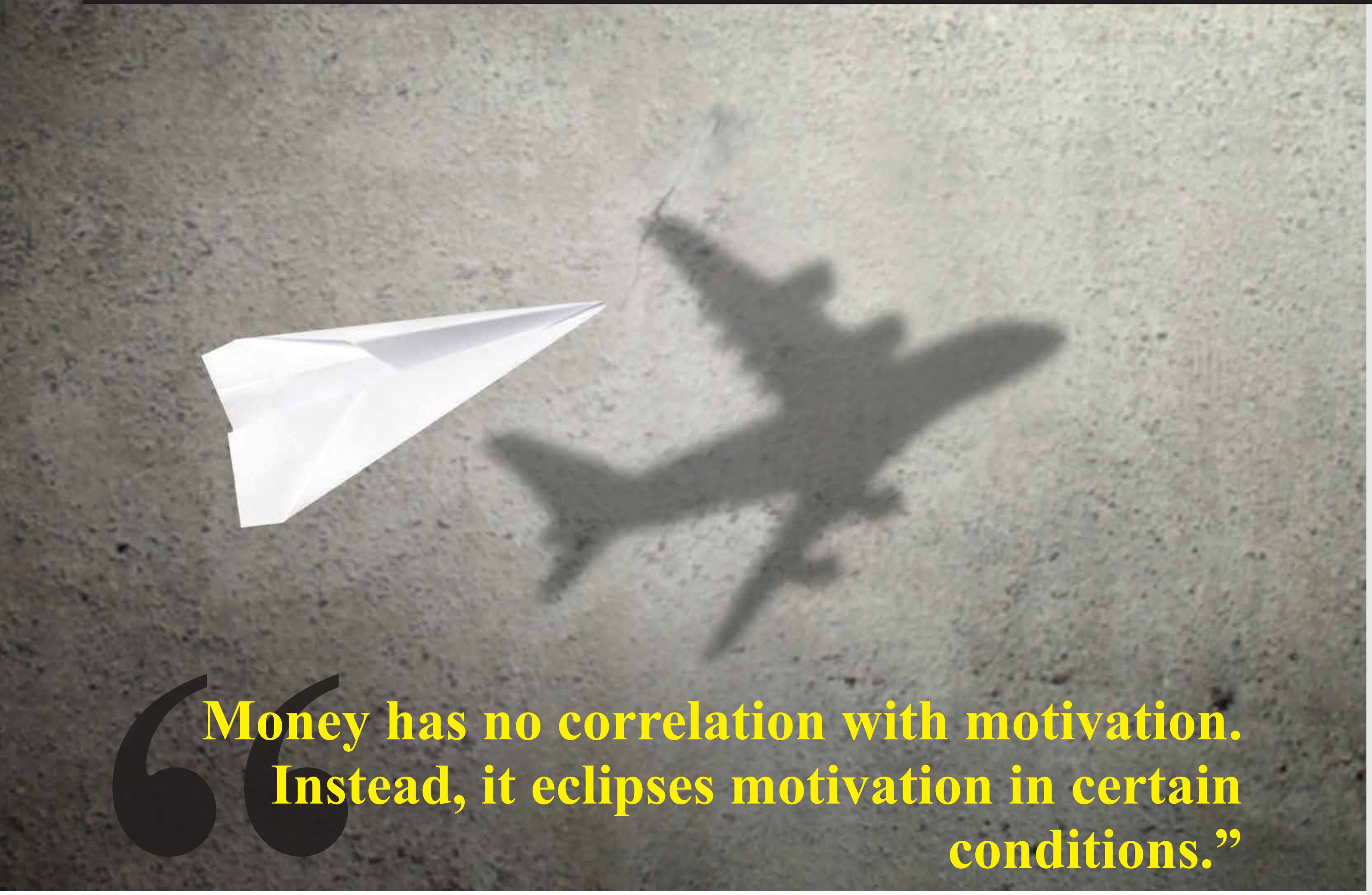
> **"Money can buy an employee's time and presence in a situation but it cannot make him yield performance above the minimum requirement."**

Ironically, many employees lack adequate work motivation, which is evident from a number of real life situations. To start with, today employees demand higher pay— yet at the same time they switch from one organization to another for trivial financial gains — a big time businessman once commented during a discussion with his friends that he does not want to train employees for his competitors; generally today's employees are academically more qualified compared to their predecessors yet they often fail to innovate and improve upon the quality of work; while organizations propagate their unconditional commitment to customers, quality and environment, employees show least concern for organizational commitment. It is often observed that employees, even in senior positions, show little empathy to the organizational goals and its customers over their personal interest. For example, even in strategic meetings employees can be seen influencing organizational decisions in their personal interests. Last but not the least, employees perform their jobs to the extent of securing their personal objectives instead of as a responsibility, which leads to voiding of the psychological-contract.

To substantiate further the inadequacy of motivation, we have a basis to say that people with inadequate motivation do not work as a responsibility of holding a position or competence, instead, they work to get paid. Their entire focus is on maximizing their personal benefits at minimum efforts. We observe this day-in day-out that, for example, a person holding a public office would rather continue his employment to earn a salary and not as a responsibility of serving the public or protecting their rights. We have examples of apathy among employees about the organization's goals and mission. For instance, a school's mission to educate the underprivileged generally does not seem to trickle down into the minds of its teachers who are just doing their jobs to earn money; a public servant generally does not perform his job to solve public problems or to facilitate public at large but he takes up his job mundanely as a source of earning for himself and his family; a corporate manager is no exception, he or she would aim for a higher position and better salary — nothing wrong — but seldom commits himself or herself to the organizational mission beyond doing certain decorative tasks that look good on the balance sheet or in the board room. Then there was a president of a commercial bank who projected a very progressive image of the bank and its performance. However, as soon as his successor took over the charge of the bank, he found out to his and every one's surprise that the humongous profits on the books were actually big time losses in reality, however, intelligently camouflaged. Examples abound.

In short, money is a good source of keeping people happy and causing them to stick to the organization, but for a limited purpose. However, it falls flat when it comes to motivating employees to do their job with a purpose, responsibility, commitment, ownership, passion, etc. In fact, money has made employees eager for more, which has eclipsed their real motivation. "Does Money Really Affect Motivation?" A research review published in Harvard Business Review concludes that money has no correlation with motivation. Instead, it eclipses motivation in certain conditions. As organizations naively resort to higher pay for managing their employees' performance, two typical phenomena have emerged, namely; employees hopping from one organization to another for smaller monetary advantages and, in turn, it has pushed the organizations into price war for employees under the disguise of recruiting quality human resources. It is noteworthy that those employees who stick to the organizations are rarely the assets, but the ones who lack competitiveness to perform in the face of professionals competing to excel in the world of work. Yet, they seek more and more benefits under the disguise of being loyal to the organization.

> **"It is often observed that employees, even in senior positions, show little empathy to the organizational goals and its customers over their personal interest."**



Looking at Motivation and its Function

We loosely use the words ‘motivation’ and ‘gratification’ interchangeably. But in fact, these are concepts which are poles apart. Motivation is working with purpose, passion, commitment, responsibility and enthusiasm. On the other hand, gratification is the happiness employees experience by securing personal benefits, higher pay being the primary benefit in a job. Motivated employees tend to perform par excellence, while gratified employees experience minimal dissatisfaction at work. Ironically, being happy does not mean the employee is motivated too. Being happy only averts chances of an employee leaving the organization.

Motivation is a major variable in employees’ perspective that influences employees’ performance for better or for worse. Revisiting Maslow’s Hierarchy of Needs, one can say that the first two needs are the subject of gratification not motivation, while the higher needs are the subject of motivation. Fulfillment of the first two needs simply helps retain employees irrespective of their capacity and performance. In fact, employees with little chances of securing similar benefits elsewhere stay while others with more opportunities are the fence sitters. So at the end of the day, if organizations focus on higher pay, then they are likely to end up with less competitive employees in the long run because motivated employees would not find enough juice for them in the organization and only employees with inadequate motivation and higher need for personal gratification would stay. Herzberg’s two factor theory had already classified the first two needs of Maslow’s Needs Hierarchy as maintenance factors.

Focusing on employees’ personal needs is crucial but has limitations. It only helps to improve employee gratification but does not motivate them. To motivate an employee, it entails inculcating the purpose, sense of responsibility, passion, enthusiasm and commitment to the organizational mission and goals. Put differently, higher pay can fulfill the needs but cannot motivate: Employees’ personality has to be groomed accordingly and culture has to be aligned with the motivational virtues, as identified above.

Organizations may recruit, induct and retain employees by offering higher pay but would fail to engage them effectively. To engage employees, it is imperative that organizations ensure fair and competitive compensatory package (not higher pay alone). Furthermore, organizations must ensure enabling leadership to help develop the purpose, sense of responsibility, passion, enthusiasm and commitment among employees. In other words, senior management must essentially demonstrate buy-in to the organizational mission and goals before the same can be trickled down. On the contrary, if the senior management over-emphasizes on their personal benefits and status, then employees will follow suit and it is most likely that money will eclipse real motivation. ■

CORRESPONDENT BANKING 4.0

New correspondent banking initiatives for cash-based societies must be mindful of the social context in which they operate, say José Alarcón-Molina, Ministry of Health, Chile; Juan Espinosa-Cristia, Andrés Bello University, Chile; and Bangor University’s Bernardo Bátiz-Lazo.

Internet banking and digital payments have made significant inroads in Australia, Europe and North America, but Latin American countries, in which bank notes and coins remain the chief medium to settle retail transactions, remain cashbased societies.

Here, retail bank branches are unsurprisingly often full of people – customers and non-customers – queuing up to deposit money, cash cheques, pay bills or conduct remittances. Many Latin American countries lack a dense retail branch network outside the main commercial cities; established banks do not offer convenient access to ATMs across the country while regulation denies possibilities for independent ATM deployers.

Faced with such challenges, some financial institutions in Latin America have invested in examining every aspect of their cash management journey, identifying inefficient processes and areas where new technology could make a difference. At the same time, a number of entrepreneurial start-ups, or FinTechs, have been looking to leverage technological applications to address that type of problem. Some of these initiatives work in tandem with established financial institutions while others aim to work around them.

The Rise of Correspondent Banking

An example of the former initiatives is a remote banking service commonly known as correspondent banking or agent banking. For those new to the idea, a quick description may be in order.

Correspondent banking agreements first emerged in early modern capitalism. They envision a contract where one financial intermediary provides services on behalf of another for a fee (charged to the agent bank, the customer or both). The service provider (correspondent/sub-agent) will typically keep cash deposits from the agent bank to facilitate customer transactions. For instance, thanks to its correspondent banking agreements London-based Midland Bank, today HSBC, was able to claim the accolade of "biggest bank in the world" (in terms of assets) in the 1940s and 1950s

Correspondent banking grew as it enabled international trade in the absence of electronic transfers and global banks. Interestingly, in the USA it also enabled small and medium-sized banks to provide commercial services given restrictions to geographic growth of retail banks and retail bank branch networks.

According to recent survey by the International Monetary Fund, correspondent banking remains an important although less significant function at the turn of the 21st century. This is due to its continued role in facilitating foreign exchange operations, international trade, and cross-border remittances.

A New Take

Correspondent banking thus emerged and has been used in financial markets primarily to solve the problem of geographic distance. In the late 1990s, however, Brazilians transformed the correspondent banking model by legally nominating and delegating commercial establishments to offer services otherwise provided in the retail branches of financial institutions.

The Brazilian innovation spread throughout Latin America while using correspondent banking to ameliorate not only geographic distance, but also rugged terrain, high crime rates in cities, or inadequate retail banking and communications infrastructures. Most of these initiatives also sought to increase financial inclusion by enabling cost-effective access to retail financial services for people living in regions where it was uneconomical to operate fully owned retail bank branches and ATMs. This was indeed the rationale that led BancoEstado, a government-owned but commercially run bank, to approach Chilean retailers of different sizes and launch a network of correspondent banking retailers in 2005 called "Caja-Vecina".

The CajaVecina network envisioned the deployment of a purpose-built point of sale terminal among independent small and micro grocery retailers in urban and rural settings to provide low-income Chileans access to banking services including cash withdrawals and deposits, balance enquiries, money transfers, and credit card payments.

Theory vs Reality

A key feature of correspondent banking is that both the customer and his/her bank expect the service provider (sub-agent/correspondent bank or in this case, a small retail shop) to act as if the customer were dealing with his/her bank (in this case BancoEstado).

However, our fieldwork in Chile among retailers who signed up to CajaVecina suggested the shop owner often departed from the norms of the agency agreement

> "Correspondent banking remains an important although less significant function at the turn of the 21st century."

in at least two ways. First, we found behavior aimed to reward loyal customers and preserve cash on hand. Shop owners would, for instance, protect the level of their cash float through mendacity, that is, telling non-recurrent customers that the CajaVecina terminal was broken when that was not the case. Alternatively, they would keep the recurrent customer's details and cash while finalizing the transaction at a time of low foot traffic – when they are legally required to finalize a transaction with the customer physically present.

A second form of departure, one which is also difficult for BancoEstado to police, relates to security. Shops with CajaVecina terminals are often located in high crime zones or rural areas, locations where BancoEstado was particularly keen to increase financial inclusion and seldom serviced by bank branches or ATMs.

But the shop owner and neighbors are well aware that a CajaVecina service could increase the amount of cash located at the shop, thus increasing the risk of robbery. In response, the shop owner would adopt strategies that reward recurrent customers or limit the service to hours of high foot traffic.

In summary, the case of CajaVecina suggests that for all the promises of greater efficiency and financial inclusion on the back of technological innovation, system designers must not lose sight of the social context in which these innovations will operate. ■

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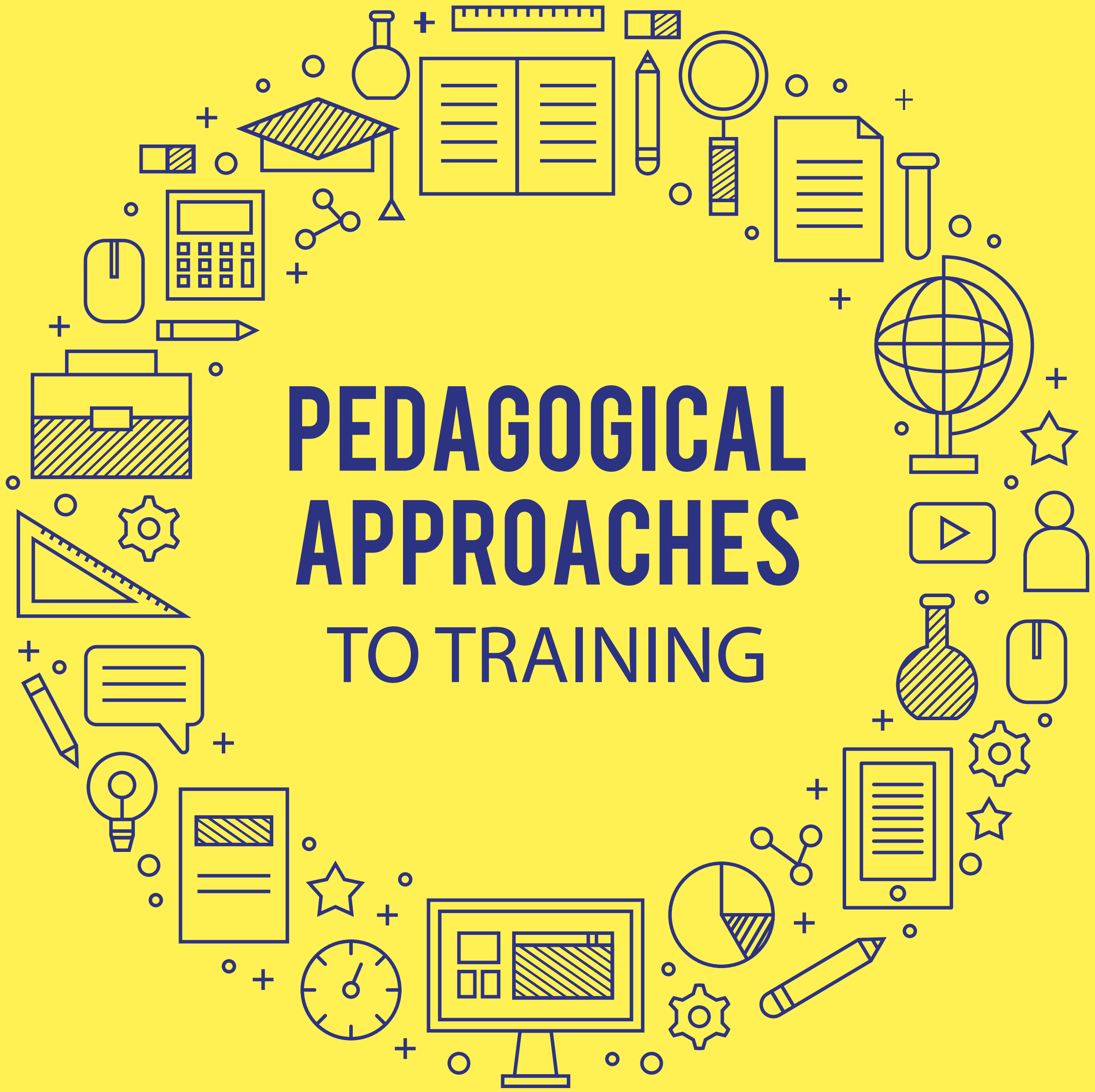
PEDAGOGICAL APPROACHES TO TRAINING



By: Dr. Amin Rehmani

Learning takes place when learners are able to make sense of their learning and reflect upon it. Here, the discussion is centered on how learners can be assisted in this regard. In other words, what is the role of a teacher/facilitator, in a Vygotskian sense, in helping learners to actualize their latent potentials and in successfully widening and deepening their zone of proximal development? Here the focus is more on the 'how' rather than the 'what' of teaching.

What is Meant by Pedagogy?

According to Oxford Dictionary, pedagogy means 'the method and practice of teaching, especially as an academic subject or theoretical concept'. Today, the word refers to teaching and its methods that engage learners in learning theory and practice of a subject. A teacher who interacts well and creates interest in learners is engaging them in pedagogy. Professional learning and growth are important arms of any organization that believes in professionalism and a knowledge-based learning environment.

Pedagogical Approaches to Teaching and Learning

Using active pedagogical approaches would mean challenging students or course participants with new ideas, making the classroom activity more meaningful, relevant and interesting by sharing concrete examples, i.e. how a teacher makes learning worthwhile and adds value to it and how he/she converts the classroom from a theoretical to more practical learning experience. In other words, the teacher as a facilitator integrates teaching and adopts an interdisciplinary approach, rather than atomizing learning in a disintegrated and fragmented way, hence basing teaching on teacher-centered approach rather than learner-centered approach as discussed above. A research analysis suggested, among several conclusions, that 'metacognition is the engine of learning', which means that reflection on learning is one of the key elements for learning. Hence, this is a key classroom process which the teachers/trainers adopt in their approaches to teaching. It means creating a classroom environment in which learners are facilitated in reflecting, thinking and fully participating in their learning process, both individually and collectively.

It is also important to understand whether a teacher adopts a teacher-centered approach or a learner-centered approach to teaching, it is based on how the teacher conceptualizes teaching and what their prior beliefs and assumptions are about it. Indeed, it is important to make explicit those underlying conceptions and theories, because teachers' approaches to teaching and learning outcomes are influenced by their conceptions of teaching and learning.

The teacher-centered approach views students as passive recipients of information, whereas, learner-centered approach makes learners in charge of their learning and the teacher's role is to act as a facilitator of that learning. In a facilitating role, teaching is not something that is 'being taught', but rather it is to create opportunities for the learners to engage actively in their learning.

It has been observed that certain training programs in Pakistan's context at post-secondary and at professional training levels, mostly employ the lecture method and frontal teaching has been in practice. The trainers do usually have PowerPoint presentation slides, often with overwritten text, which they read out and explain. At times the explanation becomes dry, lengthy and very technical.

In this article, various pedagogical approaches will be discussed that can be used by the trainers in planning and delivering their training.

Reflective Planning on Pedagogical Approaches

While planning a session, a trainer reflects on the objectives of the session to be conducted, how worthwhile and relevant would the knowledge and experiences that are to be shared with the learners and how that knowledge would actually be shared. In other words, what teaching approaches would be adopted and how. An important reflection would be to ask, "is it my teaching that matters the most or the learning of those whom I intend to share that knowledge with?" The former would lead teaching to telling, giving and pouring whereas, the latter would drive teaching with focus on how the recipients of knowledge would understand and take it more critically by making sense of it. The focus in the former is on teaching and in the latter on learning, making the learner the center of attention.

It is not what the trainer knows that matters the most but rather, how he facilitates learners to learn, building upon their previous knowledge. It has been said so aptly that "education should be about the lighting of a fire not the filling of a pail." Such philosophical approaches to education would shift the emphasis from teaching to learning. Hence pedagogical approaches thus taken would be learner-centered, and constructive. In this task, pedagogical models may help teachers to recognize those underlying theories and to select the best possible pedagogical approach as the background for their teaching.

TEACHING AS A REFLECTIVE PRACTICE IS ONE OF THE KEY APPROACHES TO IMPROVING TEACHING.

Making Classrooms Buzzing Places

Since the role of the trainer/teacher changes from that of a 'giver' to a 'facilitator', it must be ensured that the classroom becomes a busy place where building blocks are used for the professional learners who bring previously acquired knowledge and experience with them. The facilitators create an enabling environment in the classrooms by engaging their learners actively in the learning process using dialogues, discussions, brain storming, group learning, quizzes, presentations, gallery poster walks, simulations, case studies etc., they find gaps in learning and try to fill those gaps by building upon their previous knowledge and experience. Such learning gaps can also be found by the learners themselves and are filled with peer contribution.

Being a Reflective Teacher/Trainer: a Key Pedagogical Approach

Teaching as a reflective practice is one of the key approaches to improving teaching. Here the teacher or trainer becomes a reflective practitioner. Introduced by Donald A. Schon in the eighties, the idea of being a reflective practitioner is still current and useful in many fields including education. As reflection, discussed above, is important at the time of planning a session, so is the reflective teaching while conducting a session. The teachers or the trainers not only think deeply on the ways of teaching but also make conscious efforts during and after the session by reflecting on how the session went, what were the strengths and areas of improvement that would bring more quality and appeal to their teaching; what are the facial as well as verbal and emotional messages that the teacher/trainer gets in the classroom and what is made out of those expressions; whether the learners are taking interest in what is being shared; what goes well and what does not, which activities were appreciated and contributed to learning and so on and so forth.

A reflective teacher/trainer makes notes on how the teaching went, how students responded and what further probing, exploration of ideas, concepts and practical examples would enhance teaching and learning and how he/she keeps the students engaged in the sessions. It is a process of self-observation and self-assessment, leading to bringing change in teaching. A reflective practitioner listens to the feedback of the learners, ensures their voices are heard and acts upon them to improve teaching.

Moreover, the teacher can ask a colleague to observe the session and share feedback accordingly. Students or participants can also share their feedback if asked anonymously. One can learn from a peer or an expert and can improve their teaching. A lesson or session can be audio or video recorded so that one can review teaching in action and reflect on various aspects of the session. Maintaining a diary is also a fine way of reflecting.

Group and Cooperative Learning Approach

Another widely used teaching approach to learning is to facilitate group and collaborative learning. Course participants are given certain tasks, discussant points, brief readings etc. to get engaged in pairs or three, four or six member groups, depending on the number of participants in a session. Here the group dynamics play an important role. Each member of the group is assigned a task, they may also choose one member as the head of group or spokesperson. The teacher or trainer goes to each group table and listens to the conversation, may interject a point or give a prompt. Managing and respecting diversity is also important, members of the group may come from different backgrounds and may have different points of views. It is important that all members of a group are heard, their ideas or views must be respected, although it is not necessary that each idea shared is agreed upon, albeit consensus is built around common ideas. The ideas may be presented on a chart. Either one person can speak on behalf of all or each person may be asked to speak on a particular aspect. A gallery walk can be arranged where all the groups can showcase their work and each group can go to see the work of the other group and share comments and feedback.

Cooperative group learning helps build various skills such as communication, presentation, critical thinking and decision making skills. Through it, understanding and application of content knowledge can be enhanced. This also helps in maximizing individual as well as group learning.

A related approach is that of 'Think, Pair and Share'. The teacher gives a question to a small group of students or participants to solve. First each individual thinks of an answer and then turns to the person sitting next to him to discuss. The group then comes with an agreed-upon answer to share with the entire class.

Inquiry-based Learning (IBL) Approach

When you are planning to focus on engaging participants in exploring possible answers to a problematized question, key topic or a theme, you are adopting a pedagogical approach called 'Inquiry'. For example, "what if an economy becomes hundred percent cashless"? An open ended question such as this one gives the participants opportunities to investigate, research, discuss and debate, develop arguments for or against the main question, draw conclusions and present the findings. This is a student-centered approach where the teacher or a trainer guides and facilitates them to explore various aspects that may surround the question or a theme. Inquiry builds capacity for self-regulating as well as cooperative learning. In an inquiry, students/participants are led to ask relevant questions to enhance their curiosity to explore and find out answers to those questions. Inquiry is closely linked with curiosity.

Learning Through Simulation Model and Case Studies

In courses that are organized for professionals, experiential learning approach can be very useful. It means learning through experience or learning by doing. Course participants bring with them their previous knowledge and experience. They may have a lot of examples to share from their practical experience.

ONLINE AND DISTANCE LEARNING ARE INCREASINGLY BECOMING NORMS

Moreover, one can learn better with practical examples. Case studies can prove to be very useful in banking, as they are in other fields. Courses such as on AML/CFT, Fintech, Digitization of Banking sector, Banking Operations, Trade-based Money Laundering, Compliance etc. can better be explained with practical scenarios and case studies. Several case studies are easily available for use. However, there is more to it than just sharing a case study. Course participants can explore the details, dig out information behind those case studies, analyze the cases and draw lessons and conclusions from them. Case studies provide tools to research, using theory and its application. As such, cases are based on exploring and solving a problem by focusing on an instance. Through these one can learn to solve issues and avoid pitfalls and risks. Conclusions drawn can help in strategic planning and in adopting practical measures to correct the mistakes. Case study method helps in sharpening higher order skills.

It is not necessary to develop elaborate case studies in the beginning. Examples of certain scenarios, events and issues from the print media, economic and business journals can be explored, discussed and analyzed. Course participants can then put them in writing, demonstrating their own understanding and analysis of the issues. Case method teaching refers to an approach whereby course participants are challenged with dilemmas to solve with their recommendations.

Using ICT as a Meaningful Approach

There may be different objectives for using ICT (Information and Communication Technology) in education. Here the purpose of using ICT in the classroom is to enhance the teaching and learning process. In the growing information technological era, teaching and learning are becoming more challenging compared to lecture based didactic method, even though a lecture may have been delivered using a video mode. In a research on university teachers who attended a training program on ICT, it was found that through their 'pedagogical awareness' and 'pedagogical thinking', university teachers bring variety of teaching models based on their conceptions of teaching and learning; they need to learn how to use ICT in improving learning of their students using new web-based technologies.

As discussed above that in a constructivist approach to learning, the role of a teacher changes into that of a facilitator and students learn by constructing their knowledge and engaging with higher order skills, while the use of ICT complements such learning approaches.

It is likely that as some trainers may not be fully conversant with ICT, it has become a necessity in many institutions of higher learning that trainers, lecturers and professors go through training in learning ICT skills and their usage in classrooms. At times, students or participants can also assist as they are more gadget savvy. Online and distance learning are increasingly becoming norms. Teachers with greater computer literacy are likely to have more confidence in using ICT in their classrooms.

Conclusion

The pedagogical approaches discussed so far are not the only ones. There may be a variety of other approaches to teaching, informed by context and culture. Effective teachers and trainers are those who create an enabling learning environment for the course participants, work together with them to construct knowledge and build upon learning experiences of those working in professional capacities. They plan well and reflect deeply in providing a variety of learning experiences and activities. They seek to promote reflection on action, understanding and critical thinking in learners. They consider them as lifelong learners and continuously seek to improve ways to implementing pedagogical approaches. ■

Moving on from mis-selling

Following the FCA's recent PPI complaints deadline, Bob Souster considers the ethics of financial selling across two generations. Are banks now getting it right?

The Scenario

Kathy joined the staff of a major bank in 1983 and for the first 10 years of her career worked in a branch office in a provincial town. Her job involved advising personal and small-business customers on their financial needs.

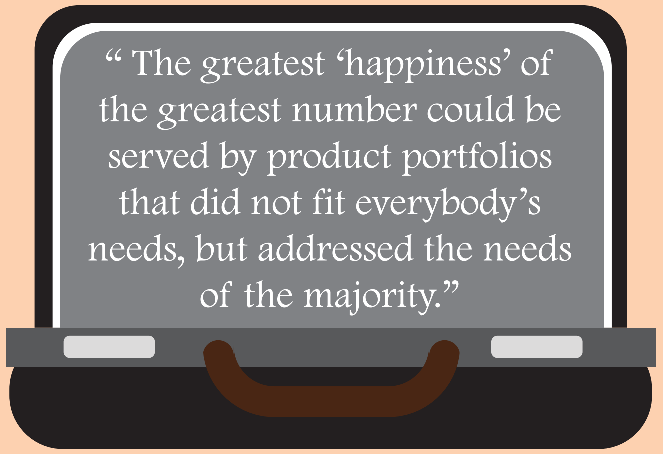
Kathy would typically set up current and deposit accounts for new customers and offer advice on personal loans, credit cards and mortgages. Although she completed a professional banking qualification, this was not a company requirement and there was no need to pass any compliance examinations in order to provide advice on the products that she dealt with.

Customers who came to the bank for a personal loan, credit card or mortgage were encouraged to take out additional products. At application stage, customers were advised to take out payment protection insurance (PPI), which offered financial protection in the event of sickness, accident or redundancy affecting their ability to service their repayments. In keeping with the bank's policy, mortgage customers were routinely advised that the most popular repayment option was the low-cost, with-profits endowment mortgage. Kathy's bank provided life assurance products offered by just one company (as a tied agent), and once basic personal information was collected, customers would have an appointment arranged with a tied agent who would provide quotations for the endowment policy. The adviser would also discuss other products with the customer, including income protection insurance and critical illness insurance.

Kathy was proud of the service she provided and most customers were delighted by her professional conduct. In the early years of her time at the bank, she was pleased to learn that many customers whose mortgages were coming up to expiry date had the prospect of receiving a good tax-free cash sum over and above that required to repay their mortgages.

During the 1980s Kathy attended many training courses. She learned that not all of the products offered suited every customer. For example, life assurance experts would speak at the bank's courses and tell the participants that low-cost endowment mortgages did not provide an absolute guarantee that mortgages would be paid off. Likewise, she was told that PPI policies had questionable value for the self-employed and some other categories of customer. At the same time, most staff took the view that if the bank decided that it was in the interests of customers to take these products, then there must be a very good case for doing so.

Marie is Kathy's daughter. Following in her mother's footsteps, Marie joined a bank in 2009, also working in a customer service role. Marie advises customers on basic banking products such as current accounts, savings and some lending products. She also provides mortgage advice, but was required to gain suitable supervised experience and sit examinations before she was authorized to do so. In her role as a customer adviser, Marie cannot recommend PPI and if a customer asks about this product she is required to refer the customer to a suitably qualified adviser. When dealing with mortgage customers, Marie has to sit down with them and go through a detailed assessment of suitability and affordability. Invariably, customers take out capital repayment mortgages and the bank does not offer endowment mortgages, nor any other type of interest-only mortgage.



When discussing their experiences at home, Kathy and Marie marvelled at how the customer-facing role in a bank had changed. Kathy regretted that she did not question the suitability of many of the products and services on which she advised, as she knew that some customers had later encountered serious mortgage shortfalls as a result of endowment policies under-performing. She also knew many customers who had claimed compensation for mis-sold PPI. Marie asked her mother if the bank really cared about customers back in the 1980s and 1990s. Why did Kathy's bank not offer a choice of life assurance companies? Why did banks and life companies not give more explicit warnings about the risks of endowment policies? And why were some products sold indiscriminately without first ascertaining whether they were suitable?

The Analysis

The deregulation of the 1980s provided a platform for many developments in the banking industry. As the traditional barriers between different types of financial institution broke down, many banks capitalized on cross-selling of life assurance products, just as many of the building societies were able to break into mainstream banking markets. New product development resulted in greater choice for consumers. For the first time, the hitherto conservative banking industry started to learn and apply the lessons of marketing. The customer base grew. Balance sheets grew. Commission income grew and with it, bottom-line profitability.

Sales propositions were simpler in that period. Marketers often developed their vision based on typical households with typical needs. One result of this was that product offerings would be based on the 'customer life cycle', using categories such as 'empty nest I, full nest I, full nest II' and so on. By analyzing needs at different stages of the cycle, banks would be able to offer a suite of products to match perceived needs. Some products, such as current accounts, deposit accounts and loans, would be offered organically from the bank's own portfolio, while others, including life assurance and general insurance products, would be provided by other companies and sold, based on agency arrangements, remunerated by commission.

Essentially, banks were able to benefit from economies of scale using a utilitarian approach. The greatest 'happiness' of the greatest number could be served by product portfolios that did not fit everybody's needs, but addressed the needs of the majority.

Endowment mortgages were spectacularly successful. At one stage in the 1980s, interest-only mortgages backed by endowments accounted for 80% of new mortgage sales. There was a good reason for this. Endowment policies had performed extremely well in the previous 20 years, and their success shown no sign of abating. Furthermore, endowment mortgages were made cheaper by generous tax relief concessions under life assurance premium relief (LAPR), which was later simplified under the Mortgage Interest Relief at Source (MIRAS) regime. It was easy to demonstrate that for many borrowers, the endowment mortgage was the least expensive option.

> “Arguably, the mis-selling scandals and the aftermath of the crisis have forced banks to refocus on the customer.”

Likewise, PPI was an inexpensive way of protecting repayments. It was often sold using an assumption that the borrower would take it unless they specifically decided not to do so.

Just as now, it was perfectly clear in the 1980s and 1990s that there were fundamental flaws in both products. Only a very expensive full with-profits endowment policy would guarantee to repay the mortgage and to be fair to the lenders in Kathy's day, appropriate warnings were given, usually at interview stage and again in the suitability letter. When tax relief concessions were withdrawn with the abolition of MIRAS in 2000, the endowment mortgage became less attractive, but this alone did not kill the product. As for PPI, lenders knew that PPI served most borrowers well, but was almost worthless for some. Yet policyholders did receive full details of what was and what was not covered and could cancel at any time.

In a professional magazine for bankers, read by bankers and mainly written by bankers, it would be very easy to 'sugar-coat' the track record of the industry. In fact, banks, building societies and insurance companies made some significant errors of judgement in marketing their products. As both the demographics of the existing and potential customer base and the economic climate changed, it should have been apparent much earlier that the 'one-stop shop' model would not serve customer needs indefinitely. History will treat the 2008 global financial crisis as a watershed in banking, but it is significant that the endowment and PPI scandals both broke long before the crisis, and compensation demands were already accumulating.

Banks cannot then be wholly condemned for their sales strategies in the period before the crisis, but when Kathy was plying her trade perhaps a more questioning attitude might have been adopted, both by those in the front line and, more importantly, those who led the banks.

Today, the banks are still dealing with the consequences of mis-selling scandals. There remain many borrowers faced with mortgage shortfalls as a result of under-performing endowments and even with the passing of the PPI claims deadline in August 2019, it will be some time before all claims are settled.

Do the banks now have the correct formula? Arguably, the mis-selling scandals and the aftermath of the crisis have forced banks to refocus on the customer, with regulators urging them to place customers' interests at the heart of everything they do. This is possibly one of the biggest contrasts between the work of Marie and the work of her mother, nearly four decades apart. Kathy was trained to sell to a formula that was successful but flawed. It encouraged initiative and flair, and in the climate of her day, some individuals prospered purely on their ability to sell. Marie's colleagues are more limited in this respect. They have to tick more boxes, be more mindful of compliance, but more importantly, can never let their eyes stray far from customers and what the bank can do for them. It is no longer about what customers can do for the bank. ■

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

Payment Systems in Pakistan (January – March 2020)

Snapshot Details as on March 31, 2020:

- Total Population – 204.65 million
- Currency in Circulation (in million PKR) – 6,007,758
- Number of Banks' Accounts – 54,731,001

Payment Systems Infrastructure as on March 31, 2020:

- Number of Banks – 44
- Number of Branches – 16,069
- Commercial/ Specialized Banks' Branches – 14,796
- Microfinance (Branches) – 1,273
- Number of Real Time Online Branches (RTOBs) – 15,947
- Number of Banks having ATM Machines – 34
- Number of Banks Providing Internet Banking Services – 27
- Number of Banks Providing Mobile Phone Banking Services – 27
- Number of PRISM System Participants – 50
- Total number of Cash & Cheque Deposits Machines (CDMs) – 84

(Source : SBP Publications)

Glimpses from the Inauguration of the State Bank of Pakistan on July 1, 1948

At the Opening Ceremony Performed by the Governor General Muhammad Ali Jinnah, a symbolic lock was opened into a world of our financial sovereignty and bright future.

(Source: SBP Archives)

WHY NEW ENTRANTS DO NOT ASSIMILATE

By: Rafi Ahmed

Before proceeding to the actual topic, a bird's eye view is required of the contours of employers, that is the banking sector, which comprises of commercial banks, Development Financial Institutions (aka DFIs) and microfinance banks. On one hand scheduled banks number 44 as on December 31, 2019 with a vast country-wide network of 16,076 branches. Out of these, commercial banks number 33, while there are 11 Microfinance banks. In addition, the banking sector also boasts of 8 DFIs which are fully included in the financial system. On the other hand, there would also be other additions as well in future, as many other banks may be included in the list. For instance, EXIM Bank whose rudimentary profile, as per its mandate, is to promote expansion and diversification of the export base of the country by providing short term export credit facilities and long term financing facilities for setting up export oriented projects.

The bank will also provide guarantees, insurance and other supporting services. So the actual figure is to rise further, as such, more out-of-university and skilled human capital would be required for banks yet to be formed or those which are in the due process of going operational.

The 44 banks, earlier mentioned, cater to a 55 million-customer base for a country with a population of 205 million, which means only 27 percent are in the ambit of banking services. So it means the banking sector needs continuous inflow and induction of dedicated employees. However, there are two categories of new entrants in the banking and finance sector. The first category comprises of new raw hands or fresh graduates and masters, who are inducted as Trainee Officers and MBAs. While MBAs are mostly selected as Management Trainees, the trainee officers are appointed in two streams, namely as Branch Tellers and Customer Services Officers, most of them in Officer Grade III or II Scales. Management Trainees are selected for a bit higher level job description and are accorded the status of Officer Grade I or in some banks, direct as AVPs.

But the subject under discussion is why some of them do not succeed or stay in their respective banks. The reasons for high turnover rate are manifold. In one of the banks, it was personally witnessed that there was about 20 percent outflows within 3 to 6 months of their induction.

Provisional Respites: The foremost reason is many young men and women, who do not have any job of their liking, find temporary respite and relief from joblessness, as in our country the job market is not so well-responsive to their needs and demands are more, while positions are scarce. More graduates are churned out every year than the job market can absorb. So after being inducted in batches, they are given training and are well-looked after at least for many months, but very soon the empty nest syndrome results.

Inappropriate Placements: Another reason is inappropriate postings in places which are either too far from their residence or in remote areas in which the young inductees are not at ease. For a new appointee, it is not possible to have a bike, not to speak of car, to traverse long distances by changing two or three bus routes. But the hiring banks are also not wrong in this matter as at the time of appointment, it is clearly mentioned that the trainees are liable to be posted anywhere in the country. At the time of appointment all trainees sign the document without any objection but later on grumble about the posting issues. Secondly, banks cannot post every trainee on their doorsteps or the nearer-to-home branches as the network or staffing needs may restrain these factors.

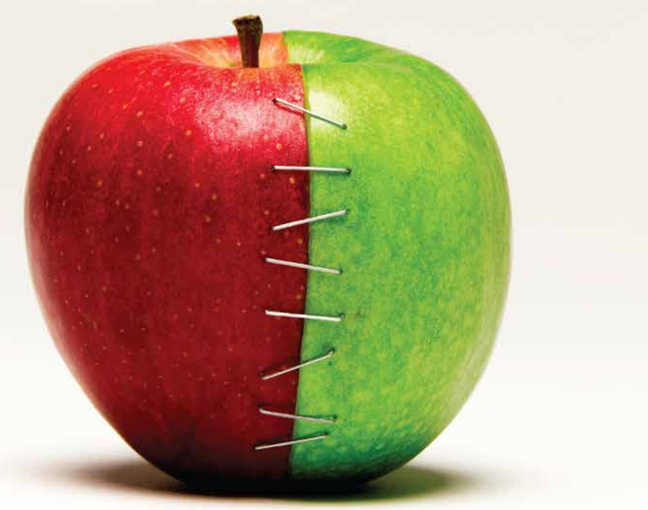
> **"A time comes when their activities become intolerable with their new employers, so they have to quit in the end with the tag of abysmal failures on their foreheads."**

Inadequate Compensation: In some banks, the young officers are paid salaries which are not commensurate with the tasks performed. Also, in many of the banks nowadays, it is rather a rule not an exception that they hire the newly-trained staff from their peer banks which amount to piracy of staff. The hiring banks avoid the hassle of going all the way through the regimen of short-listing and conducting tests, interviews and training costs.

Lack of Congenial Environment: Another important aspect is the lack of congenial and welcoming environment in a few banks. As such, the junior staff face a difficult situation, so the reporting relationship plays a crucial role for retaining the staff or encouraging turnover.

Absence of Orientation: Although many banks have adequate training facilities but some do not even bother to accord them at least an orientation session to help them become accustomed to the corporate culture. Besides, there is no counseling service available to the new employees to air their grievances and enable the management to solve their just issues. In one of the middle-tier banks, the CEO was directly involved to oversee their welfare as the Learning Department was entrusted with the task of being their guardians for a year after posting and advised to conduct bi-monthly meetings with them to listen to their issues. The issues used to be summarized and sent directly to the CEO for further action, this action alone saved that bank from heavy turnovers and it was able to hold on to at least 80 percent of the new-inductees. There is a dire need for raising their morale and motivational levels to make them — if not lifelong associates—at least consistent workers for a decade or so. One noticeable aspect observed in these cases is that those officers who quit, joined other peer banks with only a slight increase in pay, the underlying reason being the attitude of the reporting line or frequent transfers at their former workplace.

> **"The reasons for high turnover rate are manifold. In one of the banks, it was personally witnessed that there was about 20 percent outflows within 3 to 6 months of their induction."**



"The reporting relationship plays a crucial role for retaining the staff or encouraging turnover."

Banks have been hiring MBAs from prominent business schools since the 1980s, but presently the MBA degree has mushroomed so much that one out of four applications received even for junior level jobs are from MBAs from not-so-noted institutes or those not recognized by Higher Education Commission (HEC). In one bank, it was noticed that an MBA was appointed on the Teller's seat, as the institute from which he graduated was an average one. The young man, however, appeared to be quite intelligent and performing well on his seat.

However, the story of those MBAs from prestigious institutes is albeit a totally different narrative or storyline. These MBAs, who are appointed as OGI or AVPs, are selected in Management Trainee Batches and pin high hopes and aspirations on the banks which hire them. They strive to be ensconced in executive seats just after the conclusion of their training period. Some do succeed but most of them soon become a disillusioned lot and ultimately exit. At least for the first few years, they need lots of patience, tolerance and absorption into the new financial scenario to gainfully succeed in their ambitions. In another instance to recall, 20 MBAs were selected on merit by a bank, during training two of them left within a month and by the year-end only 5 remained. Although they enjoyed the patronage of their training-minded CEO and were drawing good pay cheques, they still left because most of them could not cope with the stress of their non-MBA colleagues already working there and, of course, the bosses or fulfil their ambitions in a short period. But many of the faultlines also rest on the shoulders of the employer-banks as they fail to provide a work atmosphere compatible with their abilities and qualifications for which they were taken on board, hence the turnover rate.

Lateral Entrants: The concept of hiring lateral entrants is not new, it has been in practice since the kingdoms were born, as the kings were unto law themselves and used to hire the best talents from across the world and from within their own domains. But the current practice revolves around the induction of officials and executives of the rank of VP and above from other banks. The fields in which dire needs occur are Risk Management, Treasury, Finance, Audit, Compliance, International Trade and various streams of Information Technology etc. Most of the lateral entrants come with a higher pay tag, sometimes they do not deserve such higher escalated salaries but since the organization needs them, so they are appointed on their own terms.

Reasons for Being Unsuccessful

While most of the appointees to senior positions come from similar milieu in peer banks or DFIs and are comfortably absorbed, some are unable to be acclimated with harmony in their new settings due to the following factors:

- Since their pay package is sometimes higher than the existing staff, there is a likelihood of developing a lack of empathy towards new employers. They may also suffer from superiority complex which, in fact, is nothing but disguised inferiority complex and in the habit of comparing the present institution with their previous employers, whom they have left in a lurch. It is a common refrain to hear from them that "we used to follow better rules in our previous organization(s)".

- They may also nurture and display a domineering attitude towards departments other than their own and seem to be more interested in the activities of departments, which do not fall in their purview. They unduly interfere in the performance and working of otherwise sound departments, which may induce sharp turnover of staff from the departments in which they frequently foray. All these activities are misconstrued by them as within their job description.

"Many of the faultlines also rest on the shoulders of the employer-banks as they fail to provide a work atmosphere compatible with their abilities and qualifications for which they were taken on board, hence the turnover rate."

- This category is more focused on the defects of others, rather their own performance and a time comes when their activities become intolerable with their new employers, so they have to quit in the end with the tag of abysmal failures on their foreheads. Their favorite pastimes are unnecessary nit-picking, being excessively concerned with inconsequential details, which damages the interests of the organization which employed them. One of the reasons of this activity has to do with their own professional incompetence and abject failure to deliver.

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- In one bank, the turnover of some of the executives of the level of SVPs/ EVPs was so short that it lasted only a week or at the most 3 months, but it was not their fault altogether, rather they fell foul of existing colleagues or internal squabbling. Since they were specialists in their respective spheres, so others resented and made their stay short without any rhyme or reason.

- Lastly, there is one more plausible reason of the exit. Some seniors are in the habit of joining other banks/ DFIs just to improve their worth with a higher price tag and then quit after spending a considerable period, of say one year. These are transitory birds like those who migrate from Siberia to spend the severe cold weather in hotter countries. All they want is a label of a high salary to enable them to switch to other institutions with a still higher price. Some of them are so crafty that they just show the appointment letter to their existing employers who retain them with the increase in pay scale that was offered by the other bank. Many a time this gimmick also flops and they are flummoxed with nowhere to go.

Epilogue

In conclusion, it can be affirmed with strong conviction that those who are fond of finding defects in others bring about their own ruin. They suffer from Hamartia which is described as a tragic flaw in the shape of excessive pride (Hubris) and self-righteousness. Hamartia which pertains to dramatic literature was first used by Aristotle in his Poetics. Leon Golden, a noted authority on Greek Mythology, cites Van Braam's notion of Oedipus committing a tragic error by trusting his own intellect in spite of Tiresias' warning as the argument for human error over divine manipulation. Every person was felt to have hamartia—a tragic flaw, or potential for error in judgment that would frequently destroy an otherwise promising career. The most common among these flaws was hubris. In terms of the Aristotelian theory of tragedy, Oedipus is a tragic hero because he is not perfect, but has tragic flaws. So by having hamartia, leading to excessive pride and arrogance in the shape of hubris, they tend to destroy their flourishing careers while causing considerable damages to others as well. This often ultimately brings about one's tragic downfall. There is a dire need for these type of people to review their attitude and adopt the concept of laissez-faire, which is defined as the policy of leaving things to take their own course, without interfering, where they have no business to do so. In order to get assimilated in their new organizations, they should focus on their own performance and JD, rather than prying on others' activities. The hiring organization should also strive to bring them into mainstream. ■

PAKISTAN'S FIGHT
AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

In the global fight against financial crime, each region faces unique challenges and those faced by Pakistan are, arguably, more complex. Pakistan was first placed on a list of "jurisdictions with strategic deficiencies", also known as the grey list, in 2008 and thereafter from 2012 to 2015. In June 2018 Pakistan was again placed under the watch-list due to the gaps in its Anti Money Laundering (AML) / Counter Terrorist Financing (CFT) compliance regimes.

Pakistan – as a member of the Asia Pacific Group on Money Laundering (APG) – has demonstrated that it takes financial crime seriously and is committed to implementing the Financial Action Task Force (FATF) 27-point plan.

What is FATF looking for in AML and CFT?

FATF has formulated a set of 40 recommendations which have become international standards on AML and CFT.

Over time, these recommendations have been and will continue to be updated. The recommendations list out the essential measures that countries should have in place to:

1 Identify the risks and develop policies and domestic coordination;

2 Pursue money laundering, terrorist financing and the financing of proliferation;

3 Apply preventive measures for the financial sector and other designated sectors;

4 Establish powers and responsibilities for the competent authorities (e.g., investigative, law enforcement and supervisory authorities/including National Accountability Bureau, Financial Intelligence Unit, National Counter Terrorism Authority, etc.) and other institutional measures;

5 Enhance the transparency and availability of beneficial ownership information of legal persons and arrangements and facilitate international cooperation.

FATF evaluates a country's performance based on its assessment methodology that covers:

1 Technical compliance, which is about legal and institutional framework and the powers and procedures of the competent authorities, and

2 Effectiveness assessment, which is about the extent to which the legal and institutional framework is producing the expected results.

A lot of these recommendations and methodologies are nothing but the dry financial jargon that is characteristic of multilateral bodies and compliance professionals, such as a "risk based approach", "structural deficiencies", "materiality", "customer due diligence (CDD)", "suspicious transaction report (STR)" etc.

At Accuity, we have been supporting this cause, by helping over 40% of the banking and financial institutions (BFIs) in Pakistan meet their AML and CFT obligations for the past decade.

As Pakistan's Banking and Financial Services (BFS) community and sectors like Designated Non-Financial Business and Professions (DNFBPs) and Non-Banking and Financial Institutions (NBFIs), increasingly look towards advanced compliance and screening solutions, it is essential that they consider three things–effectiveness, efficiency and explainability.

The questions that these institutions should ask themselves are as follows:

Firstly, does the touted solution have effective and proven capabilities in stopping the organization from processing an illegal transaction or onboarding a customer/counterparty it shouldn't?

Secondly, is it efficient in stopping financial crime without compromising the customer experience? False positive reduction (FPR) is one of the biggest challenges we see in the industry today. Organizations must be careful not to implement and configure a solution on day one and then simply leave it to run. Much like how a musical instrument needs tuning until it sounds right, any financial crime screening engine must be continuously finetuned to suit the organization's specific regulatory obligations, risk appetite, local cultural nuances and constant regulatory changes.

Traditional names in Urdu, amongst other factors, can complicate compliance checks considerably. The potential for duplication or confusion is greater, exacerbated by translation and the fact that spellings can be fluid – take Mahmoud and Mahmud and some names are also very common – there are an estimated 150 million males in the world named Muhammad, for example. That is where Acuity leverages new age

"With the mission of developing human capital for the banking industry in Pakistan for over seven decades, the Institute of Bankers Pakistan (IBP) is committed towards meeting global compliance standards and ensuring FATF observations on AML/CFT regime for the region.

This mainly entails a two-pronged approach: One, propagating awareness of these recommendations within the banking and financial industry; the other being adoption of technology to ensure the required systems are in place. Focusing on the former, State Bank of Pakistan has played a key role in propagating the culture of the sustainable compliance. With its mandate, IBP has been proactive in engaging various stakeholders, including regulatory technology partners like Accuity, to deepen the Financial Crime Compliance proliferation across Pakistan."

Faisal Hussain
Director Research & Development,
The Institute of Bankers Pakistan

> Over the last two years or so, Pakistan has covered a lot of ground in coming up to and in fact, endeavoring to exceed the expectations of FATF in adherence to the 40 Recommendations and largely completing the plan of action agreed with FATF. Updating the national risk assessment-2019, completely revamping the AML/CFT Guidelines by SBP, are some of the examples evidencing the serious commitment of the government in taking its fight against money-laundering and terrorist & proliferation financing to the next level. I believe that FATF's landmark work has enabled the world to be a much more secure place for corporates, financial institutions and designated non-financial businesses & professions (DNFBPs). It has led to other desired consequences as well, like the documentation of economy, better utilization of national wealth, encouraging the observance of human rights, etc. However, in my opinion, given the perennially changing regulatory landscape, international standards & guidelines, advancements in products & services as well as technology, and increasing complexity in the changing tactics adopted by the financial criminals, the fight against such crimes is going to be a continuing endeavor rather than a conclusive war."
>
> **Faisal Anwar**
> Senior Independent Consultant/Advisor,
> ex-Head Global Compliance Group, Habib Bank Ltd

technologies such as Machine Learning and Artificial Intelligence in its solutions to further enhance the system's efficiency, reduce screening turnaround time, and provide best-in-class matching algorithms.

Lastly, does it provide explainability? Is it easy for the organization to pull information to report back to its regulator? As sanctions screening requirements across the region have grown more stringent, we have observed our customers being audited more often than before and asked to provide details on every little factor that could have affected a transaction.

As Pakistan moves towards more complex regulatory regimes, like Trade Based Money Laundering (TBML), the key challenge that banks' compliance teams face in such a scenario, is the screening of goods and vessels. Bank's staff is no science expert to differentiate dual-use and controlled goods from the normal-use goods. The complexity magnifies even more when there is no standard format of goods information on Bill of Lading – sometimes it has common name or scientific formula as the goods name. Similarly, vessel companies resort to nefarious actions by changing vessels' names, flag, etc. when a regulator sanctions them. Keeping track of vessels' name history to avoid engaging in business with a sanctioned vessel or shipping company becomes tricky for compliance professionals.

"We have been supporting the compliance community in Pakistan for over a decade now and have been helping their drive and willingness to adapt technology in fighting financial crime. Pakistan's journey has been challenging, but the dedication of the community to implement change driven by persistent regulator should certainly help the cause of moving off the FATF monitored list. Having said that, SBP has been very proactive and has been at the forefront of setting international guidelines and regulations to ensure its member banks are adhering to prescribed compliance standards. Pakistan, being an export hub, the banking relations must be maintained globally and multiple big regional banks have established international operations, making it mandatory for them to comply with both domestic and international regulations" said Piyush Chawla, Head of Sales – South Asia & ANZ at Accuity.

Ultimately, AML/CFT screening solutions, fuelled by high-quality sanctions and politically exposed persons (PEP) screening data, is a crucial component in achieving success within today's dynamic compliance environment.

At Accuity, we consider all these factors and believe that potential hurdles to effective screening can be overcome with the right mindset, knowledge, cultural focus and resources. We look forward to continuing this essential conversation and making a positive impact locally. ■

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Q. IF A CHEQUE IS PRESENTED FOR PAYMENT IN THE BANK AND THE AMOUNT MENTIONED IN WORDS DIFFERS FROM FIGURES, WHAT IS TO BE DONE?

Ans. It may be noted that the remedy is clearly stated in Law, as Section 18 of Negotiable Instruments Act 1881 says: "If the amount undertaken or ordered to be paid is stated differently in words and figures, the amount stated in words shall be the amount undertaken or ordered to be paid. "

The amount written in words is called Legal Amount of the cheque and the amount written in figures is known as Courtesy Amount. In other words, in a cheque, the space where the amount is written is called the legal line; the box where the digits are inserted is called the courtesy box or the numeric box. However, where there is a difference between words and figures expressed in a cheque, the amount in words is the amount payable as per the above mentioned Section 18. If the account-holder himself appears for payment of his cheque, then he should be requested to rectify the discrepancy if any on the cheque itself and sign the same. But in banking, there are two parts namely, Practice and Law (most of the books prescribed in banking exams generally bear the same title as such) and in many cases the practice may differ from law but these are not unlawful at all. It is being done in the interest of the customers, in order to facilitate and provide prompt, hassle-free service. However, if a third party presents a discrepant cheque, then bankers exercise due caution and it is the norm to return such a cheque with the courteous advice to either present a new cheque or have it rectified and signed by the drawer to avoid any future disputes and delays. There is another aspect to this discrepancy, so it is better to cross-check and ensure that the drawer has not made any error in writing the cheque and remove any misunderstanding regarding difference in words and figures.

Q. WHO ARE THE PARTIES TO A CHEQUE?

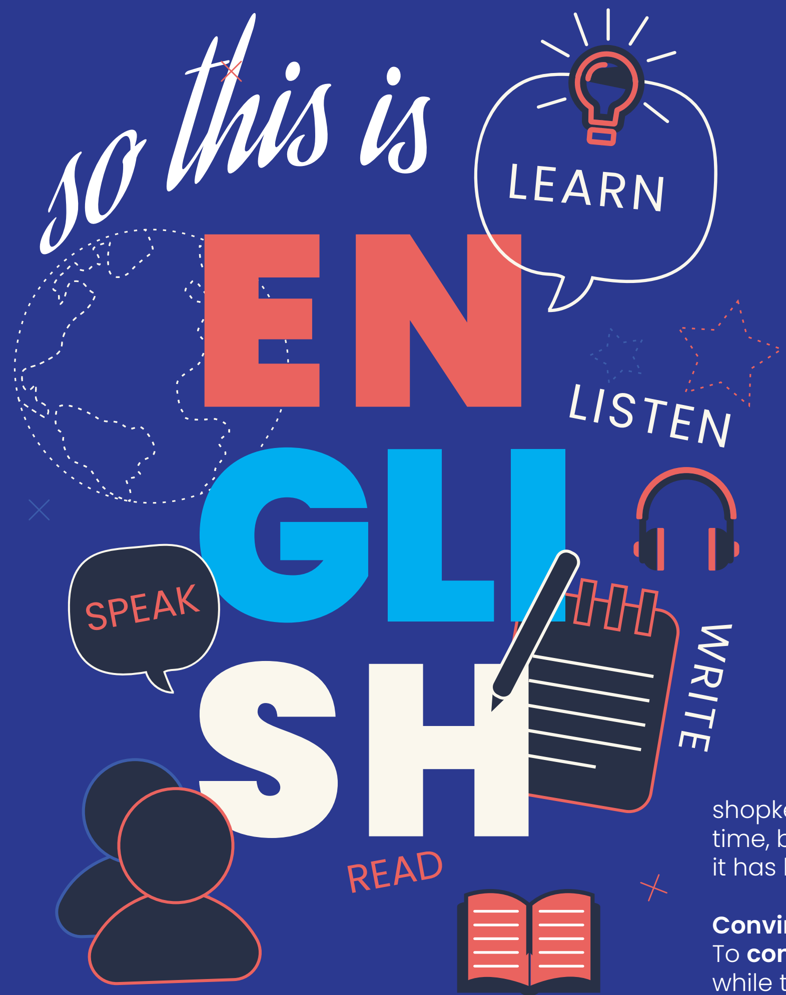
Ans. Basically, a cheque has three principal parties: Drawer, Drawee and Payee. The drawer is the person who issues (draws) the cheque, he is the account-holder. The drawee is the paying bank whose name and address is printed on the cheque, which also issues the printed cheque-book. The drawee makes payment when the cheque is presented for payment. Payee is the person whose name is written on the cheque. The payee is entitled to receive the amount mentioned in the cheque if the same is in order.

To recapitulate the parties to a cheque , there are three parties to a cheque:

- **Drawer:** The person who draws the cheque, signs and orders the bank to pay the sum.
- **Drawee:** The bank on whom the cheque is drawn or who is directed to pay the specified sum written on the cheque.
- **Payee:** The beneficiary to whom the amount is to be paid

MISTAKEN IDENTITY:
WORDS OFTEN MISTAKEN FOR ONE ANOTHER

There are many words in the complex wordbook of English language that pose confusion, as they are similar in meaning but quite differ in usage. There is a subtle distinction which people generally overlook and often mistake one for the other. So dear readers, flex your mind muscles and revive your memories of back-to-school days. Here are some gems:



Amount, Number
Amount refers to a quantity of something and is a singular noun that cannot be counted: *a large amount of money.* **Number** refers to countable items and it is a plural noun. With most plurals it is better to use 'number': *a large number of mistakes.* The phrase 'the number' is singular. The word 'number' is singular when it means 'some.' When used in this way, it is preceded by 'a'. For example, *The number of guests is increasing*. The phrase 'a number of' is plural: *A number of votes were lost.*

Anticipate, Expect
To **anticipate** is to guess or imagine in advance what will happen and take necessary action to face it as: *I tried to anticipate the kind of questions they were likely to ask me.*
To **expect** is believe to think that something will happen or come as: *I am expecting an invitation for lunch from my close friend.*

Ceiling, Roof
Ceiling is the undersurface or overhead interior lining of a room. **Roof** is the top covering of a building, bus or tunnel.

Client, Customer
A person who goes to an advocate, architect, hair dresser or consultant and pays for their service or advice is a **client**. People who purchase goods from shopkeepers or superstores are **customers**. Many a time, both words are commonly used for one another, it has become a rampant usage now.

Convince, Persuade
To **convince** someone means to change his opinion while to **persuade** someone means to move him to action. 'Convince' is properly followed by *of, that*. On the other hand, 'persuade' is followed by 'to', perhaps best illustrated by these examples:
My counsel could convince the court of my innocence.
He persuaded his father to invest Rs. 100,000 in Special Savings Certificates.

Disinterested, Uninterested
Disinterested means impartial or unbiased, while **uninterested** means bored or showing lack of interest.

Empty, Vacant
Empty means containing nothing, it refers to an object; *an empty box, an empty room.* **Vacant** also means empty but is used for a place or space, especially one that is usually filled or intended to be filled: *There is a vacant place over there.* It is also used for a job not at present filled. One oft-repeated phrase is: *An empty vessel sounds much.*

Explicit, Implicit
Explicit means stated outright, clear and fully expressed. It refers to a statement, rule etc. **Implicit** means implied or understood though not directly expressed.

Farther , Further
Farther refers to additional distance for instance : *How much farther we have to walk to reach Clifton?*
Further refers to additional time, amount or other abstract matter, such as: *We do not want to discuss the case further .*

Customer (to Banker): If I deposit a cheque today, in how many days will it be cleared?

Banker: Sir, it may take at least 2 days.

Customer: Both the banks are next to each other, so why would it take so much time?

Banker: Sir, we have to comply fully with the procedure. Think, if someone dies just outside a graveyard, will the dead be first be taken to his home or buried then and there without any formality?

"I USED TO BE A BANKER, BUT THEN I LOST INTEREST."

"Money is a matter of functions four **A medium, a measure, a standard, a store.**"

Quotes You Wrote

- Each day of our lives we make deposits in the memory banks of our children.
  - Charles R. Swindoll
- If you cannot do great things, do small things in a great way.
  - Napoleon Hill
- The errors of a wise man make your rule, rather than the perfections of a fool.
  - William Blake

"The trouble with a kitten is that eventually it becomes a cat."
-Ogden Nash

- Rule No.1: Never Lose Money. Rule No.2: Never Forget Rule No.1.
- We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful.
- Price is what you pay. Value is what you get.
- Someone is sitting in the shade today because someone planted a tree a long time ago. [Warren Buffet]

Bankers are just like anybody else, except richer. – Ogden Nash

Joint Accounts
When a lady's husband died, she went to the bank to get her late husband's account in order. The young customer services officer looked up their joint account and then asked, "Which of you is deceased?"

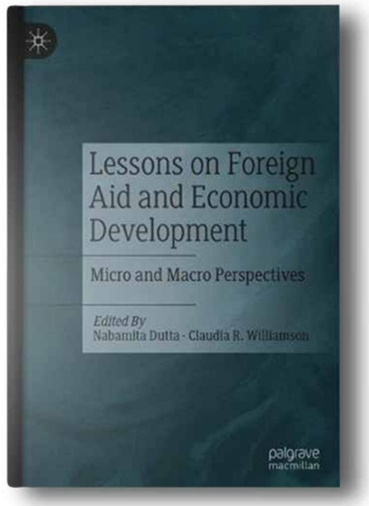
Free Banking

Passing this signboard of bank, one could not help wondering if one even had time to open up a new account: Free Banking for the Rest of Your Life- Four Days Only
(C. David Ellard)

One of the Books with Perhaps Too Long a Title

The Persecution and Assassination of Jean-Paul Marat as Performed by the Inmates of the Asylum of Charenton Under the Direction of the Marquis de Sade, by Peter Weiss

Lessons on Foreign Aid and Economic Development
Micro and Macro Perspectives



By: Nabamita Dutta & Claudia R. Williamson

Synopsis

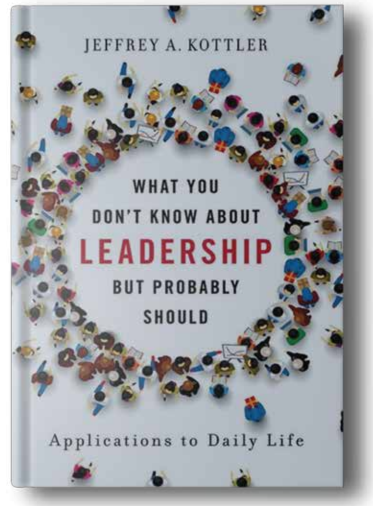
A response to the pressing need to address and clarify the substantial ambiguity within current literature, this edited volume aims to deepen readers' understanding of the impact of foreign aid on development outcomes based on the latest findings in research over the past decade. Foreign aid has long been seen as one of two extremes: either beneficial or damaging, a blessing or a curse. Consequently, many readers perceive aid's effectiveness based on the work of scholars who are assessing the impact of aid from one of two antithetical perspectives. This book takes a different approach, shedding light on recent research that can deepen our understanding of the complex relationship between aid and its aftereffects. Drawing from an extensive set of studies that have explored micro and macro impacts of foreign aid for recipient nations, chapter authors highlight more layered and nuanced findings, with a focus on donor characteristics, political motives and an evaluation of aid projects and their effectiveness, including the differential impact based on type of aid. This volume is the first of its kind to unpack aid as a complex rather than a unitary concept and explore the wide areas of grey that have long enshrouded foreign aid.

About the Authors

Nabamita Dutta is Associate Professor of Economics at University of Wisconsin-La Crosse, USA. To date, she has published over 40 peer reviewed articles on various topics (e.g. foreign aid, press freedom, economic freedom, financial development and entrepreneurship) at the intersection of new institutional economics and economic development. Her articles have appeared in esteemed journals like the *European Journal of Political Economy, Kyklos, Industrial Relations: A Journal of Economy and Society, Journal of Institutional Economics, Small Business Economics, International Review of Economics and Finance, Economic Modelling* and the *Review of International Economics.* She has been a visiting research scholar at various institutions in India, Australia and Germany and has delivered invited research talks at various prestigious international conferences and workshops. Her research has also been covered by the media, in particular by the BBC, New York Magazine, and Ideas for India.

Claudia R. Williamson is Associate Professor of Economics and the Drew Allen Endowed Fellow at Mississippi State University, USA. Her research focuses on applied microeconomics, the role of culture in development and the political economy of development policies, such as foreign aid. She currently serves as an editor for the *Journal of Institutional Economics.* Claudia has authored over 35 articles in refereed journals including the *Journal of Law and Economics, World Development, Journal of Comparative Economics, Public Choice, Journal of Corporate Finance,* and *Journal of Institutional Economics.* Her work is cited in top journals including the *American Economic Review, American Political Science Review, Journal of Economic Growth* and the *European Economic Review.* Her research has also appeared in popular press outlets, such as The Economist and the BBC.

WHAT YOU DON'T KNOW ABOUT LEADERSHIP BUT PROBABLY SHOULD
Applications to Daily Life



By: Jeffrey A. Kottler

Synopsis

Leadership is not just for CEOs — we all find ourselves in leadership positions at one time or another, whether in meetings and classes or at social events and family gatherings. And yet, even though leadership is the single most studied aspect of all human behavior, there remains a scarcity of qualified leaders to step into critical positions. This deficit is laid bare in the gulf between what leaders are trained to do and how they actually act. In What *You Don't Know About Leadership, but Probably Should,* Jeffrey A. Kottler translates the latest research, theory and skills into practical strategies for everyday and professional situations. He presents the wisdom and successful strategies of an array of renowned leaders —from Steve Jobs to Franklin Delano Roosevelt, George Lucas to Admiral Horatio Nelson—while citing the challenges they faced and lessons they learned in their respective roles. The book focuses on key attributes such as self-confidence, flexibility, charisma and humility, while noting the serious pitfalls associated with traits such as hubris, immodesty and narcissism. Kottler's writing is candid and realistic; though there are no easy rules or programs that instantly lead to success, there are steps you can take to make a difference in others' lives, better manage conflict and stress and ultimately serve as an effective leader.

About the Author

Jeffrey A. Kottler, PhD, is one of the most prolific authors in the fields of psychology and education, having written 90 books about a wide range of subjects related to personal transformation. He is Clinical Professor of Psychiatry at Baylor College of Medicine in Houston and Professor Emeritus of Counseling at California State University, Fullerton. He is also the Founder of Empower Nepali Girls, an organization devoted to the protection and mentoring of at-risk children.

DIGITAL FINANCE
Big Data, Start-ups, and the Future of Financial Services

By: Perry H. Beaumont

Synopsis

The internet is dramatically transforming the way business is done, particularly for financial services. Digital Finance takes a thoughtful look at how the industry is evolving and it explains how to integrate concepts of digital finance into existing traditional finance platforms.

This book explores what successful companies are doing to maximize their opportunities in this context and offers suggestions on how to introduce digital finance into a firm's structure. Specific strategies for a digital future are presented, alongside numerous case studies that explore key attributes of success. In recognition of the rapidly evolving nature of finance today, Digital Finance is accompanied by a website maintained by the author (PerryBeaumont.com), as well as links to other content with insightful articles, analyses and opinions.

For both practitioners and students of finance, *Digital Finance* provides a rich context for a better understanding of the landscape of finance today, and lays the foundation for us to process and create the financial innovations of tomorrow.

Reviews

"A primer for anyone interested in the use of digital strategies for financial analysis. Perry takes you through the journey of public accessibility to financials and how the Digital Revolution has transformed financial analysis by providing a heightened level of speed and transparency. *Digital Finance* helps you get a complete picture of a company's financials using big data, enabling you to evolve your analysis and deliver smarter insights."
— Pranav Ghai, Co-founder & CEO, Calcbench

"At our firm, Distinguished Programs, we are committed to understanding our data more deeply, so we can make better decisions though data-driven, actionable insights. With practical examples, helpful definitions and historical context, *Digital Finance* provides readers with real-world and theoretical foundations to assist with your particular journey. I commend this book to you and trust you'll find it as insightful as I have."
— James Flynn, President, COO, Distinguished Programs, New York, New York

About the Author

Perry H. Beaumont, Ph.D., serves as Head of Data Science and Actuary at Distinguished Programs (a national insurance program manager) in New York City. Perry is also a Lecturer at Columbia University. He has published books, articles and blogs on a variety of finance topics.