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**Bankers**

P a k i s t a n

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CHANGING GLOBAL LEADERSHIP PROFILE  
IN POST COVID-19 SCENARIO

REIMAGINING BANKING

# DIGITAL PAYMENT SERVICES

Changing the  
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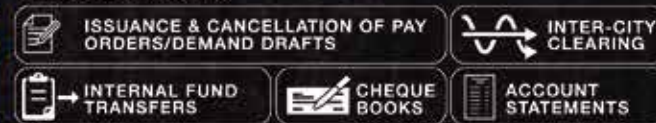


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# EDITORIAL



Rafi Ahmed  
Editor

## Say Hello to ISQ

**T**he Institute of Bankers Pakistan is not just another run-of-the-mill academy, humdrum center of learning or a quotidian Institute, churning out pedantic testimonials of no face value or mere paper tigers. As quoted by Miguel Queah, "Qualification sans quality, is no qualification at all."

So since its advent, IBP has always made quality as one of its prime cornerstone. Rather, it is the only authentic institution in Pakistan which has a rich legacy as ace pioneers in preparing and producing bankers of repute, unleashing a dedicated banking manpower and disseminating professional ideals in the country, which blossomed into a dynamic industry and filled the lacuna of badly-lacking and deficient banking talents and skills. It was more or less the frontispiece of an edifice that later on paved the way to financial development. Rooted in 1951, with the active help and blessings of Institute of Bankers, UK (since rechristened as Chartered Banker Institute, UK), it has come of sound age of seven decades to be precise. It is necessary to recall with full glory that in 1950s right to 1990s, if any banker wanted to switch over to a foreign or any other bank of local hue, the first question he was likely to be asked out-rightly in the interview was whether he had completed at least Part-I of DAIBP, this acronym resonated as Diplomaed Associate of Institute of Bankers Pakistan in the domain of financial sector. It was the precursor, or we can rightly say, harbinger of the now revamped modern IBP Superior Qualification or ISQ, which can be easily pronounced in a short sip. It is also a coincidence that the refurbished version was also brought about in close cooperation with the Chartered Banker Institute, UK.

In the decades referred to above, all the commercial, investment and development finance institutions attached utmost importance to it, not only encouraged but egged on their employees to enter in maximum numbers in its examinations. In order to ensure optimum success, they also lavished on them monetary inducements, in the shape of increments and grants, besides reimbursing the exam fees. They also made it a point to inscribe in their respective Human Resource Manuals and Service Rules, the reservation of certain points or grades to keep the DAIBP-qualified candidates on top preference for further promotion in light of ACRs. Nearly all Presidents of Financial Institutions, personally used to take keen and abiding interest in the said exam. The examination encompassed two different streams:

DAIBP which comprised of two parts with 11 papers and CAIBP (Certified Associate of Institute of Bankers Pakistan), though DAIBP was the preserve of the Officers and Executives and of higher standard than CAIBP, which was set aside for the Assistant cadres, however, there was no bar for an Assistant to sit for DAIBP; many came out successful and were consequently promoted, then and there, in Officer Cadres. So much significance and value was tagged to both these professional qualifications, that on receiving the circular from IBP of successful candidates, the head of the institution himself used to monitor the progress and even felicitated the candidates individually. Then banks made it a practice of issuing a country-wide notification containing the list of successful candidates, which was sent to all offices and branches as a matter of pride.

There was another pragmatic policy adopted by the banks, back then to hire new blood in the shape of fresh graduates of all faculties, on the basis of a written test and interview, thus merit alone was the sole criterion in selection. All recommendations, pressures and solicitations were discouraged. The nomenclature used for newly-appointed officers was either Probationary or Trainee and were trained in batches, depending on the intake quantum. So every year, they had the best talent, these officers used to undergo comprehensive training lasting one year. The first six months' training was conducted in their residential Staff Colleges and all trainees were coached in DAIBP-Part I subjects. The remaining segment of six months was devoted to practical training in their various branches, which was closely monitored. As this was not enough, first half the day was reserved for coaching classes and in the second half, senior executives from various Head Office Divisions and GM/RM Offices were invited to lecture, explaining the working of their respective Divisions and Offices. In this way, the new entrants used to obtain the best orientation, which later on contributed to their promotion and job progression. The best faculties, both permanent and visiting, tutored them in various subjects which addressed most of the facets of banking. On completion of training, if candidates passed DAIBP-Part I, then they were conferred direct grade two cadre, this was an added advantages in charting one's career roadmap. Many of the GM and RMs also eagerly passed out in the examination. Then this certification not only enhanced their professionalism but also soundness and trustworthiness.



Now coming to IBP's bellwether ISQ-JAIBP qualification which is the only recognized professional banking qualification in Pakistan, accredited by Chartered Banker Institute (UK); leading towards Chartered Banker MBA (CBMBA) from Bangor University Business School (UK), located in Wales, 208 miles from London.

There is a myriad of benefits and advantages accruing to the candidates who pass out from IBP, after completing ISQ. First of all, being a prestigious professional qualification, it adds to the market value of the candidate and elevates the personal standing. The person is considered as a skilled banker. It also lends an aura of professional credibility.

Since it provides a complete toolkit and equipment to the person qualifying, it is endowed a notch up in the organizational hierarchy. When this scribe was in a leading commercial bank, he had an opportunity to visit one of its regional offices in an outlying area and meeting the staff posted there, it was found out that there were four young officers in Grade Two cadre, but one of them had a commanding role as a staff officer, literally the second to the Regional Manager. Upon enquiry, I was told that he was the first amongst the equals, as he had completed both parts of JAIBP.

The benefits accruing to the rise in one's professional skills are many. First of all, the person qualifying ISQ, gains self-confidence as a professional banker. He/She is on board with the latest information, developments, advancements and trends in the world of banking. There is not only competitive advantage waiting for those who qualify but also merit as immediate laurels won on hard work and toils. ISQ creates and instills twin blessings in the form of motivation for not only themselves but also people working around them or reporting to them, it also leads to self-motivation. Motivation is likened to how we formulate our personal lives, for example we ask for tea or coffee, this is nothing but a basic type of self-motivation, then we would like to wear the best of the dresses, to motivate ourself. Self-motivation leads to leadership traits which leads to higher commitment levels.

It has been constantly observed amongst those who have cleared ISQ that it increases not only their

competency but also efficiency and time-management skills. Efficiency allows one to manage all aspects of one's portfolio more devotedly and effectively. It also endows one with credibility and professional ethics. So all bankers should opt for being a garden with a thousand flowers rather than a lawn with a single flower. ISQ provides the vista and vision for achieving both personal and career goals. What is needed are an investment in time, passion, commitment and smart work to achieve this not-at-all impossible target.

Suffice to corroborate our evidence with those of a top notch winning-candidate shared about ISQ's JAIBP Program:

He opines that it comprehensively incorporates all major ingredients of banking policies and practices that are imperative to know for every banker. This also provides a competitive edge to candidates for promotions and annual appraisals, in addition to rewards. Further as its after-effects, he always wants to remain ethical in whatever he does and would like to keep ethics before anything. For individuals entering this industry, it is very important to know that there is no free lunch in banking. It is a tough job with fresh and unexpected challenges waiting for it along the way in everyday life. However, it can be an equally rewarding career if one realizes his strengths and does not limit himself to a desk.

If the same spirit prevails now, the banking industry which has evolved as the multi-dimensional 3-D humongous sector, would be more successful in its endeavors for the weal of country. As the great sage Confucius (551 BC-479 BC) had remarked a long time back, "The essence of knowledge is, having it, to apply it; not having it, to confess your ignorance." So all those who are in the process of qualifying or have already qualified both streams of ISQ: JAIBP and AIBP, would need to apply their knowledge to their everyday professional life. They are equipped with better tools and empowered to perform to their best abilities.

So go ahead and as Johann Wolfgang von Goethe Quotes, **"The right man is the one who seizes the moment."** Seize the moment and make your career flourish.

## The Contributors

### Dr. Gohar Sattar

is an accomplished professional having rich and diversified experience in all functional areas banking, spanning more than a decade. While securing distinction in JAIBP subjects and passing AIBP in the first attempt, he also bagged the first prize in IBP Essay Writing Competition 2007, titled Challenges and Opportunities in Microfinance. Dr. Sattar is currently employed with a leading commercial bank.

### Akram Khatoon

is a prominent senior banker who was the founder and President/CEO of First Women Bank Ltd. from 1989 to 2004. She is a prolific writer on topics of current interest such as banking, finance, financial inclusion and economy. She is now the chancellor of Jinnah University for Women.

### Sohailuddin Alavi

is an author and consultant. Having authored books on decision making, ethics, organization management and leadership, he writes for a number of reputed professional magazines. He is also a partner at the Corporate Consulting Group and Senior Projects Consultant at a development consortium of NGOs in Afghanistan.

### Rafi Ahmed

is formerly Senior Vice President/ Head of Learning & Development in Summit Bank Ltd. and in the Training/Consumer Divisions of MCB Bank. He has authored a book of short stories, Notes from My Noctuary.

### M. Subtain Raza

is a banker with vast experience in Anti-Money Laundering, Combating the Financing of Terrorism and Financial Fraud Risk Assessment & Management. He has done M.Sc, MBA, JAIBP & is a Certified Anti-Money Laundering Specialist from USA. He writes for various national and international journals.

### Sidrah Jamail

served as CSM for some time at a commercial bank. She is now pursuing other fields.

### Mubashir Ahmed

has an MBA from Iqra University. He is a CSM in a local commercial bank.

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## IBP NEWS CORNER

# COVID-19 PANDEMIC BOOSTS TRAINING PASSION



The Institute of Bankers Pakistan has continued its journey towards disseminating knowledge across the board against the backdrop of COVID-19 scenario in the country. IBP's Training fervor, momentum and zeal increased manifold despite constraints posed by virus. IBP adopted alternate channels methodology for its focused training activity. So, in collaboration with CFO Club and other experts, several webinars were organized successfully from the month of June onwards. These webinars were open-ended and its audience represented a wide spectrum of demographics, such as students, scholars, business people, bankers and other professionals:

- Fintech-Digital Payment Solution-A Way forward
- Post-Budget Dialogue
- Cyber Risks, their Impacts and Relative Mitigation
- Role of Internal Auditors in Today's Business World
- Connecting You to the Future of Supply Chain
- Code of Corporate Governance in Pakistan-Dokumentation/Paradigm Shift for the Corporate Sector
- Pakistan's Economic Revival: What is next?

The conduct of a series of webinars on multifarious topics of current interest, which were badly needed in the context of COVID-19 situation in the country, were highly appreciated by the participants and the speakers. IBP earned a volley of accolades for playing a proactive and pragmatic role in taking up the issues related to various aspects of economic, banking and technological disruptions notwithstanding. The panelists included prominent experts from regulatory bodies, law enforcement agencies and banking and financial sector.

### Training Workshops

Apart from webinars, The Institute of Bankers Pakistan organized interactive, practical and valuable trainings

for banking and finance professionals. These workshops not only provide opportunities for professionals to further enhance their skills but also updated and refreshed their knowledge in compliance with the policies and procedures imposed by the regulatory body. The training methodology included lectures, presentations, seminars, case studies and role plays. The main areas were:

- Operations and General Management
- Compliance and Regulations
- International Trade Finance
- Credit & Risk
- Islamic Finance

In the months of July and August 2020, 19 programs were conducted with average number of 30 participants in each training. The major trainings covered such topics as: AML/ CFT/ TBML Regulations in COVID-19, Digital Transformation: Opportunities and Challenges in the Wake of COVID-19, SBP Inspection: Regulatory Compliance and Bank's Operations, Framework for Risk Management in Outsourcing Arrangements by Financial Institutions, SBP Currency Management Strategy and Penalty Structure, Advanced Credit Administration and Collateral Management etc.

(Note: Webinar is a seminar or other presentation that takes place on the internet, allowing participants in different locations to see and hear the presenter, and ask questions. Webinar is a portmanteau word derived from: Web + Seminar).





## RISK, FRAUD AND OPERATIONAL EFFICIENCY OF SWIFT PAYMENT NETWORK

In view of worldwide COVID-19 pandemic and physical distancing constraints, The Institute of Bankers Pakistan has adopted alternate training methodology, by conducting a series of webinars and online courses. In this connection, IBP conducted a webinar on 'Risk, Fraud & Operational Efficiency of SWIFT Payment Network', on Wednesday, July 29, 2020. IBP utilized the COVID-19 situation effectively by conducting online webinars and awareness sessions to engage the banking industry of Pakistan in learning and development initiatives.

SWIFT was once considered one of the most secure financial transactions platform used by the banks globally. However, this perception changed after the major SWIFT Fraud in a Bangladeshi Bank in 2016, where the attackers attempted \$1 billion fraudulent SWIFT transactions that targeted its account at the Federal Reserve Bank of New York. The investigation revealed security gaps in the IT infrastructure and lack of adequate internal controls, which lead to this security breach. Various incidents of fraudulent transactions have been reported since then from all across the globe.

Since 2016, more than 4 out of 5 banks in the USA, Europe, Gulf Cooperation Council (GCC) countries and Asia-Pacific have been targeted by cyber criminals. The rate has risen to 90% in GCC and 100% in Asia-Pacific countries. Due to lack of control in SWIFT payment mechanism, SWIFT has introduced its own improved service called 'Global Payment Innovation' (GPI), at the beginning of 2017. SWIFT GPI dramatically improves the customer experience in cross-border payments by increasing their speed, transparency and end-to-end tracking. More than 50 of the world's largest companies including LVHM, Microsoft and Petronas – have already signed up to the services.

Mr. Faisal Hussain, Director Research & Development at IBP hosted the session. He briefed the participants about the role of IBP in the development of human capital and capacity building for the banking industry of Pakistan. With reference to the COVID-19 pandemic, he highlighted IBP's proactive role in meeting these demands efficiently through virtual platforms.

Mr. Ejaz Qadri shared valuable insights on 'Risk, Fraud and Operational Efficiency of SWIFT Payment Network'. SWIFT plays an important role in digitizing payments for cross border trade, therefore its efficiency is critical. He briefed the audience with various cases of risk and fraud on the SWIFT Network.

The next speaker was Mr. Muhammad AlKayed who spoke on 'Securing SWIFT Payment Network'. He shared various reports on Cyber Fraud and Internal Control. He stressed on addressing weak internal controls, compliance and proactive approach towards security to minimize the risk.

Mr. Nezar Nassr was the third speaker in the webinar. He shared his views on 'Fraud Mitigation', with respect to SWIFT Payment Network. He put forth various test cases and scenarios related to security risk of SWIFT Payment Network. The highlight of the event was the focus of all the three speakers on cyber security, outdated application, internal breaches and weak internal controls, which lead to potential fraud on SWIFT Network.

The session was followed by question and answer session where the participants shared their queries that were responded to by the expert panel.

*Note: The session was recorded and is available on IBP's Website at <https://bit.ly/3ixuFB8>*

## SPEAKERS



**Mr. Ejaz Qadri**

Is a local specialist in International Trade and Foreign Exchange. Mr. Qadri has a unique blend of experiences from both the regulator as well as regulatory perspectives. He is also a trainer with hands-on experience.



**Mr. M. AlKayed**

has rich practical experience in security intelligence and operations, risk management, digital forensics and incident response. He has played a vital role in major regional projects with telecommunication companies, governmental agencies and financial institutions in the specialized area of Cyber Security and Information Security. He is currently associated with the SWIFT Payment Network as an expert in security strategy.



**Mr. Nezar Nassr**

is a Technology expert providing consultancy services to more than 100 financial institutions globally. He is currently responsible for providing consultancy in Financial Crime Solutions. He participated from Belgium, the heart of SWIFT Payment Network.



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# A PANDEMIC TEST FOR INTERNATIONAL FINANCIAL ARCHITECTURE

Keynote by:

**Dr. Reza Baqir**

Governor State Bank of Pakistan

*Georgetown Law D-DebtCon, Washington D.C.  
September 14, 2020*



The Governor spoke about Pakistan being a country that is steering its way through challenges, Pakistan's journey before the coronavirus pandemic and during the pandemic and lastly he gave a general perspective about the international financial architecture.

Dr. Reza Baqir, in his opening comments, said that when he assumed office as the Governor of the State Bank of Pakistan, the country was facing the consequences of yet another balance of payments crises so his first priority was to help Pakistan come out of the dire financial crises. He further added that for this purpose, the central bank took much needed but tough decisions to reform the economy such as changing the exchange rate regime, from a pegged exchange rate to a market based exchange rate. According to Dr. Baqir, the IMF program had started to show positive results by Fall' 2019 where the State Bank's targets were over performing and the Net International Reserves target was met.

Dr. Reza Baqir also talked about how the State Bank dealt with the blow delivered by the coronavirus pandemic. As per the Governor, Pakistan gave one of the biggest fiscal stimulus in the region and possibly the biggest stimulus in Pakistan's 70-year history.

The Governor also spoke about Pakistan's fight with the COVID-19 pandemic. According to him, Pakistan handled the public health dimension of the pandemic considerably well due to which the cases were well

below as compared to world even at their peak and due to the country's effective response, the active cases have decreased significantly.

Dr. Baqir also told the audience that although it is too early to declare victory but the country's effective response to COVID-19 has allowed the economy to start the process of recovery earlier than expected. The Governor said that although Pakistan's debt to GDP ratio is high due to which there is limited fiscal space available but due to the reforms carried out by the Central Bank, the public debt, despite some fluctuations during COVID-19, is expected to continue on its downward path.

Dr. Baqir said that despite having a high debt to GDP ratio, Pakistan's external debt compares well to other countries. The Governor also thanked the IMF and the World Bank for bringing the G20 leadership onboard and suspend debt in order to help the emerging countries during the pandemic. He said that Pakistan is a significant beneficiary of the DSSI and out of all the countries eligible for the Debt Service Suspension Initiative (DSSI), Pakistan has the highest obligations.

While giving a general perspective on the issues in the international financial architecture, Dr. Baqir expressed his

fear that the debt crises in some of the emerging countries will become more intense. It showed that median debt level will be higher in 2024 along with the interim debt trajectory. He also added that the urgency in markets to act in the crises is dissipating along with the level of sympathy for the emerging countries. Dr. Baqir warned the emerging countries that it is imperative to secure funding right now or else the countries will face a tougher challenge because the debt crisis will get worse and with time passing, the sympathy for emerging countries is going down so it will become difficult for them to get support.

The Governor further said that wherever countries can borrow, they should borrow from private institutions so that the usage of official resources can be avoided. The Governor also advised against the further utilization of the DSSI because further usage of DSSI will delay private lending at a time when liquidity is available.

Dr. Baqir also talked on the role of geopolitical considerations in the context of the financial architecture process. According to him, the restructuring process is more difficult due to uncertainty between bilateral relations and this disrupts the restructuring process. However, this is not the case in the private sector. According to Central Bank Governor, the debtor country can become the center of a tussle between bilateral countries and multilateral institutions. While closing his comments on the issue of international financial architecture, Dr Reza Baqir said that multilateral organizations that are strong can help to resolve architecture issues.

While answering Sean Hagan's question regarding the Governor's experience with official bilateral creditors under DSSI in context to Pakistan, Dr. Baqir said that in terms of design, more countries are expected to go into debt distress which will test the framework of the IMF. He further added that the support from bilateral creditors was amazing due to the support of the IMF. The bilateral creditors protected Pakistan when obligations were due to the fund. Dr. Baqir also said that during COVID-19, Pakistan maintained exposure from bilateral official lenders and the G20 initiative helped the central bank to give Pakistan a historic domestic stimulus.

While answering another question regarding the extent of exposure of Pakistan's banks to commercial creditors, Dr. Baqir said that Pakistan's banks are not dependent to get funding. The net non-performing loans in Pakistan is less than 2%, however a slight increase is expected in the current net ratio due to COVID-19 particularly in the hospitality sector but in general, banks will do well.

The Governor closed his address by answering the question regarding the political dimension of official credit commitments in context of Pakistan. According to him, Pakistan as a country has not been one of the favorites in bilateral creditors. Some have been more helpful due to closeness in ties. He also said that contrary to the perception, China's share in the public debt is around 5% which is considerably low.



**Ms. Sima Kamil**

Deputy Governor, State Bank of Pakistan

Ms. Sima Kamil was appointed as the Deputy Governor of SBP by the Federal Government on August 25, 2020 for a period of 3 years. She assumed her responsibilities on August 26, 2020. She has many firsts to her credit, being the first woman to be appointed as Deputy Governor and the first-ever woman to serve as the President / CEO of a leading private Commercial Bank, namely: United Bank Ltd, before endeavoring into the realm of Central Banking.

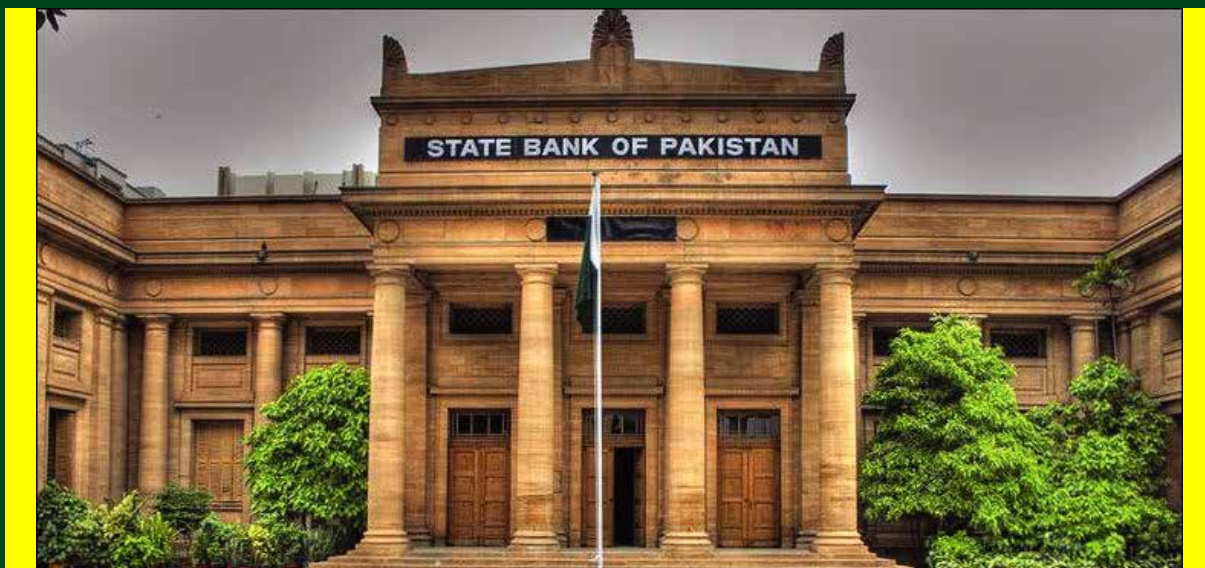
She has over 35 years of experience in diverse fields of Commercial Banking, including Branch Banking; SMEs, Rural, Consumer and Corporate Financing; and Investment Banking. She has worked in various international banks including American Express Bank, ANZ Grindlays Bank and Standard Chartered Bank in areas of Corporate Banking and Risk Management.

Earlier she served Habib Bank Limited for 16 years at various senior management levels, including Head of Corporate & Investment Banking and then Head of Branch Banking. Ms. Kamil was also associated with Microfinance as Director of the First Microfinance Bank for a number of years.

Ms. Kamil has a degree in Business from Kingston University, UK and an MBA from City University, London. In 2019, the Kingston University, UK awarded her an Honorary Doctorate degree in recognition of her outstanding contribution to the banking sector and support of inclusivity in business leadership. She is also a certified director from Institute of Business Administration (IBA), Karachi.

## Monetary Policy Statement September 21, 2020

At its meeting on September 21, 2020, the Monetary Policy Committee (MPC) decided to keep the policy rate unchanged at 7 percent. The MPC noted that compared to the time of the last meeting in June 2020, business confidence and the outlook for growth have improved.





# DIGITAL PAYMENT SERVICES

## Changing the Way We Work

In popular parlance, digital payments have emerged as an obtrusive force during the pandemic era. With the tally of reported cases now in the dreaded six digits, Pakistan is no stranger to the continuing global crisis. From the developing to the developed world, it has hit deep at every seam of society. The impact on health care system and turbulence in economic variables constitute all the more obvious trials and tribulations. With a general consensus amongst medical practitioners, specifically epidemiologists and infectious diseases specialists, on a second and stronger wave of this highly contagious infection, sooner rather than later, is a picture that most of us would abhor to witness. It also highlights, conspicuously though, the quantum of immeasurable challenge that lies ahead. Without painting the canvas all black, fortunately and thankfully, there is a lot that offers unwavering hope. The change in consumer behavior lies at the inflection point of a rising trend, namely Digital Services.

By: Dr. Gohar Sattar



Digital Services is not a new entrant to the financial ecosystem of our country. This phenomenon has been around for quite some time and has garnered reasonable appeal among the masses too. In the COVID-19 times, where the prosaic system and standard approach of doing business was brought to an abrupt and unwelcoming halt, the digital space activity has seen an astronomical rise. From facilitating government operations, businesses and their supply chains, as well as individuals in carrying out their day to day activities, the Digital Services have emerged as the clear and shining outlier. Their appeal stems from the fact that it gives user the freedom to operate from the convenience of their space. In pandemic times, where the order of the day is to stay safe by staying indoors, the convenience of operating from the bounds of your home is undoubtedly unmatched. This feature has catapulted the platform to new highs in puny time that even the biggest Information Technology gurus could not project. At a time when the established businesses are focusing to plug losses, economize cost by layoffs, the e-commerce bellwether Amazon has hired massively to service the unparalleled rise in consumer demand. Not only favoring the big boys of the league, ramped up e-commerce initiatives is also helping small businesses to keep revenue flowing during an uncertain time.

From the local stand point, Easypaisa, a popular digital service with wide customer base has also seen a jump in users, both from new customers and already subscribed users of their digital application. Conservative estimates place a decent 35% increase in new activations with a noticeable 25% jump in existing user activity. Overall numbers provided by Easypaisa, reveal that as the COVID-19 crisis emerged and preventive measures, including 'smart' lockdowns were initiated across the country, a 17% increase in the traffic of daily transactions took place through their app.

Likewise, Daraz, an e-commerce platform in the country, also managed to claim a sizeable chunk of the growing business by witnessing an average 8.2x increase in use of e-wallets by consumers. E-Wallet or digital wallet, used interchangeably in common parlance, denotes an online prepaid account meant to transact goods and services through currency stored online. In our country, digital currency is not used and payments are routed in the local currency whereas, generally, the store of denomination in these wallets is the digital currency. As shopping for essentials is a common requirement of almost all the users, the mobile wallets and banks integrated online shopping services within their apps allow them to execute completely contactless transactions. On popular demand, many new and exciting features have been added in their application that comprise of purchase of airtime, data bundle, bills and fee payments, money transfer, QR payments, salary disbursements, zakat payments and the services keep adding up continually.

Our apex regulator, State Bank of Pakistan, has always been forthcoming to the needs of financial industry customers. In an anticipatory move to facilitate

users of financial services, it instructed banks and micro-finance institutions to waive all transaction fees from digital payments. Timing is of extreme essence in an emergency mode. The best decision with a protracted implementation can never achieve the desired goal. Surely this thought ruled heavily on the minds of policy makers at SBP and they ensured that not only was it prompt and adequate but it coincided exactly with the lockdown measures announced by the government. Standing tall to their obligatory duty and economic interest, too, banks complied even promptly and went the extra mile by adding new payment features to their in vogue applications, with the aim to provide unmatched convenience for consumers.

Unlike cash payments, transparency of transaction and accountability of processes involved are the other benefits the user enjoys, in addition to executing it at a time and place of their liking. Simply put, Digital Payments increase accountability and tracking, lessen the risk of corruption and theft, a penumbra of the existence of cash backed transactions, probably.

The road to achieve a completely digital economy and harness its benefits is indeed slippery. A wolf warrior approach, de-cluttered as a dynamically adaptive strategy, is just what the doctor ordered.

### Encourage the Use of Digital Wallets as Cash Alternative

Realizing the immense untapped potential and to strengthen the digital landscape, the current regime recently launched the 'Digital Pakistan' initiative, aimed at introducing modern technology for public welfare. Gone are the antediluvian days of paying bills by standing in long queues at banks. Digital payments have revolutionized the way businesses receive and make payments to the customers. Figures quoted by Statista, an online portal for statistics, depict the smartphone ownership as a percentage of population in Pakistan to reach 51% in 2020. Taking the population at 240 million, would mean a whopping 120 million plus individuals would be the proud owner of a smart gadget, namely, the smartphone. Hence, what started off as part of a financial inclusion program, to cater the unserved and underserved, has transformed into a tsunami of technological breakthrough where any individual with a valid CNIC can create an online account through their smartphone in no time and transact digitally. By reducing the hassle to complete documentation formalities, it has increased the productivity exponentially.

**Established businesses already had a digital voice long before the pandemic struck. Working on the mantra of 'Never miss a good crisis, they turned this challenge into a God-sent opportunity.'**



### The popular digital wallets include:

- ◊ JazzCash by JAZZ
- ◊ Easypaisa by Telenor
- ◊ SimSim by FINCA
- ◊ Keenu-Wallet
- ◊ UPaisa by Ufone

The users of this technology get an easy access to their account through which they can execute debit and credit transactions, enquire balances and make vendor payments. It also has the feature to pay for passport fee, purchase rail ticket, interbank fund transfer, mobile recharge, bill payment, online retail, offline retail, donations, social cash transfers and online payments. Additionally, Keenu rewards instantly on every purchase. The best part, it is all in your hands.

In March 2020, Union Pay International (UPI) rolled out their wallet in collaboration with Huawei and National Bank of Pakistan. It offered users to pay via both contactless and QR code payments, making it the first mobile-wallet service to feature dual payment options. Additionally, users could access the payment function conveniently by fingerprint authentication, without having to open the application.

### Expanding Digital Payments Acceptability

The number of retailers and SMEs accepting digital payments has to be expanded, enabling the masses with convenient and safe options.

Let us take the example of UPI. It is a subsidiary of China Union Pay focused on the growth and support of Union Pay's global business. In partnership with more than 2000 institutions worldwide, Union Pay International has enabled card acceptance in 178 countries and regions with issuance in 58 countries and regions. Union Pay International provides high quality, cost-effective and secure cross-border payment services to the world's most extensive cardholder base. It ensures convenient local services to a growing number of global Union Pay cardholders and merchants. To date, over 4.5 million merchants outside the Chinese mainland accept Union Pay mobile service in 57 countries and regions. A total of 53 mobile-wallet products developed or upgraded based on Union Pay's technical standards have been launched in 13 markets, offering local customers mobile contactless or QR code payment services.

Domestically, Union Pay is accepted nationwide with some 300 thousand merchants accepting payment by Union Pay QR code. And with 12.6 million cards issued locally, Union Pay is the second-largest international card scheme in terms of card issuance in Pakistan, with over 2.75 million issued in partnership with NBP.

Anecdotal evidence has substantiated that businesses that enjoyed a footprint over the digital space fared much better and emerged as clear winners, when compared to their counterparts relying solely on the cash mode. Particularly so, businesses dealing in essential items and services saw their turnover multiply in no time courtesy of the digital platform that

provided a secure environment to individual customers and businesses, alike. Although there is a far greater appreciation and understanding of e-wallets by businesses, but somehow or the other, there is reluctance by small and medium businesses to establish fully on this pedestal. Maintenance of proper accounts for any subsequent inspection by tax authorities is the oft-cited reason and those running these businesses believe that despite being a favorable option it would complicate, harass and worse so, stifle their businesses in the long run. The burgeoning sense of fear and mistrust between small, medium businesses and relevant government authorities has kept this segment wary from fully harnessing its potential. So all said and done, they tend to side with the archaic mode of doing things.



### Wooing Customers

The digital environment should be made the preferred platform for customers by cajoling them with lucrative offers.

Established businesses already had a digital voice long before the pandemic struck. Working on the mantra of 'Never miss a good crisis', they turned this challenge into a God-sent opportunity, by placating the shopping nerve of the customers through lucrative discounts and other buyer centric offers. Although sales got affected due to the broader lockdown situation, but these businesses remained vibrant through the turnover from their e-platform. Mega sales that were offered only on special occasions remained alive during most of the lockdown period providing a valid incentive for shoppers to empty their wallets.

Several e-wallet operators have put in place an option of reward points and for every transaction executed, the assigned reward points are credited in the customer account. The user has the option of redeeming those points by making purchases through the online malls. The more you spend, the more reward points you receive. The bad news, they carry an expiry date. The author made purchases from an online mall through the digital portal of a leading local commercial bank. Their digital mall was adequately populated hosting a wide range of inventory from electrical gadgets, lifestyle accessories, home upkeep and maintenance articles to the daily range of grocery items. The prices, although a bit higher than those selling in the marketplace, adequately compensated for the convenience offered and time saved. Upon making an online order, the product was delivered well within the stipulated time. In toto, it was a pleasant experience.

### Covid-19: A New Perspective on the Way We Work

Starting from the less obvious, we cannot be sure of how our customer preferences will look in the future, but what we do know is that digital channels will inevitably play an even stronger role in driving bottom lines for businesses. Digital efforts will help entities equate risk by getting them closer to customers, serving their needs and still keeping the required social distance.

Apart from creating a platform which offers ease of access to services, a well-designed digital ambience also allows to connect the physical experience of being in bank branches and high street points-of-sale with crisis-proof online channels – on the web, mobile or any other digital channel that is relevant for the business and industry.

**Anecdotal evidence has substantiated that businesses that enjoyed a footprint over the digital space fared much better and emerged as clear winners, when compared to their counterparts relying solely on the cash mode.**

### Conclusion

Per se, as the world grapples to adjust to the new normal, it has minimized the need of transaction fee policy, which will bolster increased usage of digital services at the consumer end. Against this backdrop, the primary concern, not only of the end user but the regulator, is to ensure that all digital service providers pay special attention to customer protection rights and customer data protection, when deploying new products and services in the evolving space of digital services. Any innovation at the cost of these two would prove to be a major setback for the customers, stifle its growth and would give the naysayers an unwanted opportunity to hit back and propagate their conventional and cash based transaction models as the only viable option in our country. Needless to say, the digital service providers cannot place their name, repute, business and the entire industry at stake through an intrusion from these ends.

As established in the foregoing, currently it is essential for entities to create and maintain a strong and pervasive digital culture. Winning cultures encompass trust, transparency, compassion and continuous learning. Fostering and nurturing these important values during difficult times will ensure that firms continue to stay ahead of the curve.

In sectors that are less impacted by the global pandemic, businesses need to intrinsically rethink their value creation process. Focus on what is important now and hold an eye on the future through the role of digital innovation. Companies which stay customer-focused and manage to quickly present digital solutions to solve problems created by the new conditions, are best placed to continuously outsmart the competition. ■



# Building Sustainable Performance Base

By: Sohailuddin Alavi

**Performance has always been at the center of managing human resources, whether in a private or public setting. This article is based on the author's recent experience at a client where he was developing their Human Resources Manual. Conclusion of empirical observations in fact validate the earlier realization that performance is a complex and somewhat abstract function of capacity and orientation. Generally, however, we focus on building capacity but ignore harnessing the orientation. The result is we create qualified employees, but we ignore to channelize their professional capacity into productive means. In other words, by not harnessing the orientation we let it result in unproductive behaviors at work no matter how good it may be.**

**T**his article attempts to analyze the imperatives of building sustainable performance base of employees across cadres and ranks, based on the interplay of their capacity and orientation.

## Understanding Orientation

We have seen that organizations often hire best qualified and experienced employees and keep investing in their capacity building, but not all of them bring the best of their abilities to work. The answer lies in the fact that while they are capable to excel, their orientations are different. Before we dwell upon the imperatives, let us explore what our orientations are made up of.

We can say our orientations are made up of perspective, values, conscience, motivation and perceptions. Perspective is precisely how we understand and accept work responsibility, which defines the legitimacy of our role in our minds and determines our psychological contract. Values are the deep assumptions

of right and wrong or good and bad that each of us carry from our lifetime experiences and affiliations. It is often difficult to go against one's values. However, at times it is necessary to critically evaluate our values, otherwise these may come into conflict with our work situation and might damage our performance. Conscience, put simply, is how we define our rights on others and vice versa. Motivation is the most referred to, yet most misunderstood concept. For many, the gratification that one may derive from rewards in a typical work setting is motivation. Gratification is a feeling of happiness one derives from achieving benefits. Motivation, on the other hand, is the passion, commitment and responsibility to do a job well. As Herzberg defined in his two-factor motivation theory, money provides gratification but does not motivate. Perceptions are obviously our particular view of the situation: what we see and hear around us. Perception forms our beliefs.

## Orientation vs Capacity

Organizations often face a number of challenges in attaining productive performances of its employees on sustainable foundation. It is noticed that once employees are empowered to make decisions or as the organization grows in size, their behavior is likely to deviate from the organizational mission. Their personal needs and influence from their group distort their perspective altogether, so much so that organizational goals are displaced and compromised. Although this syndrome operates in almost every organization, it is very much visible in charitable organizations. A charity organization may have serious commitment to alleviating poverty related challenges of the poor. But generally it is observed that while it grows in size and the authority is delegated down the line, the commitment to the cause does not trickle down: Employees do not consider their job more than an opportunity to earn money for themselves with little or no sensitivity to the social cause. Similar is the case with many businesses and public service organizations. It is all about orientation and how it changes performance. However, this by no means, undermines the significance of employees' capacity to do the job.

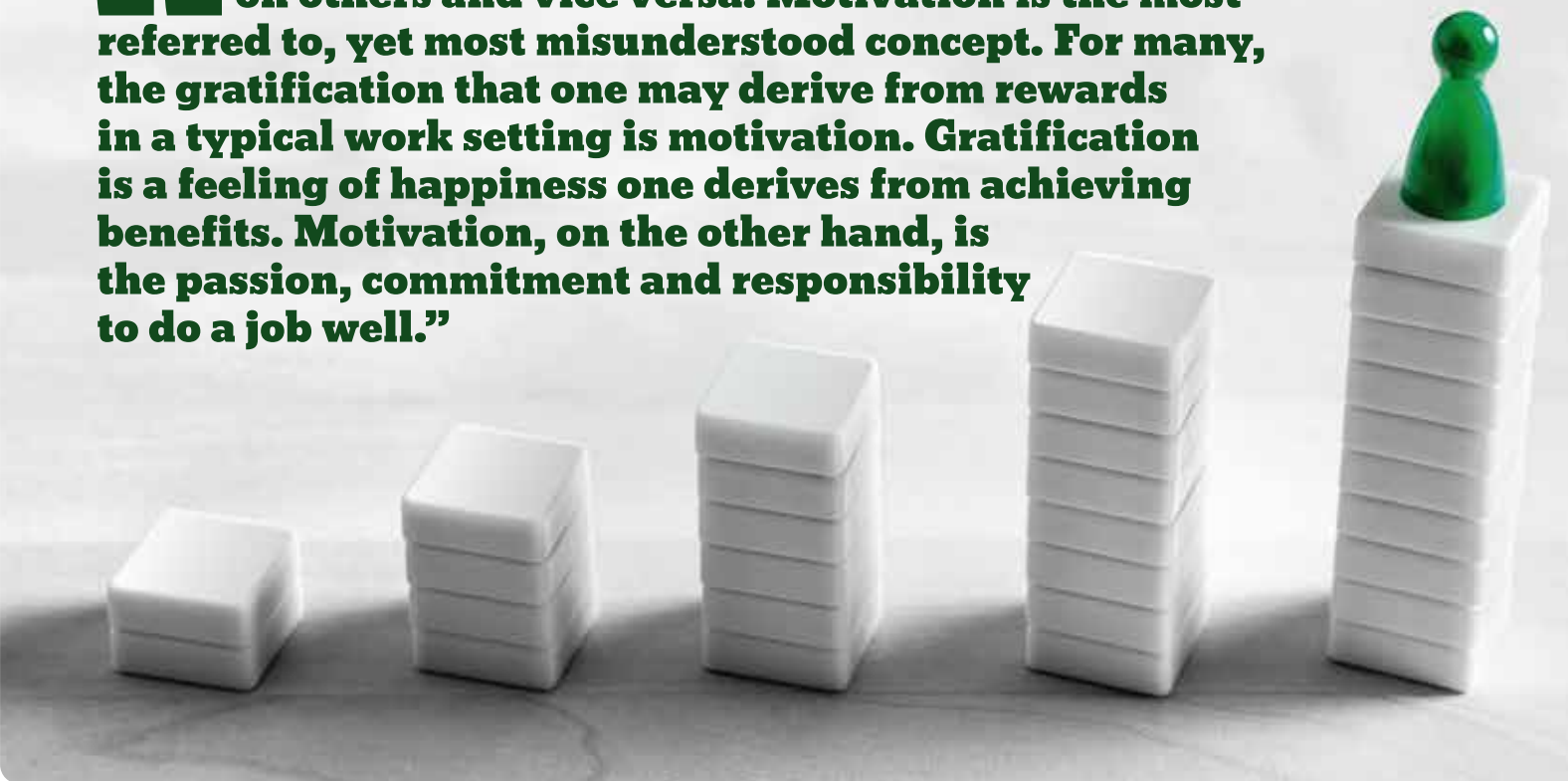
A positive orientation would mean the employee works with right directions, conscience, responsibility and motivation to do his job well. On the contrary, negative orientation would mean the employee works with less clear directions, rationalized outlook, lack of responsibility for the organization and self-gratification.

Capacity to do a job is the combination of cognitive skills, physical skills and the level of knowledge or understanding. A high capacity would mean proficiency in doing the job. A low capacity would mean inability to do the job as per requirements.

Positive Orientation / Low Capacity	Positive Orientation / High Capacity
Negative Orientation / Low Capacity	Negative Orientation / High Capacity



**“Conscience, put simply, is how we define our rights on others and vice versa. Motivation is the most referred to, yet most misunderstood concept. For many, the gratification that one may derive from rewards in a typical work setting is motivation. Gratification is a feeling of happiness one derives from achieving benefits. Motivation, on the other hand, is the passion, commitment and responsibility to do a job well.”**



Employees who demonstrate positive orientation and high capacity are assets for any organization in true sense. They perform at their best and in a conscientious manner, safeguarding the interest of the organization. Such are the employees on whose shoulders the organizations' present and future safely depends. Such employees need bare minimum supervision and external controls. They work best in a coordinated environment. The 4th Quadrant in the given grid represents such employees.

Employees' route to the 4th Quadrant is an evolutionary process. Unless, the employee development process is systematically managed, it is likely that their development may get de-tracked. It is interesting to note that the employees' development process begins much before he or she is inducted in the organization. Generally speaking, orientation building usually begins at home, while capacity building is initiated at the school. This has critical implications for the organizations. Foremost amongst it is the fact that organizations have to be innovative to pick and choose employees who have compatible orientation and right capacity to work in their organization. A CEO of a global pharmaceutical conglomerate delivered a speech at a conference where he categorically told his audience that his company gives top priority to a prospect's mindset (orientation). Followed by this is the organization's challenge to put the newly inducted employees through a structured development program whereby their orientations and capacity both are further harnessed and developed. Capacity building is easier, however mending the orientation is tough, if not impossible. Nevertheless, these interventions are necessary to ensure the building of a sustainable performance base across the organization.

It is observed that employees inducted at the junior level, who grow with the company, tend to adopt to a positive orientation over time. However, a bigger challenge is to harness the orientations in particular of the lateral inductees at middle and sometimes senior positions. I have observed at many clients' organizations that they generally take for granted the compatibility of inductees at middle and senior levels, whereas ironically it is not true in many cases. This is evidenced from the general data on the performance of lateral inductees. While no doubt that by inducting experienced professionals at middle and senior positions, organizations tend to strengthen their inventory of skills and knowledge, nevertheless the organizations also run the risk of bringing in people with incompatible (negative) orientation. Two major problems are faced by the organization in such a situation. Firstly, an inductee with incompatible orientation at the middle or senior level having adequate authority to assert and to influence others is all set to make less responsible (productive) decisions. Secondly, the inductee would be highly vulnerable to succumb to the power groups within the organization at the expense of organization's interest, only to secure his or her job and to maximum personal benefits (gratification).

Having said this, we have basis to say that sustainable performance comes from the combination of positive orientation and right competence. Going further, sometimes positive orientation becomes the driving force for improving capacity. ■



## Changing Global Leadership Profile in Post COVID-19 Scenario

By: Akram Khatoon

The last three decades have witnessed a fast move towards global integration among both developed and developing countries. Apart from integration through trade, financial services and growing business of franchise of leading international fast food chains and supermarkets has facilitated expansion in linkage of even low income developing countries, including Pakistan, to the world market. However, with the onset of COVID-19 pandemic, the global business is undergoing sea-changes in the profile of our business leaders in the aftermath of post-pandemic.

**A**mong South Asian countries, India has taken a lead in this regard. Indian corporate groups have not only launched their products, but are also acquiring overseas entities. Tata Steel has acquired strong presence in Thailand, South Africa, Malaysia and Australia, through launch of their varying products and services. India's financial sector also has wide outreach to international market. The dynamics of our business leadership requires adaptation to the fast changing economic scenario and evolve more innovative approaches and strategies with the support of our Government and SBP.

Until recently, Pakistan, apart from expanding its exports outreach, was getting integrated into the global market by facilitating private sector manufacturing

and service industries to open their production and sales offices abroad. Pakistan's fashion designer firms with their brands and also financial institutions have made inroads in international markets.

Successive governments have also been providing maximum incentives to attract foreign direct investment from leading multinationals, particularly relating to banking and utility services from all over the globe. The present scenario of damaged landscape of the economy has brought a loss of 3 trillion to GDP of the country, particularly due to adverse impact of the COVID-19 pandemic on manufacturing and service industries both of medium and large scale. There is a dire need for confidence building among business leaders and entire working team in all sectors of economy through developing an environment of very visible ease of doing



business. Apart from our economic managers' projections, World Bank has also forecast negative GDP growth rate of -2.1%. Business leaders now need to gear up their efforts and regain their lost position of productivity due to the prolonged lockdown not only with the help of various incentives announced by government (particularly for small and medium businesses), but also by accommodating workforce (with no lay off policy) despite financial hardship. This is essential to retain good team spirit at work place.

Besides, after the world gets rid of this virus, the company leaders – who in this context are now global leaders – have to meet the local and global customers' abruptly changing needs. For that, they have to integrate designs and development expertise available in areas of their operations. Therefore, it is essential that the concerned chief executive is culturally, ethnically and functionally diverse and has sufficient exposure to environments where the company is operating. Top management of such entities need to make use of specific strategies and tools to deal with cultural differences in an international environment and prove themselves as effective global leaders. In this regard, foremost leadership attributes, which need to be cultivated or developed is one's capability of setting a vision where the company aspires to reach despite all disruptions to their countries' economies. This must come with a mission to change the mindset and thinking of entire workforce. At the same time, the leader needs to take personal responsibility and also that of co-workers, to meet all existing and future challenges while expanding their operations across the border.

In this context, management experts Quinn and Bennis are of the view that a global leader needs to be fully conversant of the need of bridging and inspiring. According to them, a leader having emotional intelligence, or in other words, is inspired by his/her own authenticity and self-knowledge with an open mind will be able to give vision to the company. This encourages communication with candor among the entire workforce both vertically and horizontally, which is essential for accommodating new ideas and varying points on each issue. It also provides a balanced perspective on what is possible in terms of potential outcomes of certain decisions, thus ultimately facilitating accurate and timely decisions.

**After the world gets rid of this virus, the company leaders – who in this context are now global leaders – have to meet the local and global customers' abruptly changing needs.**

A global leader must be totally committed to bringing continuous qualitative improvement in business operations by adopting best practices, new technologies and introducing new products and services on continuous basis, which are marketable on line to match the rapidly changing needs of the customers living in varying cultural environments, for which development of virtual power networks via internet is essential to serve common interest. Digital technologies will be helpful for speeding up production process of all sectors of economy. Thus increasing capital and technology intensive strategy is needed to regain lost status in global market.

A recent report of World Bank titled Digital Pakistan in Post COVID -19 Environment advocates for IT and IT enabled services, automation and artificial intelligence, which can play a more prominent role to put on track economy of the country. In this regard, *Telenor International Research Report* emphasizes use of artificial intelligence and digitalization for all times to come, in view of the large number of workforce both in both public and private sectors working from home, resulting in saving of commuting time and less traffic on the roads, which has lessened pollution. There is no doubt that the return of overseas workers to the countries of their origin in panic has abruptly increased the level of unemployment. Yet at the same time, emerging new types of jobs based on digital technology to meet the human deployment needs, to combat this devastating crisis and to create related self-employment avenues in areas of transport and hospitality, are both long and short-term solutions to prepare for living in a virtual world.

In this regard, Pakistan's government has due concern to promote use of digital technology in all sectors of economy and for improving research capacity for promoting IT based services including 5G cellular services, for which an allocation of Rs. 2 billion has been made in the budget.

The owners/CEOs of software development entities must strive to enhance global market share of IT software exports, which presently is \$ 1 billion (0.20%), despite Pakistan being second largest exporter of software of South Asia.

The strategic approach towards business operation is possible only by giving due consideration to social responsibility. A global business leader needs to instill a team spirit in his/her organization. To be an effective leader, it is imperative upon the incumbent to build up productive networks through consensus among team members. In this respect, the foremost responsibility lies in selecting the right people and developing them through guidance and training on continuous basis. The leader needs to identify required qualities of a specific global team from the company's original staff and those inducted from the country where business is to be set up. Once the leader has assessed the team characteristics, he/she must embark on project with appropriate managerial skills and personal attributes to bring managerial solutions to run the team. He/she must motivate them to perform to the best of their abilities by bringing knowledge across to the entire team and then implementing changes effectively,



**Pakistan's government has due concern to promote use of digital technology in all sectors of economy and for improving research capacity for promoting IT based services, including 5G cellular services, for which an allocation of Rs. 2 billion has been made in the budget."**

according to need of the situation. This also entails a dynamic and performance-related rewarding policy for the workforce, with motivational room for mediocre performers, to enable them to contribute towards team performance.

Management expert Minzberg is of the view that for a global leader, interest/welfare of all stakeholders, rather humanity as a whole, must override personal interest. As such, he considers humility along with professional will as an important ingredient of a global leader's personality profile, which unfortunately does not hold good in case of Pakistan.

Pakistan's business culture, as a whole, is lacking in transparency and good governance, the onus of which lies on leaders heading these entities. Pakistan's big textile manufacturing and exporting concerns often face some issues over their consignments of goods sent to rich developed countries which need higher quality in tandem with the global the standards and designs. This is mainly due to lack of proper supervision and monitoring at various tiers of management. If these issues are solved, then this would enable Pakistani business leaders, to increase the quantum of exports and contribute substantially towards build-up of foreign exchange reserves. As a result, Pakistan's export trade would grow at desired rate and the country, which is experiencing a slow momentum, would also benefit its business concerns across the border. Thus, in the present pandemic situation, corporate leaders, while expanding their businesses worldwide, must adhere to principles of

transparency and good governance to ensure sustainable growth of their business at all destinations. While operating internationally, they need to have wide spectrum of perseverance and wisdom to face complex environments emerging all over the globe.

Since Pakistan's banking sector has made strides for achieving global integration through establishment of overseas branches and mergers with foreign banks through buyouts, banking sector leaders need to observe all professional and moral ethics holistically while doing business. Maximum emphasis should be on quality of service and in this regard they need to introduce new products and services on continuous basis to meet sophisticated and changing digital banking needs of global customers; standards of which must invariably match services/products offered by local banks of the country concerned. A global financial leader needs to possess the relevant professional and academic background so as to have an effective say in product pricing, product costing, margin management, inventory management, tax and treasury management in accordance with relevant government policy and regulations of central bank of each country.

To conclude, for attaining a rich business profile, a global leader must have multi-cultural exposure while taking business decisions in perspective of conditions prevailing in each part of the world, particularly under the unprecedented economic crisis being faced. This is essential for achieving sustainable growth trends in all countries where the company has a presence. ■





## MAPPING CUSTOMER TRAFFIC

By: Rafi Ahmed

**In most of the bank branches, there is always a heavy and sometimes medium customer traffic, the contours or demography of which comprises of: Banks's own customers or account holders, walk-in ones coming for their financial solutions, those who come to deposit utility bills, school fees etc.; neighboring vendors and shopkeepers in quest of smaller denominational money swaps; those who visit just for enquiries and internal customers.**

**C**ustomer tectonic activity is always considered as a boon for the branch. The health of a branch is gauged from the number of customers in its premises on any given day. In reality, customer mobility is wrapped with many unexplored potentials; only if the bankers take it in a positive and constructive stride and utilize the profile from amongst this multitude who throng their premises. There are opportunities to grab and benefits to accrue for the bank staff, to the mutual benefit of both the bank and the customer. There are prospective customers waiting to be embraced as formal customers with contractual obligations, only if the bankers respond and cater to their diverse needs with enthusiasm and fervor. This is also known as foot traffic which is already defined as the number of people visiting a branch on any given day.

Observing and measuring customer foot traffic and the frequency of visits enables banks to ensure the right number of staff are deployed at all times to service the right types of customers during business hours. It helps in devising an inclusive strategy to attract maximum number of customers which would also accept those already outside the pale of banking. Apart from bank's own marketing managers or floor officers who could perform the job more successfully, there are consultancies also.

In USA, one such firm is Blix Traffic Information Technology and Services. The Blix Traffic Roster report facilitates branch managers to maximize their staff roster, as well as for head office of banks to quickly mark out branches that require more focused attention. Measuring this gives an estimate of how many customers

a potential location will bring and thus helps decide the ideal branch from customer viewpoint. It measures the performance of marketing campaigns on quest for banking customers. The Blix Traffic Marketing report provides an overview of all media and marketing activities and how they relate to website traffic, in-branch foot traffic, conversion rates and sales.

It monitors key customer experience metrics such as dwell times, bounce rates, loyalty and customer movement. Dwell times are one of the most significant portion of the customer dynamics. Dwell times, according to Cambridge Dictionary, means how long people are likely to stay in an area and what it can imply is nothing more than that. During a customer visit, customers may first spend time on window shopping outside the bank, then come in and enquire about the products and services offered.

The Blix CX Engagement report identifies the branches with customer experience, staff training and staffing issues at a glance – across an entire banking network. In USA, it was noted that consumer visits to retail bank branches are said to fall 36% between 2017 and 2022, with mobile transactions soaring 121% in the same period, as more and more customers switch to avail their banking information via apps and safe, receptive spots on their cell phones.

According to research carried out by CACI, another American multinational professional services and information technology company, the normal customers will visit a bank branch just four times a year by 2022. Presently, customers on an average visit a branch seven times a year. Millennials between the ages of 18 and 24 have been observed to visit their bank about six times in 2020, but this will likely to plummet to just two visits per year by 2022.

Resultantly, branch traffic would not be the sole factor to be affected, as mobile phones assume the shape of basic means of connection. Desktop banking is expected to dwindle too. CACI forecasts that banking contacts on laptops and desktops will diminish by 63% between 2017 and 2022.



**“Desktop banking is expected to dwindle too. CACI forecasts that banking contacts on laptops and desktops will diminish by 63% between 2017 and 2022.”**



On an optimistic side, the net number of contacts consumers have with their banks are predicted to rise, apparently because mobile phones are beneficial, as the same and are carried by people wherever they go and convenient in referring to data, prompt and understandable, needing just a click.

In the next five years, CACI estimates that 88% of all interplays will be mobile. The surge predicted that the next few years will likely be directed by those who are still cherishing physical branches and are lagging to grasp mobile banking.

CACI's analysis also disclosed that the transfer towards mobile banking is not occurring at the same speed across every demographic. Notably, CACI says 42% of high-income professionals will be propelling away from desktop banking to mobile apps within the next five years. And the number of mature customers using mobile banking will rise five times over the next five years; CACI says those age 50+ will comprise of almost a third of all mobile banking logins by 2022.

But on a guarded note, it is noted that more than half of the population still likely to visit a branch in 2022, the branch still has a significant part to play, according to Jamie Morawiec, associate partner at CACI. "Banks and credit unions must ensure that the function of the branch remains relevant, complements digital channels and meets the specific needs of the demographics that use them."

So it means that physical banking is here to stay as the customers feel more comfortable to be in contact with the bankers to bring in their financial and banking solutions. Mobile banking will just complement and supplement the existing physical banking in vogue, particularly in developing countries and most of the developed ones too. Mobile banking is presently used mostly by IT savvy segments or those in need. However, the branch administration has the option of converting foot traffic into permanent customers if innovative methods are applied to attract more and more clientele. One leading Branch Manager in Summit Bank, Mr. Ali Bashir, is of the view that he has made it a habit to utilize the customer traffic to the best interest of the branch as well as to facilitate the customers. Out of every five customers who visit the branch, at least two to three are absorbed as permanent account holders, especially those who pay higher electric bills and those who often approach him for solutions. Even customers who open small accounts, later convert into medium or big ticket holders, only if the branch staff, including BM, display courteous empathy towards their presence. ■



# Reimagining Banking

How can the financial sector, from traditional banks to FinTechs and challenger brands, use the pandemic as an opportunity to reinvent banking?

Before COVID-19, most banks and credit unions were stronger than at any period since the 2008 crash, yet the reputation of the financial sector with the general public remained in the doldrums. While the economic crisis precipitated by the pandemic is clearly a threat, it could also act as an opportunity to revitalize the sector, both by building a new 'social contract' between banks and society and by accelerating the trend towards digitalization.

## An Inflection Point for Radical Change?

Jesse Griffiths is CEO of the Finance Innovation Lab. It works with entrepreneurs, campaigners and mainstream professionals to pursue a financial system that is 'democratic, responsible and fair'. He sees the pandemic as an inflection point that will mark a radical shift.

"Innovation is occurring faster. Ideas are coming to market quicker. And we should expect this to be the case and welcome it."

→ Trevor Williams

"The scale of the economic changes the current crisis will cause will inevitably dramatically reshape the financial sector," he says. "A much greater involvement for the state, a rapid acceleration of the shift to digitalization and a reliance on the banking sector to keep many businesses afloat is already showing how major this change is likely to be."

Griffiths quotes the 'Build Back Better' mantra first defined and used officially in the UN's Sendai Framework for Disaster Risk Reduction in 2015.

"Every change of this scale provides opportunities to build a much better banking system that puts people and planet first," he says.

## A New Social Contract Between Banks and Society

Trevor Williams, former Chief Economist at Lloyds Bank Commercial Banking and Visiting Professor at the University of Derby, believes banks would do well to go back to first principles.

"Banking is essentially an intermediation between those with capital and those without who want to borrow," he says. "You will affect the lives of everyone and society as a whole just by facilitating the process in which this is done."

He points out that the 2008 financial crash largely resulted from banks forgetting that this was their role.

"They started to think they could act independently outside of this process and magic money up by the creation of fancy financial assets. And the harsh lesson was they couldn't. They were an intermediary and that's what they should focus on."

Griffiths, meanwhile, points out that the reputation of banks was laid low among the general public by the global financial crisis. In order to keep their reputation intact this time, banks need to work hard to ensure their response to the economic fallout does not further erode trust.

"One critical way to do that is to get serious about putting purpose at their core, beyond business models and strategy, to reach the deeper levels of culture, incentives and power dynamics."

He cites banks' ability to rapidly shift out of financing fossil fuels as a litmus test for this commitment to purpose.

## Delivering Smarter

Griffiths points out that the transition to a data-driven future was already getting under way in finance. He cited examples including the Bank of England's consulting on the introduction of a central bank digital currency, along with the Financial Conduct Authority's (FCA) consulting on the extension of the Open Banking model into Open Finance by applying it to savings, mortgages, lending and investments. He sees the pandemic as a catalyst for this change.

Williams highlights the issue of legacy IT, which has long been a barrier to innovation in the financial sector. The need to stay operational makes the wholesale replacement of infrastructure impractical, with the result that technology is often employed simply to enable a patchwork of old and new systems to communicate. However, with disruption already coming from external forces, many banks have seized the opportunity to innovate.

"At points of inflection it's always an opportunity to trial new things and get them to market quicker and I think we've already seen that," says Williams. "Innovation is occurring faster. Ideas are coming to market quicker. And we should expect this to be the case and welcome it."

Griffiths agrees: "Our team has repeatedly heard how lockdown has meant that banks can undertake in a matter of months a 'digital transformation' that they had thought would take years."

## Where FinTech Can Win

Much innovation has certainly taken place in a very short space of time, particularly in terms of digital interaction with the end customer. However, as Williams points out, there is still a huge space for technology to create efficiencies in the intermediation process itself, thereby reducing transaction costs and providing the potential for increased profit.

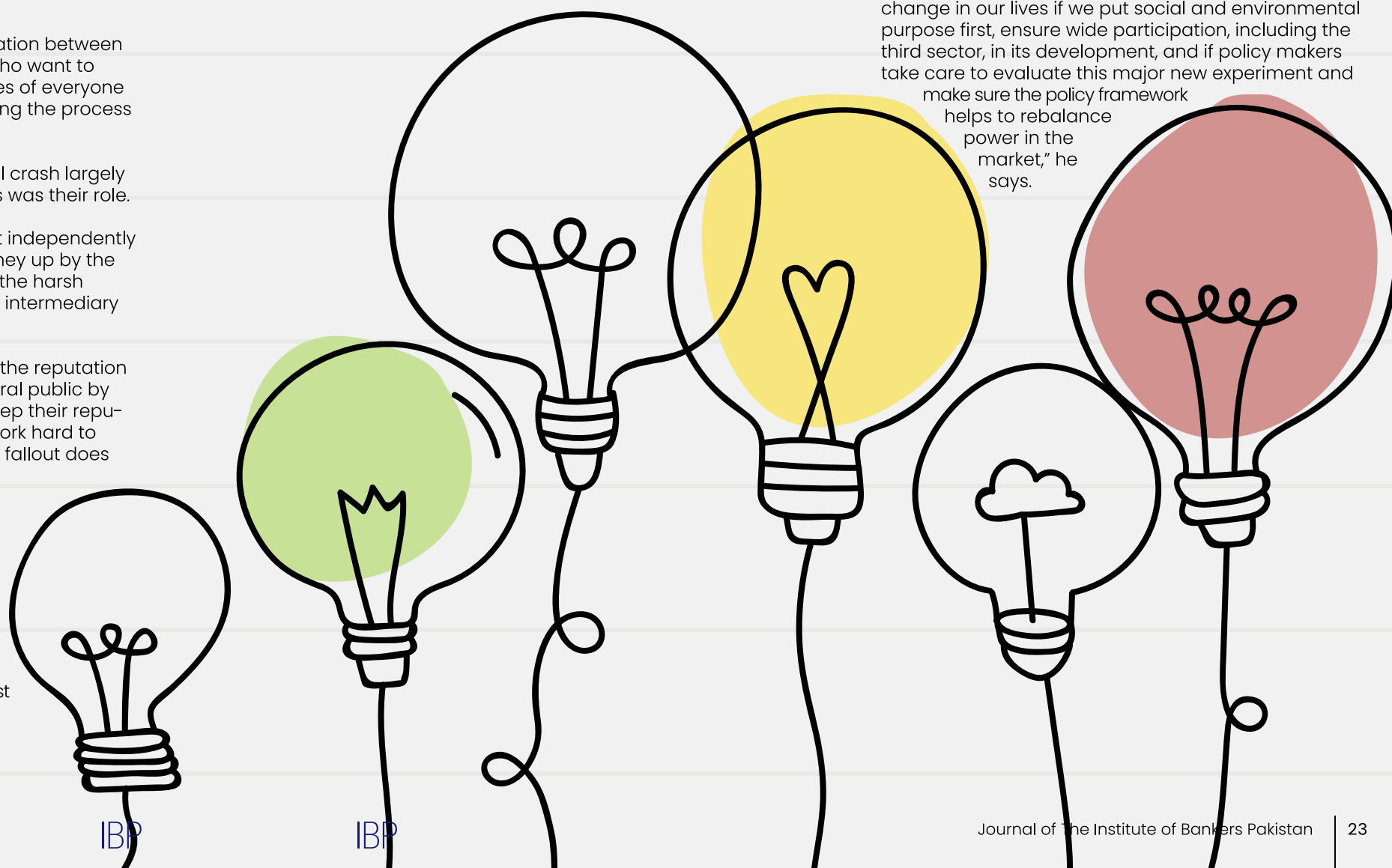
"It's all about data. About how you mine it and how you use it. So the tech in this space has a long way to go and there's lots of potential to continue to increase efficiency and reduce cost."

Williams sees this as where FinTech will have a key role, both in competition with traditional financial institutions and in partnership with them.

"The relationship between these FinTech firms and the traditional players will overlap. Sometimes they'll be competitors, sometimes they'll actually be helping the banks to be a bit smarter, sometimes they'll cooperate and collaborate," he comments.

Griffiths recognizes that data is the key to the future of the financial sector. However, he emphasizes that the fundamental question is not whether banks are going digital, but for what purpose?

"Data-driven finance will only contribute to a positive change in our lives if we put social and environmental purpose first, ensure wide participation, including the third sector, in its development, and if policy makers take care to evaluate this major new experiment and make sure the policy framework helps to rebalance power in the market," he says.





### Computer Says 'No', Bank Says 'Yes'?

Williams agrees that banks have an important social role to play. He feels that an over-reliance on technology, particularly in assessing creditworthiness, can sometimes get in the way, leaving no discretionary power to bankers themselves.

"I like AI in terms of understanding markets, but I don't think it should be used without recourse to human intervention," he comments. "You still need to understand the customers. Who they are. What they are. What their motivations are."

He cites the banker's adage that you are not lending to the business, you are lending to the person running the business as being more important than ever in such uncertain times.

"What is the enthusiasm, the integrity, the vision, the drive coming from the people that own it? That is also important," he explains.

Williams feels that banks should throw away the rulebook that prescribes decision-making via fixed thresholds, where necessary taking a hit on their balance sheet to support those needing short-term help in order to thrive in the long run.

"We need that community touch. And, if necessary, banks should forego some profits in order to do that," he says.

### Closing the Earnings Gap

One issue that caused controversy in the wake of the 2008 financial crisis and continues to linger is executive pay. Williams feels that the gap between C-suite earnings and those of the rank and file is a real concern but does not place all the blame at the feet of executives themselves. While he highlights the issues of what he calls 'the round-robin of remuneration committees' he also contends that the flooding of the market with cheap credit over the past decade has had unintended consequences in this respect.

"I think it's a result of having too many assets thrown at the organization by central banks," he comments. "It's not the fault of executives that they earn so much, it's the fault of the system that allows them to be able to grab on to the gains of other businesses."

### A Bankless Future?

Williams makes the point that technology potentially presents an existential threat to traditional banking.

"I don't think banks will necessarily survive forever. I think this intermediation between borrowers and savers will end when trust is not dependent on familiarity and relationships and links to governments and institutions that say they're safe," he comments.

He sees blockchain and quantum computing being put to use to create a 100% verifiable, unhackable, unbreakable system that enables the safe and portable flow of financial data.

"What I mean practically by that is a system whereby you can easily change your bank account from holder to holder. Every transaction you've ever done. All your credit ratings, it's just transferred."

Williams says inertia is a key reason why customers stick with a bank long term and that with barriers to changing removed, customers would switch banks as easily as they switch energy providers. He accepts that such a scenario would require regulatory change and is still probably a long way off but believes that once it arrives, the traditional banking model will be completely undermined.

### Reimagining Management and Culture

Dr. Keivan Zokaei is a partner at International Lean & Business Transformation Consultancy SA Partners LLP. He believes categorically that we are confronting a moment of major change.

"I think this is a defining moment in the history of business and therefore it's going to have a big impact on management and management practices," he says.

Zokaei sees the crisis as a trial by fire for businesses, with those still structured around a traditional 'command and control' style struggling to adapt as enforced remote working kicked in almost overnight.

"If you always had a culture of controlling, even if it's subtly, through KPIs, through targets, through measures, it's very top down," he says. "Now that is pretty much out of the window."

In contrast, businesses which already have an established culture of devolved decision-making and problem-solving are thriving, because they are able to adapt organically to the demands of the new environment.

While the impact of the pandemic on the working environment of most financial institutions has been dramatic, Zokaei insists long-term solutions will not come from large-scale transformation.

"Change is often seen as discontinuous improvement projects. But we know those top-down implemented projects often don't really stick in reality, because they're not 100% aligned with the day-to-day operation of the organization at the coalface."

Instead, change needs to happen incrementally. However, he has no doubt that the pandemic will ultimately trigger significant change in the industry. Some will benefit, while others will be left behind.

"Change needs a catalyst or a burning platform, or a defining moment like this. When things like COVID-19 happen, they separate the wheat from the chaff," he says. "The stakes are very high at the moment, this is the time when if you didn't do it, a natural selection will occur." ■

*This article originally appeared in the Summer 2020 issue of Chartered Banker Magazine and is reproduced by kind permission of the Chartered Banker Institute.*



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Chartered Banker



# Role of Banks in the Development of SMEs in Pakistan

By: M. Subtain Raza

Demosthenes, an Athenian statesman professed that, "Small opportunities of financing are often the beginning of great enterprises."

Small and Medium Enterprises (SMEs) play a major role in most economies, particularly in developing countries. Formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies. According to an estimate, 600 million jobs will be needed in the next 15 years to absorb the growing global workforce, mainly in Asia and Sub-Saharan Africa. In emerging markets, most formal jobs are generated by SMEs, which also create 4 out of 5 new positions. Small and Medium Enterprises (SMEs) stimulate domestic demand through job creation, innovation and competition; thus, they can be a driving force behind a resilient national economy. In addition, SMEs involved in global production supply chains have the potential to encourage international trade. Prioritizing SME development is therefore critical for promoting inclusive economic growth in most economies in the world. However, access to finance is a key constraint to SME growth. Without access to capital, many SMEs languish and stagnate.



Improving SMEs' access to finance and finding solutions to unlock sources of capital is crucial to enable this potentially dynamic sector to grow and provide jobs. Financial inclusion is imperative to the development of the Small and Medium Enterprises sector (SMEs), which is a driver of a sustainable national economy in every country.

## Global Schema of SMEs & Pakistan

There are almost 36-44 million formal SMEs globally. The credit gap encompasses 45-55% of formal SMEs in emerging markets (12-15 million SMEs) which are unserved but need credit. The credit gap for formal SMEs in dollar terms is roughly ~\$1.3-1.6 trillion globally.

The share of SME loans to GDP stood at an average of 18.5% in advanced countries and an average of 5.3% in developing and less developed countries. In Pakistan, despite immense significance of the sector, it remains largely financially excluded, as reflected from the declining trend in SME finance over the years. What constitutes the complexion of Pakistan's economy is the direct reflection of its Small and Medium Enterprise (SME) sector. SME sector is highly important for the economic development of Pakistan due to its key linkages with many of the major industries. SMEs having access to formal finance contribute to higher domestic investment. Despite their crucial role in sustaining national economies, Small and Medium Enterprises (SMEs) are beset by the constraints of financing.

The SME finance currently constitutes 9% only of the banks' total advances, down from 16%. Unfortunately, this ratio is quite low compared to our regional peers such as in India, Sri Lanka and even Bangladesh. Currently, there are around 3 million SMEs in the country; however, only around 177,000 SMEs have access to formal finance, thus leaving a huge chunk yet to be tapped by the formal financial institutions. Further, with regard to other banking services, apart from loans, less than 40% of the SMEs have banking relationship.

## Serving SMEs by Banking Sector of Pakistan

A common saying goes, "The cash-hungry SME market has become the banking sector's latest sweet spot." Serving SMEs is proving to be profitable and rewarding for individual banks and assisting the growth of SMEs will benefit national economies as well. Governments around the world now recognize the importance of the SME sector and have worked to support its access to finance, sometimes by addressing legal and regulatory barriers or building credit infrastructure. A renowned banker says, "SMEs are the fulcrum of the economies we work in and the fulcrum of our banking strategy. Banking SMEs may be riskier than banking corporations, but we price for the risk, and banking SMEs is more profitable and there is a lot of capacity in the SME market."

Banks play a crucial role for the financing of Small and Medium-sized Enterprises (SMEs). SMEs represent a large fraction of all firms in many economies and contribute significantly to employment and growth. Obviously, banking and financial services are important

to Small and Medium-sized Enterprises. For one, they provide financing for businesses to start, sustain, or expand. There are many SME business loans designed to help SMEs start and thrive. Without banks and financial services providers, the business community will be totally dominated only by those who have the capital. This is definitely something modern societies cannot allow. Moreover, banks and financial services providers are important to SMEs to facilitate financial transactions.

## Breaking Down SME Financing: A brief

- Habib Bank Limited (HBL) has historically remained the top lender to SMEs. In Dec-09, its share in the total SME portfolio was 14.4% (Rs. 50 billion), HBL continues to be the largest lender to SMEs with a portfolio size of Rs. 57 billion (14.1% of total). Asia money honored HBL with Best SME Bank Award – 2018. HBL managed to achieve its targeted penetration into the small traders' segment through its flagship products. That resulted in Rs. 8 billion (\$ 72 million) in new SME business for HBL and the bank added more than 1,000 new clients across the segment.

- National Bank of Pakistan is playing its vital role, especially by providing youth loans. Additionally, NBP is offering different kinds of financing modes to SMEs.

- Bank Alfalah Limited's SME lending portfolio constituted about 8% of all bank lending in Dec-09 (Rs. 27 billion). The bank remains cautiously aggressive with a portfolio of Rs. 38 billion (9.5% of total) and is second to HBL.

- Allied Bank Limited's (ABL) SME portfolio grew from Rs. 22 billion (6.1%) to Rs. 27.2 billion (7.8%).

- Silkbank's SME portfolio is approximately Rs. 15 billion, which is 4% of the total SME portfolio versus its share in total advances at 1.2%.

- The Bank of Punjab (BoP) has recently built a sizeable SME portfolio based on support from the Government of Punjab. The bank's SME portfolio is around Rs. 40 billion.

- Islamic Banking Institutions (IBIs): Islamic banking boomed in the last decade. The asset size of IBIs increased from a mere Rs. 118 billion in Dec-06 to Rs. 1.9 trillion in Dec-16. Total financing in Dec-16 stood at Rs. 821 billion (14% of total banking), with a net advance-to-deposit ratio (ADR) of 52% versus 47% for the industry as a whole. In Jun-16, the cumulative SME loan portfolio of IBIs was Rs. 20.3 billion, constituting 6.5% of total SME financing. Some Islamic banks like Meezan Bank and Dubai Islamic Bank (Pakistan) have already up-scaled their lending to SMEs.

- MCB's SME portfolio was Rs. 24 billion (6.5%) in Sep-08, thinning to Rs. 17.9 billion (5.1%) by Dec-09. MCB has launched the country's first SME credit card. MCB is offering aspiring entrepreneurs collateral-free credit through SME card.

- United Bank Limited's (UBL) SME portfolio reduced from Rs. 23 billion (6.3%) to Rs. 17.3 billion (5%) in the



same period. UBL striving its best by offering attractive SME products

In addition to their own devised products, all banks in Pakistan have established their units and corporate offices to Finance SMEs under SBP Schemes. Various SBP financing schemes are offered to SME customers details as under:

- Credit Guarantee Scheme for Small and Rural Enterprises
- Credit Guarantee Scheme for Women Entrepreneurs in Underserved Areas
- Export Finance Schemes
- Long Term Financing Facility (LTFF) for Plant & Machinery
- Refinancing Facility for Modernization of SMEs
- Scheme for Financing Power Plants Using Renewable Energy
- Financing Facility for Storage of Agricultural Produce

#### Challenges for SME Financing

Despite significantly contributing to the GDP, exports and employment generation, the financing percentage of SMEs remains pathetic in the overall financing to customers of various levels. The problem of limited access to credit for the SMEs is not exclusive to Pakistan, as a recently conducted World Business Environment Survey covering 4000 firms in 54 countries found that SMEs cited inadequate access to finance as their primary constraint to growth. This sector is characterized by information asymmetries; the creditors' search costs, information acquisition and processing costs exceed the returns. Hence, there is risk aversion by the banks towards extending credit to small and medium enterprises.

**There are many SME business loans designed to help SMEs start and thrive. Without banks and financial services providers, the business community will be totally dominated only by those who have the capital.**

The developing countries, which are leading the world's economy, are providing finances to their SME sectors. SMEs can play a major role in development of Pakistan, but due to a lack of financial access in this sector, growth is marginal. This was stated by a working paper prepared by State Bank of Pakistan (SBP). Often considered by commercial banks and financial institutions as risky and costly to serve, SMEs are largely underserved when it comes to basic financial services. This condition impedes the creation and development of sound and competitive SMEs, and inhibits inclusive economic growth in Pakistan. Like any other developing country, the financial disparity is one of the key obstacles for SMEs in Pakistan which hinder sector's growth, diversity and survival. Albeit, SME's financial sector penetration remains abysmally low as commercial banks dither from lending to them. The reasons for this dithering could be due to following reasons.

- There are a myriad of supply-side and demand-side issues that curb credit to SMEs.
- Lack of documentation, inadequate incentives, poor cash flow management, unawareness of banking products and incentives are all reasons why demand from SMEs for bank lending is low.
- Requirement for adequate collateral and the information asymmetry between banks and SMEs.
- With that caveat in mind, a cross-country comparison clearly shows that SME NPL ratios for Pakistan are significantly higher. A major deterrent to lending to SMEs of Pakistan has been the high ratio of NPLs.
- SMEs by their very virtue are considered high risk and the incidence of high NPL ratio in this sector compared to corporate lending is a common feature across the globe.
- High transaction costs associated with the limited scale of lenders or limited products tailored to SME needs also negatively affect SME lending.
- Reluctance to provide loans to SMEs due to a higher perceived risk
- Fragile financial and management systems, and the uncertainty of profitability.
- Brief or non-existent business track records.

Additionally, there are various challenges to SME financing in Pakistan: poor record keeping by SMEs, particularly accounting information and other business documentation; low productivity and their inability to improve quality of products over time; poor operational performance; problems with packaging bankable loan requests by SMEs; limited knowledge of financing options for SMEs; lengthy and cumbersome application procedures, which discourage both SMEs and banks; high transaction costs owing to size of transaction, vis-à-vis volume of transactions which discourages banks; high turnaround time owing to lack of timely and quality information from SMEs; lack of skills in banks for identifying needs and structuring the delivery

of financial assistance to SMEs; lack of expertise in banks for appraising/structuring SME projects; stringent collateral requirements and other banking regulations and general risk aversion by banks.

**The Government of Pakistan (GOP) and SBP have introduced policies to improve the legal framework and create a demonstration effect. The GOP and SBP have launched a number of initiatives to support the growth of SME lending.**

#### SME Financing Initiatives in Pakistan

One of the key elements in the economic composition is the SME sector, which remains financially excluded. This phenomenon has been fully addressed by a number of developing countries; however, there are many countries which are still struggling, Pakistan being one of them. The Government of Pakistan (GOP) and SBP have introduced policies to improve the legal framework and create a demonstration effect. The GOP and SBP have launched a number of initiatives to support the growth of SME lending. Few are as mentioned under:

- The SME policy, launched in December 2017, has nine pillars that are designed to address the decline in SME sector's credit. These pillars include improving regulatory framework, upscaling of certain micro-finance banks to cater to the needs of the SME segment, risk mitigation measures, simplified banking procedures, value chain and programme-based lending, capacity building, non-financial advisory services, leveraging technology & innovation challenge and simplifying the taxation regime.
- To bring in record moveable property as collateral, Financial Institutions (Secured Transactions) Act 2016 has been approved by the National Assembly of Pakistan.
- The State Bank of Pakistan developed a regulatory framework under the banner of 'The Prudential Regulations for Small and Medium Enterprises (SMEs)'. This encourages the flow of bank credit into the SME sector. The Prudential Regulations of the SBP for SMEs were first introduced in 2003 and updated in 2013 & May 2016. The aim is to create an enabling environment for SME financing.
- The Government of Pakistan has introduced a National Financial Inclusion Strategy (NFIS), which includes the following headline targets for SME financing: by end of 2020, SME credit outreach would increase to 300,000 SMEs; increase the proportion of SME lending to total bank credit to the private sector from 7% in 2015 to 15% in 2020.

- Credit Guarantee Schemes were introduced to reduce the supply-demand gap in SME finance, dependency on collateral, risks arising from information asymmetry and diversify risk.

- SBP is also considering a proposal to upgrade microfinance bank into full-fledged SMEs banks. "The limit of SMEs loan will also be increased from Rs 0.5 million to Rs 1 million", the processing period for loan applications has been reduced from 30 to 15 days only. However, the applications of medium sized units will be processed within 25 days.

- In order to boost the scale of Small and Medium Enterprises (SMEs), banks have been pushed to advance loans to this sector with the target increased from 8% to 17% of overall loan portfolio of the banking industry by 2020. The number of borrowers limited to 174,000 is to be increased to 500,000 by 2020.

- Prime Minister Youth Business Loans Scheme (PMYBL): under PMYBL Scheme, loans up to Rs. 2,000,000 are being provided through the banking system at service charges of 6% per annum to unemployed youth for establishing or extending business enterprises.

- SBP has increased the financing limit of eligible microfinance banks (MFBs) from Rs. 0.5 million to Rs. 1 million. These loans will also be eligible for risk coverage under the Credit Guarantee Scheme.

#### Conclusion

Small and medium enterprises (SMEs) play an important role in the economic and social development of Pakistan. They foster economic growth, generate employment and contribute to the development of a dynamic private sector. In Pakistan, SME sector is not only the minor sharer till yet, reality is that Pakistan's whole economy is highly dependable on the pace and productivity of SMEs. Vibrant and expanding SME sector is very important for continual competitive advantage and economic growth for nations. The creation of a robust, resilient and growing industrial base should be a prioritized policy agenda in Pakistan. Adequate access to finance is crucial for SMEs to survive and eventually grow beyond their SME status. It is one of the core factors impeding SME development. The improvement of lending efficiency and the diversification of financing modalities can help expand SMEs' access to finance, particularly given the largely bank-centered financial system in Pakistan. Although banking industry of Pakistan is focusing on SME financing as a prioritized task, but there is a dire need a for an early and speedy access to finance for SMEs, including creation of enabling regulatory framework, market development, awareness creation and capacity building programs for banks and SMEs, and introduction of SME financing targets for banks and DFIs. Unleashing the potential of the SME sector with a focus on productivity improvements, new approaches suitable for smaller enterprises, such as bank digitization, are workable tools to achieve sustainable SME lending products. ■

*This article was originally contributed for the IBP Essay Competition 2018.*



# A PEEP AT TECH TERMINOLOGY

## Adobe Acrobat Reader

Acrobat Reader is software that allows you to view a PDF document (a document that can be seen but not changed). It can be downloaded free of charge from Adobe.

## ADSL

Asymmetric digital subscriber line (ADSL) is a type of digital subscriber line (DSL) broadband technology that is used to connect to the Internet. It uses standard telephone lines to deliver high-speed data communications (up to 24 megabytes per second).

## Analogue

Analogue is a conventional method of transmitting data. Standard landline telephones use analogue technology. It is distinct from digital technology, which provides for greater quality and speed of data transmission.

## Assistive technology

Assistive technology refers to any software or hardware that acts to assist and improve the functional capabilities of people with disabilities. Examples include wheelchairs, prosthetics, voice-to-text technology and text-to-speech technology.

## Attachment

An attachment is a document sent with an email message. Many types of files can be sent this way (e.g. WORD documents, PDFs, Excel files, JPEGs). Be wary of attaching large files because these can take a lot of time for the recipient to download. If you have a large file, it is considered good practice to compress the file using software such as WinZip before attaching it.

## Back-end

Back-end refers to the part of an application that performs an essential task not apparent to the user.

## Backward compatible

If software is backward compatible, it is compatible with earlier (superseded) versions of the same software. For example, the Microsoft word-processing program Word 2010 can read files created in the 2003 version of the same program, so it is backward compatible.

## Bandwidth

Bandwidth refers to the maximum amount of data that can travel a communications path in a given time, usually measured in seconds.

## Bit

A bit (short for binary digit) is the smallest unit of measurement in computing. 8 bits make up 1 byte.

## Bluetooth

Bluetooth is a wireless communications technology intended to replace cables. It allows short-range connections between two or more Bluetooth-compatible devices such as mobile phones, tablets, headsets or medical equipment.

## Bookmark

A bookmark is a saved link to a particular Web page. Microsoft Internet Explorer denotes bookmarks as "favorites."

## Boolean operators

Most search engines (e.g. Google) allow you to limit your search or make it more specific by using words such as "and", "or" and "not". These words are known as Boolean operators because of their origin as terms in logic.

## Boot (re-boot)

To boot (or re-boot) is to load and initialize the operating system on a computer. Think of it as starting up your computer. In Windows you can use the key combination CTRL and ALT and DEL as a "soft" boot. This means restarting the computer rather than turning it completely off and on again, which could cause damage to your computer's hard disk under some circumstances.

## Bounce back

An email message that cannot be delivered and returns an error notification to the sender is said to "bounce back". If you receive such an error notification, check that you have typed the address correctly.

## Broadband

Broadband is a type of communications technology whereby a single wire can carry more than one type of signal at once; for example, audio and video. Cable TV is one technology that uses broadband data transmission.

## Browser

A software program that allows you to surf the web. Popular web browsers include Google Chrome, Mozilla Firefox, Microsoft Edge and Internet Explorer.

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# Q&A

By: Sidrah Jamail

## Q. What are the reasons due to which a cheque, presented for payment at the cash counter or in clearing, is returned?

**Ans.** Whenever a cheque is returned, a Cheque Return Memo is prepared by the banker and handed over to the payee mentioning the reason as to why the cheque bounced. The payee can again present the cheque, if he believes that it will be honored second time after ensuring the cause of such return has been quashed. Some of the reasons are listed below, though nearly all field bankers know the reasons well, but it is to refresh our readers' memories and those who sent us the question. The list is not exhaustive. In fact, there are as many as 90 reasons but only those are listed of whom many are rare and few very common instances.

### Reasons for Return of Cheques:

- Funds Insufficient
- Exceeds Arrangements\*
- Effects Not Cleared
- Refer to Drawer (This is given in most of the cases, specially of those customers who are high profile ones and enjoy repute as customers of standing and trustworthy with considerable business with the bank, it is done to save the customers from any embarrassment).
- Drawer's Signature Incomplete
- Drawer's Signature Illegible
- Drawer's Signature Differs
- Alteration Requires Drawer's Authentication
- Payment Stopped by Drawer
- Payment Stopped by Attachment Order
- Payment Stopped by Court Order
- Account Closed
- Withdrawal Stopped Owing to Death of Account Holder
- Withdrawal Stopped Owing to Lunacy of Account Holder
- Withdrawal Stopped Owing to Insolvency of Account Holder
- Instrument Post-dated
- Instrument Outdated/Stale
- Instrument Mutilated; Requires Bank's Guarantee
- Instrument Undated/Without proper date
- Cheque Irregularly Drawn/Amount in Words and Figures Differs
- Wrongly Delivered/Not Drawn On Us

- Company's Stamp Missing
- Account Inactive or Dormant
- Too Many Alterations
- Bank's Stamp of Clearing Missing

*\*This type of remark is used when the drawer is granted an overdraft or cash credit if the cheque is presented when the cash credit or overdraft limit is exceeded and there is no drawing power meaning that the security margin of pledged goods does not justify.*

Apart from banks, even National Savings (CDNS), which became a member of clearing house in 2016, which facilitates cheques drawn by the senior citizens for Behood Certificates, is also using the reasons (it has 32 reasons) but the most common one is that amount differs.



Compiled by: Mubashir Ahmed

## SOME LONGEST WORD ODDITIES

1. Pneumonoultramicroscopicsilicovolcanoconiosis (45 Letters) - Disease Silicosis, a lung disease caused by breathing in particles of siliceous volcanic dust.
2. Pseudopseudohypoparathyroidism (30 Letters) - A Mental Disorder, a technical term
3. Honorificabilitudinitatibus (27 Letters) - The state of being able to achieve honors. Longest word in Shakespeare's works; longest word in the English language featuring alternating consonants and vowels, its origin being Latin.
4. Taumatawhakatangihangakoauauotamateapokaiwhenuakitanatahu (57 Letters) - The longest officially recognized place name in an English-speaking country, which is a hill in New Zealand.
5. Chaggoggagoggmanchauggagoggchaubunagun-gamaugg (45 letters) - The longest place name in the United States is a lake in Webster, Massachusetts. It means Fishing Place at the Boundaries.
6. Subdermatoglyphic (15 Letters) - The longest word with no repeated letters.
7. Aegilops - The longest (8-Letter) word whose letters are in alphabetical order, meaning a grass genus.
8. Floccinaucinihilipilification (29 Letters) - An estimation of something as worthless.

(Compiled from dictionary.com & other sources)

## TWIDDLE WITH RIDDLE

Brainstorm and find terms relating to banking, all words must be 3-letter ones or more. All words appear in the Riddle: Horizontally, Diagonally and Backwards. The word count to be identified is 27. How many can you find?

List down all the words you can find and email your entries to:  
[publications@ibp.org.pk](mailto:publications@ibp.org.pk)

An all-correct entry will receive one-year's FREE subscription of 4 issues of IBP's Quarterly Journal. In case of more than one winner, draw will be used. Those coming second / third best will also be considered. The last date of submission is November 30, 2020. The results will be announced in the next issue of Journal.

E	R	E	G	D	E	L	P	S
M	A	R	K	U	P	A	R	I
O	A	C	E	O	A	E	O	G
H	I	R	E	R	W	Q	V	N
C	A	R	G	O	N	U	I	A
N	P	L	R	I	N	I	S	T
A	C	R	C	E	N	T	I	U
R	O	B	I	K	E	Y	O	R
B	A	L	A	N	C	E	N	E

(\*Designed by Rafi Ahmed)



## Epigram for Wall Street

by Edgar Allan Poe

*I will tell you a plan for gaining wealth,  
Better than banking, trade or leases,  
Take a bank note and fold it up,  
And then you will find your money in creases!  
This wonderful plan, without danger or loss,  
Keeps your cash in your hands, where nothing can trouble it;  
And every time that you fold it across,  
It is as plain as the light of the day that you double it!*

### INTERVIEW

- The Interviewer asked four job candidates the same question: "What is two and two?"
- The first candidate was a journalist. His answer was twenty-two.
- The second, an engineer calculated the answer to be between 3,999 and 4,001.
- The third applicant, a lawyer, cited a court case in which two and two was proved to be four. The last candidate was an accountant.
- When the accountant heard the question, he leaned across the desk and said in a low vice, "How much do you want it to be?"

### Gems of Wisdom

**Always bear in mind that your own resolution to succeed is more important than any other.**  
– Abraham Lincoln

**Teamwork is the fuel that allows common people to attain uncommon results.**  
– Andrew Carnegie

**If you spend your life competing with businessmen, what do you have? A bank account and ulcers!**  
– Marilyn Monroe, (American Actress)

**The Road Not Taken**  
I shall be telling this with a sigh  
Somewhere ages and ages hence:  
Two roads diverged in a wood, and I—  
I took the one less travelled by,  
And that has made all the difference.

From The Road Not Taken,  
by Robert Frost (American poet)

**“** If all the economists were laid end to end, they would never reach a conclusion  
– George Bernard Shaw

**“** The greatest conflicts are not between two people but between one person and himself.  
– J. C. Watts

**You and I come by road or rail, but economists travel on infrastructure**  
– Margaret Thatcher

### FOOD FOR THOUGHT

**The four R's - Rethink, Reuse, Reduce, Recycle -** are a lifestyle for a sustainable future. Ways to reuse items whenever possible; reduce consumption to reduce waste.

#### Recycling Woes

At a Recycling Commission's 4th Annual Waste Reduction Workshop, the participants were given this piece of information:

"All participants will be given information on how to reduce the amount of garbage they generate in the shape of lectures, printed literature and promotional items."

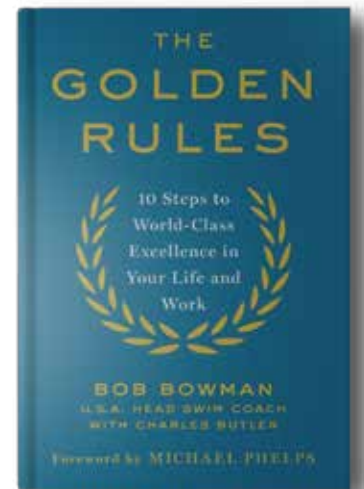
#### Signs

A signboard hung on a floor tile shop: "Just Say No to Rugs."

## THE GOLDEN RULES

### 10 Steps to World-Class Excellence in Your Life and Work

By: Bob Bowman with Charles Butler



### Synopsis

Bob Bowman, best known as the coach for the record-breaking run of Michael Phelps, is one of the most successful coaches in sports history. He is lauded for his intense personality, incredible dedication to his athletes and his ability to nurture talent in athletes who have the heart and drive to win. This is his motivational book about winning in all walks of life and what you have to do to get there. He presents ten key concepts that all people should live by. Inside, illuminated by spirited anecdotes, Bowman will teach you how to get gold out of every day by setting goals and getting motivated to achieve them. He will explain that taking risks is the key to success in any pursuit and coach you on how you can become more risk-tolerant. By following *The Golden Rules*, you will learn through Bowman's expert coaching to visualize in order to achieve your goals and that above all else, dedication to your training, your job, or whatever area it is you are seeking to triumph in, is paramount for success.

### Reviews

"[*The Golden Rules*] stands apart for its humility. [Bowman] has no secrets and knows of no shortcuts. Mostly he obsesses about simplicity. For Phelps and Bowman's other elite swimmers...the most important [goal] is producing the best possible performance at the next practice, and the one after that, and the one after that." – *The Wall Street Journal*

"[The Golden Rules] is [Bowman's] motivational book about winning in all walks of life and what you have to do to get there...illuminated by spirited anecdotes, Bowman will teach you how to get gold out of every day by setting goals and getting motivated to achieve them." – *National USA Swimming Organization*

"In *The Golden Rules*, Bowman details 10 steps to world-class excellence in life and work, illustrating them with lessons learned from coaching not only Michael Phelps, but also several more world-class swimmers and his own personal experiences." – *nbc sports.com*

"*The Golden Rules* applies Bowman's coaching method to general pursuit of excellence...a must read."  
– *AZcentral.com*, part of the *USA Today* network

### About the Authors

**Bob Bowman** is the long-time coach of 18-time Olympic gold medalist Michael Phelps. After serving as an assistant coach in three different Summer Olympics, Bowman was the head coach of the U.S. men's swimming team at the 2016 Rio Olympics. He was also the U.S. men's head coach at the 2007, 2009 and 2013 FINA World Championships. Inducted into the International Swimming Hall of Fame in 2016, Bowman is currently the head swim coach at Arizona State University.

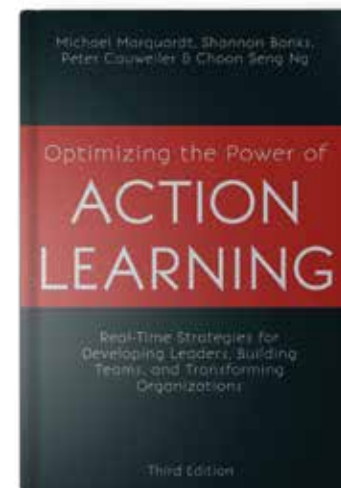
**Charles Butler** has written for *The New York Times*, *Fortune* and *Runner's World*, among other publications. With Matt Long, he is the author of *The Long Run: A New York City Firefighter's Triumphant Comeback from Crash Victim to Elite Athlete*. He has taught journalism at Lehigh University, Ursinus College and the University of Oregon.



# Optimizing the Power of ACTION LEARNING

Real-Time Strategies for Developing Leaders, Building Teams and Transforming Organizations (3rd Edition)

By: Michael Marquardt, Shannon Banks, Peter Cauwelier & Choon Seng Ng



## Synopsis

Originated by Reg Revans in the 1940's, the Action Learning Model was refined and then reintroduced in 1995 by lead author Michael Marquardt to organizations globally as a powerful tool for improving organizational performance. Today, Marquardt is widely considered to be the modern "father" of the Action Learning approach. For this new edition of *Optimizing the Power of Action Learning*, Marquardt has teamed up with three Action Learning experts from Asia and the UK who bring a broader global approach to what has become the seminal book in the field!

**NEW TO THIS EDITION:** Each chapter has been updated for alignment with today's practice and implementation of Action Learning in organizations. New material, including case studies have been added to most chapters and outdated ones replaced. The authors have added more examples of great questions in Chapter 4 (Questions & Reflections), more discussion of virtual Action Learning in Chapter 3 (The Group) and completely new content in Chapter 7 (The Action Learning Coach), specifically on how to begin Action Learning sessions and how to become a Certified Action Learning Coach.

## Reviews

"Marquardt's teachings have allowed Sony Music leaders to realize their greatest potential for solving problems: not by overwhelming a discussion with conflicted answers, but by asking powerful questions and reflecting on one's own leadership skills. That alone has made *Optimizing the Power of Action Learning* one of the most vital instruments of our leadership transformation success."  
– Kathy Chalmers, Executive Vice President & Chief Human Resources Officer, Sony Music Entertainment

"Action and learning are crucial to sustained organizational success. Mike Marquardt knows this and his book provides proven, practical, and useful thinking tools, techniques and examples."  
– Mike Stonier, Senior Manager, University of Pretoria's Gordon Institute of Business Science, Johannesburg, South Africa

"A must-read for anyone who wants to improve the effectiveness of people and organizations."  
– Doug Bryant, Director of Organizational Development, Honeywell Transportation Systems

"Mike Marquardt is the key thought leader in action learning. In introducing this unique but simple process to our executive leaders, we have garnered huge benefits in problem definition and resolution, as well as in higher-level thinking and the acceleration of organizational learning."

– Helen Goldson, VP Talent Management, Goodrich Corporation

"A must-read, thought-provoking guidebook for anyone who doubts the value of asking powerful questions, yet craves the capacity to solve pressing problems."

– Dr. Sydney Savion, General Manager, Learning, Air New Zealand

## About the Authors

**Michael Marquardt** is a Professor of Human Resource Development and International Affairs at George Washington University. He is also Chairman of the World Institute of Action Learning's (WIAL) Board of Directors where he formerly served as president responsible for overseeing the worldwide development of Action Learning programs and coaching certification.

**Shannon Banks** is former director and trainer for top leadership in Microsoft. She is a Master Action Learning Coach, author of several articles and special journal issue on action learning and her company, Be-Leadership, provides executive level training for many global corporations throughout Europe, including UK Parliament leaders.

**Peter Cauwelier**, PhD is Director of WIAL-Thailand and WIAL Board Secretary. He is also the editor for 2 WIAL newsletters distributed to over 5000 people.

**Choon Seng Ng** is a Master WIAL Coach and the Director of WIAL-Singapore. He has trained over 200 coaches in 12 Asian countries. He holds a Masters degree in Human Resource Development from George Washington University and his company, Idialogue, has trained thousands of leaders in public and corporate sectors in Singapore.

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- HBL is a regional banking powerhouse, with branch presence in China, and leadership role in the CPEC projects

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

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



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