

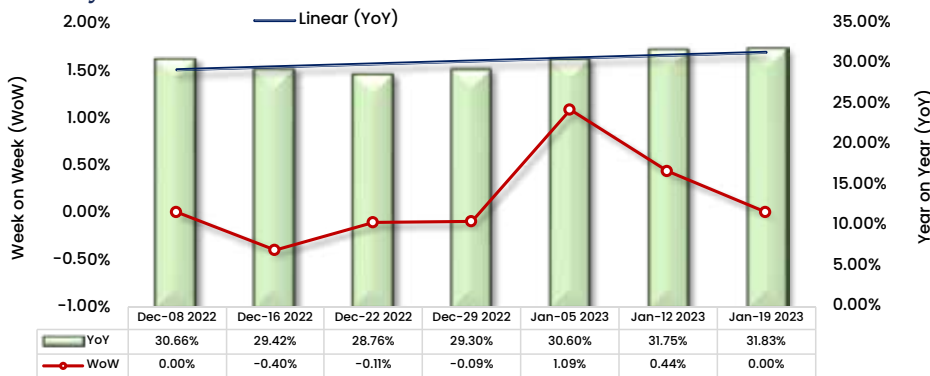
## Domestic Economic Roundup

### Key Money & Banking Indicators:

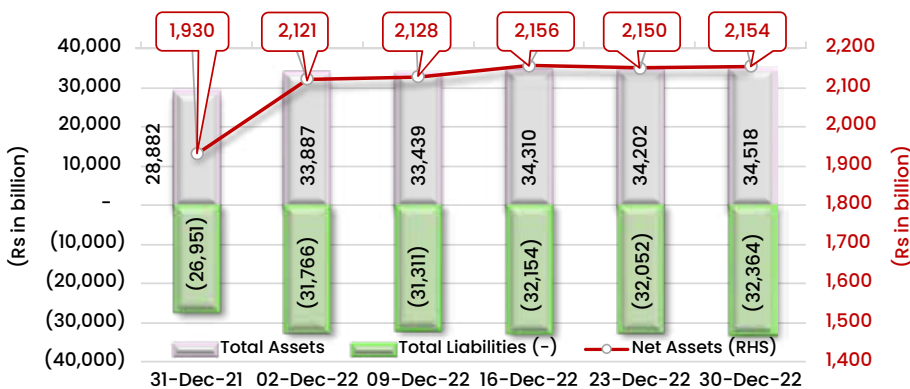
	Stocks at End - June 2022	Flows		Impact Since 1st July to	
		FY21	FY22	06-Jan-23	07-Jan-22
Total Deposits with Banks	19,934.8	2,595.0	2,615.1	155.4	322.0
Broad Money (M2)	27,602.6	3,389.7	3,304.9	407.6	547.3
Govt. Sector Borrowings (Net)	19,622.9	1,717.9	3,357.7	1,321.2	30.5
Credit to Private Sector	9,241.2	766.2	1,612.1	420.5	772.8

(rs in billion)

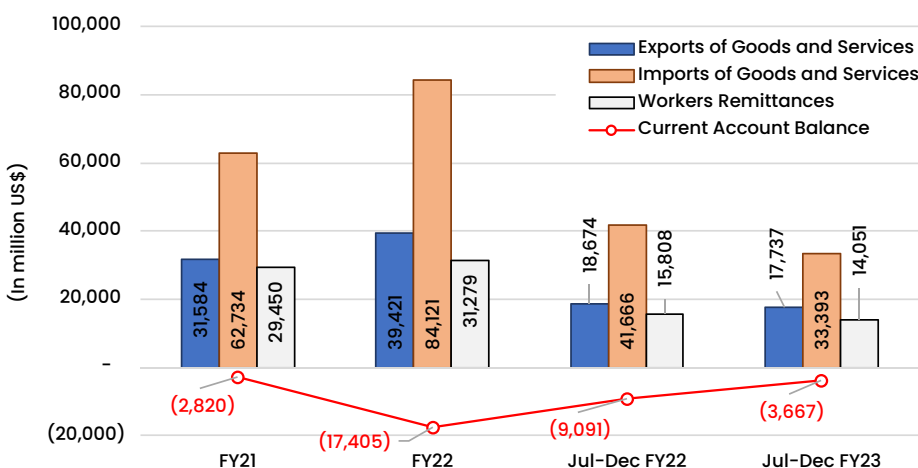
### Weekly Trend in Sensitive Price Indicator (SPI)



### Total Assets and Liabilities of Scheduled Banks



### Major Components of Current Account Balance



## Markets at a Glance

Rates taken till Friday, January 20, 2023

### SBP POLICY RATE

**16.00%** | Effective from November 28, 2022

### KIBOR (6 MONTHS)

	Bid%	Offer%
Change Starting	16.89	17.14
Change Ending	17.25	17.50
Change	+0.36	+0.36

### FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 278.32	PKR 247.25	PKR 228.15
Change Ending	PKR 283.89	PKR 248.87	PKR 229.67
Change	+5.57	+1.62	+1.52

### PAKISTAN STOCK EXCHANGE

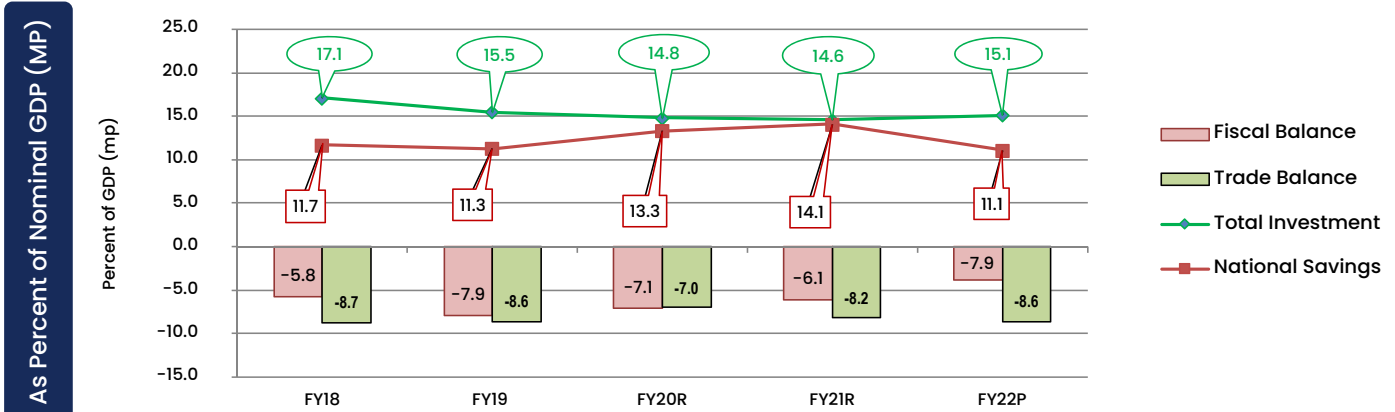
	100 Index
Change Starting	40,323
Change Ending	38,408
Change	-1915

### GOLD RATES

	10 GM, 24K
Change Starting	PKR 139,022
Change Ending	PKR 141,921
Change	+2,899

## Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY18	FY19	FY20 <sup>F</sup>	FY21 <sup>R</sup>	FY22 <sup>P</sup>
Real GDP (2015-16 = 100)	6.1%	3.1%	-0.9%	5.7%	6.0%
Agriculture Sector	3.9%	0.9%	3.9%	3.5%	4.4%
Manufacturing Sector	7.1%	4.5%	-7.8%	10.5%	9.8%
Services Sector	6.0%	5.0%	-1.2%	6.0%	6.2%
Real GDP (Rs in billion)	33,859.6	34,916.0	34,586.7	36,572.6	38,755.1
Nominal GDP (Rs in billion)	36,514.2	41,110.2	44,746.9	52,213.3	62,677.6
GNI (MP) PRS Per Capita	194,181	214,695	230,349	268,223	314,353
GNI (MP) US \$ Per Capita	1,768	1,578	1,458	1,676	1,798



CPI INFLATION	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Dec 2021	Nov 2022	Dec 2022p
General	10.7	8.9	12.2	12.3	23.8	24.5
Food (Urban)	13.6	12.4	13.4	11.7	29.7	32.7
Non-Food (Urban)	8.3	5.7	10.8	13.4	16.4	14.8

Currency in Circulation as on (Stock data)						Rs in billion
June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Jan 7, 2022	Jan 6, 2023	
4,950.0	6,142.0	6,909.9	7,572.5	7,119.7	7,829.6	

Sources: i) Pakistan Economic Survey 2021-22, Finance Division ii) Pakistan Bureau of Statistics iii) Data published on SBP website | P = Provisional | R = Revised | F = Final

## SBP Facilitates Entities and Freelancers to Enhance Export of Software, IT & IT Enabled Services

To facilitate exporters of software, IT & IT Enabled Services, State Bank of Pakistan (SBP) has amended its foreign exchange regulations, advising the banks to mandatorily allow, till March 31, 2023, retention of 35 percent of their export proceeds in special foreign currency accounts. However, such exporters need to be registered either with Pakistan Software Export Board (PSEB) or with Pakistan Software Houses Association (P@SHA). These instructions will be reviewed in light of the incremental export performance by IT sector and realization of export proceeds thereof during this period. Exporters would be allowed to use their retained funds for legitimate business payments or expenses abroad, as per the revised list of purposes issued by SBP.

SBP has advised banks to provide digital channels for opening and operation of these accounts. Banks can now provide facilitation of outward remittances from the retained proceeds through issuance of corporate debit cards after conducting necessary due diligence.

Furthermore, SBP has advised banks to institute a mechanism for facilitation and speedy resolution of the customers' complaints. Banks are required to nominate focal persons at Head Office level, and designate an appropriate officer at each branch dealing in foreign exchange business. Exporters can also approach SBP at [facilitation.itexporters@sbp.org.pk](mailto:facilitation.itexporters@sbp.org.pk) to share their suggestions and concerns.

The amendments will incentivize new entrants in this field to focus on exports and enable existing exporters to boost their business that in turn will create employment opportunities and increase foreign exchange earnings of the country. The instructions issued to banks announcing above policy measures can be accessed at the following links:

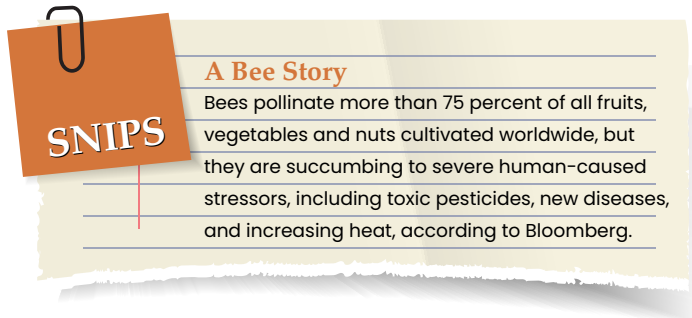
- 1) <https://www.sbp.org.pk/epd/2023/FECL2.htm>
- 2) <https://www.sbp.org.pk/epd/2023/FECL3.htm>

## Three-Day Pak-Russia Intergovernmental Commission Meeting Begins to Promote Cooperation

The 8th meeting of the Pakistani-Russian Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation commenced in Islamabad on January 18, 2023.

The Inter-Governmental Commission (IGC) of Pakistan and Russia conducted deliberations and reached an agreement to form working groups and further the existing cooperation between the two countries in diverse fields including energy, oil and gas. The 8th three-day meeting of the IGC reviewed

the areas of cooperation and looked into ways and means of exploring new opportunities for strengthening bilateral relations.



Experts of the two countries held technical sessions and debated on possibilities to further deepen bilateral cooperation in trade and investment; agriculture; energy; industry; education; science and technology; information and communication technologies; finance, customs and communication, besides roads, postal service and railways.

The Russian side observed that the energy sector was the main focus because its Energy Minister Nikolai Shulginov was himself leading the negotiations. The two sides have decided to move forward together in the field of energy, and Pakistan would get the benefit of Russian expertise in the oil and gas sector. The visiting delegation also suggested Pakistan take benefit of Russia's expertise in the field of science & technology and research.

On the last day of the meeting on January 20, there will be a main discussion on the implementation of the gas pipeline construction project titled 'The Pakistan Stream Gas Pipeline (PSGP),' oil and petroleum products delivery to Pakistan, Russian-Pakistani financial cooperation, implementation of the decisions and recommendations of the seventh meeting of the commission, besides cooperation in different sectors, before signing of the final protocol, as per the shared schedule.

## SBP Issues NOCs to Five Applicants for Establishing Digital Banks

State Bank of Pakistan (SBP) has issued no objection certificates to the following five (05) applicants for establishing digital banks: (i) Easy Paisa DB (Telenor Pakistan B.V & Ali Pay Holding Ltd.); (ii) Hugo Bank (Getz Bros & Co., Atlas Consolidated Pte. Ltd. and M&P Pakistan Pvt. Ltd.); (iii) KT Bank (Kuda Technologies Ltd., Fatima Fertilizer Ltd. and City School Pvt. Ltd.); (iv) Mashreq Bank (Mashreq Bank UAE); (v) Raqami (Kuwait Investment Authority through - PKIC and Eneritech Holding Co.).

In January 2022, SBP introduced a Licensing and Regulatory Framework for Digital Banks in line with international best practices and decided to issue up to five (05) digital banks'

licenses. The Framework was the first step towards introducing full-fledged digital banks in Pakistan. The digital banks are expected to provide all the banking services through digital means without any need for their customers to visit the bank branches physically.

In response to SBP's Licensing and Regulatory Framework for digital banks, SBP received twenty (20) applications from a diverse range of interested players such as commercial banks, microfinance banks, electronic money institutions and Fintech firms by March 31, 2022. Further, a number of foreign players including venture capital firms already operating in the digital banking space also expressed their interest to venture into Pakistani market directly or in collaboration with local partners.

The five (05) applicants were selected after a thorough and rigorous assessment process as per the requirements of the Framework. Applicants were assessed on various parameters that included fitness and propriety, experience and financial strength; business plan; implementation plan; funding and capital plan; IT and cybersecurity strategy and outsourcing arrangements, etc. Further, all the applicants were given the opportunity to present their business case to SBP.

Going forward, each of these five (05) applicants will incorporate a public limited company with Securities and Exchange Commission of Pakistan. Afterwards, they will approach SBP for In-Principle Approval for demonstrating operational readiness and for commencement of operations under the pilot phase. Subsequently, they will commercially launch their operations after obtaining SBP's approval.

SBP expects that after commencement of their operations, these digital banks will promote financial inclusion by providing affordable/ cost effective digital financial services including credit access to unserved and underserved segments of the society.

## France Will Provides € 120 million for Keyal Khuwar Hydropower Project

The government of France would provide soft loans of € 120 million for Keyal Khuwar 128 Mega Watt (MW) Hydropower Project located in Khyber Pakhtunkhwa (KPK) province.

According to press release issued by Economic Affairs Division, Secretary, Ministry of Economic Affairs (MoEA), Dr Kazim Niaz and Country Director, French Agency for Development, Philippe Steinmetz signed an agreement in this regard here on January 16, 2023.

The French loan assistance will support 128 MW facility, located near the city of Pattan in KPK, the statement said adding the loans would support the Water and Power Development Authority (WAPDA) in its mandate of hydroelectricity sector development in Pakistan.

The funding would also help enhance the competitiveness

of renewable power generation thus promoting affordability and scaling up the energy supply.

According to the statement, the project would contribute to the government's strategy to develop green energy, reduce greenhouse gas emissions and climate-friendly projects, in line with the French pledge and commitments announced at the International Conference on Climate Resilient Pakistan, which took place in Geneva on January 9, 2023.

The French government through French Agency for Development has been working in Pakistan, providing technical and financial support in the energy and urban development sector aiming at green investment in Pakistan.

On the occasion, Secretary, Ministry of Economic Affairs thanked the French government and AFD for extending this financial assistance to Pakistan.



## The Last Date for Encashment of Withdrawn Prize Bonds Extended

The Federal Government has given another opportunity to the public to get the withdrawn prize bonds of Rs 7500, 15,000, 25,000 and Rs 40,000 redeemed/ encashed by June 30, 2023. Earlier, the government had fixed deadline of June 30, 2022, for redemption/ encashment of these prize bonds, however, considering that some of the prize bond holders could not get their bonds redeemed a final opportunity has been given for encashment of prize bonds till June 30, 2023, according to SBP press release on January 16, 2023. The investors of aforesaid prize bonds have following options of encashment or exchange.

- Encashment at Face Value
- Conversion to Premium Prize Bonds of Rs 25,000 and/ or Rs 40,000 (Registered)
- Replacement with Special Savings Certificates (SSC) or Defense Savings Certificates (DSC)



The prize bonds can be redeemed from SBP Banking Services Corporation office and branches of commercial banks across the country till June 30, 2023. The SBP has issued necessary instructions to commercial banks to accept requests from general public for encashment or exchange of the prize bonds till the extended date. The general public holding these bonds is encouraged to avail this final opportunity and get their holdings redeemed before June 30, 2023. These prize bonds shall not be encashable or exchangeable after the expiry of the extended deadline, thereby rendering them worthless.

## Pakistan, Saudi Arabia Ink Agreement for Arrangements of Hajj 1444

Saudi Minister of Hajj and Umrah Dr Tawfiq bin Fawzan Al-Rabiah on January 14, 2023 welcomed the Pakistani delegation led by Minister for Religious Affairs and Interfaith Harmony Mufti Abdul Shakoor and signed an agreement with regard to the arrangements for the Hajj season 1444 AH. On the occasion of Hajj Expo 2023, the Saudi Minister of Hajj and Umrah signed several collaboration agreements with various countries while meeting with various delegations, said a statement.

These agreements came under the development initiatives offered by the Kingdom to improve the experience of pilgrims during Hajj, Umrah and Ziyarat.

The agreement with Pakistan includes the allocation of Hajj quota, airports and means of arrival and departure as well as the organizational guidelines that are related from the beginning of the trip to the pilgrims' return from the Kingdom of Saudi Arabia (KSA), as they are the guarantors of their safety and comfort.


Hajj Expo 2023 is the largest gathering related to Hajj and Umrah, as it brought together over 60,000 visitors from more than 57 countries, besides it gathered 81 speakers from the public and private sectors from inside and outside the Kingdom, and 200 companies specializing in the field of Hajj and Umrah.

This large gathering was an opportunity to exchange concepts, ideas, inventions and experiences, and it also provided a platform for all the countries to sign their agreements and discuss the affairs of their citizens before the Hajj and Umrah season.

It is to be noted that the conference covered forty workshops in four days, apart from nine keynote sessions, on a number of topics related to enhancing the experience of pilgrims, using digital services, and building an integrated and sustainable system. The main objective of the activity is to expand the scope of services and achieve the goals of Saudi Vision 2030.

All these efforts come within the framework of the KSA to provide the best services to the guests of God through the

joint efforts of the Hajj programme and all public, private sectors, businessmen and partners around the world besides logistics, security and technology, the work to improve their experience at all cultural and knowledge levels.



### Accountants Needed

The number of accountants and auditors employed fell by 17 percent between 2019 and 2021, a troubling trend as there are other jobs that require a similar skill set but pay higher salaries, according to Bloomberg.

## Prices of Petroleum Products to Remain Unchanged

Minister for Finance and Revenue Senator Muhammad Ishaq Dar on January 15, 2023 said that the government has decided to keep the existing prices of petroleum products unchanged for next 15 days to facilitate the masses in the country, particularly to provide relief to lower-income people during intense winters.

Addressing a press conference, the minister said that these prices would be applicable from January 16, 2023 and would remain in force for next 15 days to January 31, 2023.

He said that the decision for keeping the existing prices of petroleum products unchanged in local market was taken under the special directives of Prime Minister to provide relief to common man, particularly the lower income groups and ensure provision of fuel at household level on affordable prices to meet the winter requirements.

The price of diesel will remain unchanged at current level and it would be available on existing price of Rs 227.80 per liter, petrol Rs 214.80 per liter, kerosene oil Rs 171.83 per liter and light diesel oil at Rs 169.00 per liter, he added.

Due to movements of petroleum prices in the international markets, the Oil and Gas Regulatory Authority (OGRA) has recommended Rs 8.76 per liter increase in kerosene oil and Rs 7.73 per liter of light diesel oil. However, the government has decided again to keep the existing prices of other oil products unchanged.

## SECP Registers 2,374 New Companies in December 2022

The Securities and Exchange Commission of Pakistan (SECP) registered 2,374 new companies in December 2022,

according to a January 12, 2023 press note. The total number of registered companies now stands at 183,744. Total capitalization (paid-up-capital) of these companies for the current month stands at Rs 4.1 billion.

Foreign investment has been reported in 85 new companies. These companies have foreign investors from Afghanistan, Austria, Australia, Bangladesh, China, Egypt, Ethiopia, Germany, Indonesia, Iran, Japan, Lebanon, Malaysia, Romania, Russia, South Africa, Spain, Sweden, Switzerland, Turkey, UK, USA and Vietnam. Major chunk of investment was received from China with 48 companies, Germany with 5, Afghanistan, UK and US with 4 each, Iran and South Africa with 2 each and 16 companies with other countries.

In the final month of calendar year 2022, nearly 56 percent companies were registered as private limited companies, while 41 percent were registered as single member companies. The remaining three percent were registered as public unlisted companies, not for profit associations, foreign companies and limited liability partnership (LLP). Nearly 99.8 percent companies were registered online.

The real estate development & construction sector took the lead with incorporation of 427; information technology with 329; trading with 292; services with 218; education with 107; tourism with 104; food & beverages with 89; ecommerce with 82; corporate agricultural farming with 63; textile and mining & quarrying with 55 each, pharmaceutical with 51, marketing & advertisement with 50, and 452 companies were registered in other sectors.

As a result of integration of SECP with FBR and various provincial departments, 2,172 companies were registered with FBR for generation of NTN, 60 companies with EOBI, 34 companies with PESSI/ SESSI and 37 companies with excise and taxation department. The SECP has also started a dedicated WhatsApp facility for receiving queries. During December 2022, responses were sent to around 1,382 WhatsApp queries of local and foreign investors pertaining to name availability and incorporation; with 96 percent satisfaction rate.

### Future Workers

By 2025, Gen Z will make up 27 percent of the global workforce, according to the World Economic Forum.

SNIPS

## International Economic Roundup

### Recessions Risks Knock Stocks, Speculators Drawn Back to Yen

Asian stock markets struggled to make headway on January 19, 2023, after weak US consumer data stoked recession worries and nudged investors toward safe assets such as bonds, while Japan's yen rose as markets doubted the Bank of Japan's policy commitments. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8 percent and benchmark 10-year US Treasury yields, which fall when prices rise, hit their lowest since September at 3.7 percent. US crude futures fell 1 percent. Japan's Nikkei also dropped 1 percent and the yen rose about 0.4 percent to 128.4 per dollar, unwinding moves that followed the Bank of Japan (BOJ) scotching speculation of a shift and leaving monetary policy settings unchanged a day earlier.

The BOJ has pursued ultra-easy policy settings for decades in an attempt to generate inflation and growth, but markets doubt it can keep that up, and traders have been selling Japanese government bonds and buying yen to bet on a shift. The Nikkei dip and the bounce for the yen suggest such speculation is here to stay, at least for now.

"There is an intense amount of speculation in the market that now that the January (BOJ) meeting has happened without any changes ... that we will see something in March," said Shafali Sachdev, head of FX, fixed income and commodities in Asia at BNP Paribas Wealth Management in Singapore. April was another possibility, she added, since by then the BOJ would have a new governor. "My guess would be that more speculators would look to build positions going into these meetings."

Ten-year Japanese government bonds, the focus of markets' challenge to the BOJ because of the zero-yield target and 0.5 percentage point limit on its upward movement, yielded 0.4 percent. Overnight, the S&P 500 lost 1.6 percent after data showed US manufacturing output had slumped last month and retail sales had fallen by the most in a year. S&P 500 futures dropped 0.2 percent in Asia and were close to breaking below the 50-day moving average. "The decline in retail spending and industrial production adds to the theme of the economy slowing and heading into recession in 2023, and pushes back on the soft landing narrative dominating markets since January," said National Australia Bank's head of market economics, Tapas Strickland.

Microsoft's announcement of 10,000 layoffs and hawkish comments from Cleveland Fed President Loretta Mester and St. Louis Fed President James Bullard added to the gloom, with both Fed officials expecting US interest rates above 5 percent this year. The dollar wound back London-trade

losses in the New York session and made gains in Asia. The Australian dollar was last down 0.5 percent at \$0.7, losing ground after data showed an unexpected fall in Australian employment last month. The euro was under gentle pressure at \$1.1 and the New Zealand dollar wobbled slightly lower on news of Prime Minister Jacinda Ardern's surprise resignation. Minutes from last month's European Central Bank meeting are due later on January 19, 2023, as is an appearance from ECB President Christine Lagarde at the World Economic Forum in Davos.

## Germany Says It is No Longer Reliant on Russian Energy

Germany no longer depends on Russian imports for its energy supply, the country's finance minister has told an international news agency. Christian Lindner said Germany had completely diversified its energy infrastructure since Russia's invasion of Ukraine last year. Following the invasion, Russia turned off the gas taps to Europe, leading to fears of blackouts this winter. But Germany had found new sources of energy, Mr Lindner said. "Yes, of course Germany is still dependent on energy imports, but today, not from Russian imports but from global markets," he said.

Germany previously imported around half of its gas from Russia and more than a third of its oil. But Russia cut off the country's gas supply in August, while Germany halted Russian oil imports at the start of the year. In its race to find alternate sources of energy, the country has reopened coal-fired power plants, delayed plans to shut down its three remaining nuclear power plants, and pushed to increase capacity to store natural gas imported from other countries such as Norway and the US.

At the World Economic Forum (WEF) in Davos, Switzerland, Mr Lindner pointed to the speed with which a new liquefied natural gas terminal had been built in Germany - in a record of around eight months, he said. More infrastructure investments were planned, he added. "This is only [one] example of the enormous change in German policies," he said. "We have understood that we have to foster our competitiveness after the era of Chancellor [Angela] Merkel. That era was focused on, well, strengths of the past, and now we are developing strengths of the future," he said. Mr Lindner struck an optimistic note, suggesting there was "some evidence" that inflation in Germany had reached its peak last year. "Probably there is a faster recovery of the global economy and European economies than expected," he said.

However, potential for a damaging trade row between the EU and the US over green subsidies remains. The US last year approved a massive \$370 billion (£299 billion) in investments for climate-friendly technologies, including tax credits for electric cars that are made in America. However, the law includes some "made in America" rules, which have raised concerns in Europe that businesses outside the US will be put at a disadvantage. In a visit to Washington last

month, French president Emmanuel Macron criticized the US rules as "super aggressive". Mr Lindner said he did not want to see the European Union start a trade war with the US over those rules. "We have to avoid any kind of competition - who is able to pay more subsidies," he said. "It must not happen." Mr Lindner's comments signal the challenges that lie ahead as Europe tries to develop a response to the US climate law, which is officially called the Inflation Reduction Act.

France has proposed responding with rival "buy European" incentives, and European Union officials this week also promised "decisive" steps. Mr Lindner said maintaining a level playing field was important, but he wanted to see the two sides negotiate exemptions for companies or develop a new trade deal, rather than try to out-subsidies each other.

"There is a threat for the level playing field and I take this seriously but... we are spending and investing much more than the US-side so we do not have to be afraid," he said. "Some in the European context, they see the Inflation Reduction Act as the occasion to introduce policies they have proposed in the past, and I think it is an occasion to strengthen our competitiveness at the European level, make further progress on capital markets union, to negotiate with the US side a free trade agreement - but not pay more subsidies," he said. Unlike the big French car companies, many German firms already have a big presence in the US, including manufacturing plants. The "made in America" rules have prompted a pushback even from some American companies, many of which rely on parts manufactured in other countries.

## Saudi Central Bank Releases Update to Unified Compulsory Motor Insurance Policy

The Saudi Central Bank (SAMA) announced updating the Unified Compulsory Motor Insurance Policy. This comes based on the authority vested in SAMA according to the Insurance Control Law as well as in line with its continuous efforts to develop the insurance sector and to protect the rights of the insureds and the beneficiaries of the insurance coverage.

SAMA clarified that these amendments include the policy definitions and its appendixes in accordance to the on-going developments of the Insurance Industry, as well as updating the exceptions and transferring some of the right of recovery cases. The amendments also allow for an option where the third party is entitled to choose between a direct cash compensation, or to get the damaged vehicle repaired. It is worth noting that this update comes as part of SAMA's endeavor to efficiently develop and facilitate traffic claim settlement procedures and to protect the rights of the parties of the insurance contract.

The Updated Unified Compulsory Motor Insurance Policy is available on the SAMA website link: <https://www.sama.gov.sa/en-US/RulesInstructions/Pages/InsuranceRulesAndRegulation.aspx>



## Russia Posts Record Current Account Surplus of \$227 billion in 2022

Russia's current account surplus hit a record high in 2022, the central bank said on January 17, 2023, as a fall in imports and robust oil and gas exports kept foreign money flowing in despite Western efforts to isolate the Russian economy. Russia's current account – a measure of the difference between all money coming into a country through trade, investment and transfers, and what flows back out – came in at \$227.4 billion, up 86 percent from 2021. Russian imports fell sharply last year amid an exodus of Western firms after the West imposed sweeping sanctions on Moscow for its invasion of Ukraine.

But the Kremlin has sought to replace revenues lost from its oil and gas exports to Europe with a pivot to China, India and other Asian countries. Trade between Russia and China hit a record high of \$190 billion last year, Chinese customs data showed. As imports fell, Moscow's trade balance – the difference between total exports and imports – swelled to \$282.3 billion in 2022, up from \$170.1 billion the previous year. The central bank said higher commodity prices throughout 2022 had helped push the current account higher, while imports slowly recovered in the second half of the year.

Russia's export revenues are set to come under fresh pressure in 2023 as Western and Japanese sanctions on Russian oil come into full effect. The Group of Seven major economies will expand an oil embargo beyond crude to include Russian oil products from February 5, 2023. Analysts say this could lead to a reduction in Russian oil output of up to 1 million barrels per day (bpd) in the first quarter of 2023. An official forecast sees Russia's output of oil products falling sharply this year to 230 million tonnes from 272 million, according to a senior Russian source.

## Microsoft to Expand ChatGPT Access as OpenAI Investment Rumors Swirl

Microsoft Corp on January 16, 2023 said it is widening access to hugely popular software from OpenAI, a startup it is backing whose futuristic ChatGPT chatbot has captivated Silicon Valley. Microsoft said the startup's tech, which it so far has previewed to its cloud-computing customers in a program it called the Azure OpenAI Service, was now generally available, a distinction that is expected to bring a flood of new usage.

The news comes as Microsoft has looked at adding to the \$1 billion stake in OpenAI it announced in 2019, two people familiar with the matter previously told a news agency. A news site also reported earlier this month that Microsoft might invest \$10 billion; Microsoft declined to comment on any potential deal. Public interest in OpenAI surged following its November release of ChatGPT, a text-based chatbot that can draft prose, poetry or even computer code on command. ChatGPT is powered by generative artificial intelligence,

which conjures new content after training on vast amounts of data – tech that Microsoft is letting more customers apply to use. ChatGPT itself, not just its underlying tech, will soon be available via Microsoft's cloud, it said in a blog post. Microsoft said it is vetting customers' applications to mitigate potential abuse of the software, and its filters can screen for harmful content users might input or the tech might produce.

The business potential of such software has garnered massive venture-capital investment in startups producing it, at a time funding has otherwise dried up. Already, some companies have used the tech to create marketing content or demonstrate how it could negotiate a cable bill. Microsoft said CarMax, KPMG and others were using its Azure OpenAI service. Its press release quoted an AI Jazeera vice president as saying the service could help the news organization summarize and translate content.

## Bank of Canada Announces Appointment of Non-Executive Deputy Governor

The Board of Directors of the Bank of Canada on January 16, 2023, announced the appointment of Nicolas Vincent as the Bank's new external, non-executive Deputy Governor for a term of two years, effective March 13, 2023. Mr Vincent's appointment, which is the result of an open external search process, fills the vacancy created by the departure of Timothy Lane in September 2022. The Bank changed the fourth Deputy Governor position to an external, non-executive Deputy Governor role to bring diverse perspectives into its consensus-based policy-making process and to ensure the Bank's executive team has a streamlined and effective distribution of management responsibility.

In this role, Mr Vincent will be a member the Bank's Governing Council, which is responsible for decisions with respect to monetary policy and financial system stability. Alongside other members of Governing Council, he will also be responsible for communicating with Canadians about the Bank's consensus-based policy decisions as well as its ongoing assessment of the outlook for the economy and inflation. In keeping with the nature of this role, Mr Vincent will work with the Bank of Canada in a part-time capacity and will maintain his affiliation with HEC Montréal.

Mr Vincent is a professor of economics in the Department of Applied Economics at HEC Montréal and co-chair of the Business Cycles and Financial Markets research theme at CIRANO (Centre interuniversitaire de recherche en analyse des organisations). He has been a visiting faculty member and researcher at numerous institutions, including Columbia Business School, INSEAD, the Banque de France and the Kellogg School of Management. Born in Trois-Rivières, Quebec, Mr Vincent received a Bachelor of Commerce degree in applied economics from HEC Montréal, a master's degree in economics from Queen's University and a PhD in economics from Northwestern University.





## UAE to Become Crypto Hotspot Following New Virtual Asset Regulations

The United Arab Emirates (UAE) is expected to become a hotspot for virtual assets such as non-fungible tokens (NFTs), blockchain, and cryptocurrencies, as Emirates has introduced new regulations, encouraging the usage of blockchain apps for regional economic advancement.

This week, UAE Cabinet passed a new law regarding virtual assets and also introduced an autonomous regulatory authority for crypto, NFTs, blockchain, and their traders, making it UAE's first federal level regulatory authority for this sector. The Dubai Virtual Asset Regulation Law and the Dubai Virtual Assets Regulatory Authority (VARA) will regulate, control, and license cryptocurrency-related businesses. Both, the law and the authority, has come into effect on January 15, 2023.

Mahin Gupta, Founder of Liminal, a Singapore-based digital wallet, expressed delight over UAE's accelerated pace towards regulation of the virtual asset sector. He stated that the move will make the UAE a top choice of companies, seeking expansion in this industry. According to Dubai Multi Commodities Centre's (DMCC) latest data, out of 3,049 companies registered in Dubai in 2020, over 500 were cryptocurrency startups.

Regarding the above-mentioned point, Mahin stated that the data shows Dubai will become a primary hub for crypto-related products and services.

The businesses that come under this law include exchanges, companies facilitating cryptocurrency transfers, and others of such kind. The government-owned Dubai Financial Services Authority (DFSA) financial-free zone, on the other hand, is said to be exempt from this rule as DFSA is creating its own laws allowing the virtual asset market to be used there.

## IMF says Fragmentation Could Cost Global Economy Up To 7 percent of GDP

A severe fragmentation of the global economy after decades of increasing economic integration could reduce global economic output by up to 7 percent, but the losses could reach 8-12 percent in some countries, if technology is also decoupled, the International Monetary Fund (IMF) said in a new staff report. The IMF said even limited fragmentation could shave 0.2 percent off of global GDP, but said more work was needed to assess the estimated costs to the international monetary system and the global financial safety net (GFSN).

The note, released late January 15, 2023, noted that the global flows of goods and capital had leveled off after the global financial crisis of 2008-2009, and a surge in trade restrictions seen in subsequent years. "The COVID-19 pandemic and Russia's invasion of Ukraine have further tested international relations and increased skepticism about the benefits of globalization," the staff report said. It said deepening trade ties had resulted in a large reduction in global poverty for years, while benefitting low-income consumers in advanced economies through lower prices. The unraveling of trade links "would most adversely impact low-income countries and less well-off consumers in advanced economies," it said.

Restrictions on cross-border migration would deprive host economies of valuable skills while reducing remittances in migrant-sending economies. Reduced capital flows would reduce foreign direct investment, while a decline in international cooperation would pose risks to provision of vital global public goods. The IMF said existing studies suggested that the deeper the fragmentation, the deeper the costs, with technological decoupling significantly amplifying losses from trade restrictions.

It noted that emerging market economies and low-income countries are likely to be most at risk as the global economy shifted to more "financial regionalization" and a fragmented global payment system. "With less international risk-sharing, (global economic fragmentation) could lead to higher macroeconomic volatility, more severe crises, and greater pressures on national buffers," it said. It could also weaken the ability of the global community to support countries in crisis and complicate the resolution of future sovereign debt crises.

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### New Year Resolutions

According to research published in the International Journal of Environmental Research and Public Health, nearly two-thirds of people who set New Year resolutions abandon them within the first month.

## Macprudential Measures by Central Bank of the Republic of Turkiye

In its Monetary Policy and Liraization Strategy for 2023 document, the Central Bank of the Republic of Turkiye (CBRT) stated that policies to be implemented under the Liraization strategy would continue to be used in a strengthened manner to permanently increase the weight of the Turkish lira (TL) in both assets and liabilities of the banking system. Moreover, the Bank announced that by considering incentives mainly for TL deposits not included in the FX-protected deposits (KKM), further steps would be taken to invigorate the attraction of TL deposits. In this context, to encourage maturity extension of TL deposits, the CBRT has decided to set reserve requirement ratios for TL deposit accounts with maturities longer than three months at zero percent.

Additionally, it has been decided to set reserve requirement ratios at zero percent for the increase in FX liabilities with maturities longer than 6 months provided directly from abroad until the end of 2023. These changes will be effective from the calculation date of January 20, 2023 with the maintenance period starting on February 3, 2023.

## MANAGEMENT VIEWS



### Is Your Team Collaborating Too Much?

If your employees are drowning in excessive or misaligned goals set by too many external stakeholders with competing demands, they are at risk of losing sight of their highest priorities. As a leader, how can you help your team overcome collaboration overload?

- **Invest in tools and platforms that protect employees' time and energy.** Emphasize the importance of 'focus time' functions embedded in many workplace technologies, which will enable employees to protect their focus instead of fragmenting it. Additionally, take steps to integrate all your team's disparate information systems to reduce unnecessary bottlenecks and communications.
- **Equip employees with information about how they are collaborating.** You might set up a dashboard, for instance, where employees can monitor data about work behaviors that they never had access to before. For example, data about the number of times an employee initiated a collaboration with someone else might show them that they need more focus time to dedicate to project work.
- **Establish team-wide collaboration norms.** For example, set guidelines for when and how to escalate communication (for example, email – Slack – phone call as urgency increases) and where to store important data and documentation.

(This tip is adapted from *How to Fix Collaboration Overload*, by Rob Cross et al. – HBR.)

### Cyberbullying in the US

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Nearly half of teens in America have experienced cyberbullying, with offensive name-calling being the type most commonly reported, according to the Pew Research Centre.

## Federal Reserve Board Releases Results of Survey of Senior Financial Officers at Banks

The Federal Reserve Board on January 13, 2023 released results of a survey of senior financial officers at banks about their strategies and practices for managing reserve balances. The Senior Financial Officer Survey is used by the Board to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management strategies and practices. The most recent survey was conducted in collaboration with the Federal Reserve Bank of New York between November 4, 2022, and November 18, 2022, and includes responses from banks that held slightly below three quarters of total banking system reserve balances at the time of the survey.

For details please visit the following link:

<https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202211.pdf>

### Prevent Negativity from Taking Over Your Team

As a manager, you need to constantly be taking the pulse of your team's collective emotions—whether they are frustrated with a new strategic direction, anxious about a leadership transition, or upset because of recent layoffs. How can you prevent these negative emotional dynamics from festering on your team? First, to the extent that you are able, modify the situation that is at the source of the negativity, and express to your employees that you recognized their collective emotion and made a change. At the same time, reappraise the underlying situation that has brought on the negative energy. Can you reframe it in a way that inspires hope and positivity? Next, galvanize your team by returning its focus to a collective goal or priority. Finally, practice "response modulation." This involves controlling your outward expression of your own emotional experience in order to set the tone for others.

Your employees are looking to you as a signal of what they should feel. If you maintain a positive and authentic posture in response to a challenging situation, you can positively influence the group's collective emotion.

(This tip is adapted from *Managing Your Team's Emotional Dynamic*, by Amit Goldenberg – HBR.)

## Nail This Difficult (and Common) Interview Question

"Tell me about a time you failed" is an interview question job seekers dread. How can you be prepared to ace it? Here are some tips.

- **Focus on learning.** What the interviewer ultimately wants (and they may even state this explicitly) is not so much your story of failure but what you learned from it and how you turned that insight into a productive approach.
- **Choose a miscalculation, not a mistake.** Do not draw attention to your character. When did something external not go as planned? When was a strategy ineffective? When did an approach miss the target?
- **Look for a *we*, not a *me*.** A team failing as a group might seem more relatable (and excusable) than an individual failing because there was consensus behind the decision making.
- **Describe a low-consequence event, and keep it brief.** Make sure the stakes of your story are relatively low, not catastrophic, and that you do not linger on unnecessary details.
- **Be thoughtful about the words you use—and do not defend yourself.** Use words like learned, gleaned, grew, and overcame. Avoid defensive or regretful language.

(This tip is adapted from *How to Answer 'Tell Me About a Time You Failed' in a Job Interview*, by Joel Schwartzberg – HBR.)

## Get Better at Asking for Help

Reluctance to ask for help when we need it can keep us bogged down in more work than is necessary—and ultimately lead to burnout. Whether you are afraid of seeming needy or incompetent, or you just do not trust others to help you, here are some strategies to help you reach out for assistance when you really need it.

- **Identify and unpack your limiting beliefs.** Ask yourself: What am I afraid will happen if I ask for help? These fears are likely emotional, not rational. Reflect on what is underlying them.
- **Try small experiments.** Make small behavior changes to see the impact on how you feel and the response you get from others. It can be as simple as asking, "Can I brainstorm with you for five minutes?" or "Would you be willing to take a look at my client proposal and share your feedback with me?"
- **Be open.** Let trusted colleagues know that you are working on getting better at asking for help. Being up front will make it easier for you to actually do it when the time comes. It will also prime them to be more receptive to these requests, reinforcing your help-seeking behavior and reducing your reluctance to reach out for support.

(This tip is adapted from *How to Get Better at Asking for Help at Work*, by Rebecca Zucker – HBR.)

## Harness the Influence You Already Have at Work

Becoming more influential at work does not always require getting a promotion or becoming a senior leader—more often, it is about recognizing the influence you already have, regardless of your position. To get better at seeing the influence your words and actions have on others, start by spending a few minutes visualizing a salient workplace interaction from a neutral, third-party perspective. Pretend you are a coach reviewing tape from your team's last game. How would you interpret the dynamics at play? Turning this objective lens onto yourself will help you become more self-aware and recognize your own power. Next, seek feedback from colleagues you trust about how they experience you. This will help you challenge your assumptions about yourself and clarify your impact on others. Finally, test your influence in small ways—for example, by asking for something you want, giving a compliment you have been holding back, or pitching an idea you have been thinking about. The results might surprise you.

(This tip is adapted from *Don't Underestimate Your Influence at Work*, by Vanessa Bohns – HBR.)

# JAN-FEB

	Workshop	Facilitator	Fee	Timings	
<b>JANUARY</b>	<b>24</b> Tuesday Impact of Digital Innovation on Banking	Nawroz M. Ali	PKR 9,500 <i>(Excluding Sales Tax)</i>	9:30 AM - 1:30 PM	
	<b>24</b> Tuesday Certification Course on The Human Firewall	Murtaza Lightwala	PKR 9,500 <i>(Excluding Sales Tax)</i>	9:30 AM - 1:30 PM	
	<b>25</b>   Wednesday Hyderabad SBP Currency Management Guidelines & Penalty Structure for Banks	Muhammad Salman	PKR 15,000 <i>(Excluding Sales Tax)</i>		
	<b>26</b>   Thursday Gujranwala Cash Management – Regulatory Requirements	Syed M. Jamil	PKR 15,000 <i>(Excluding Sales Tax)</i>		
	<b>26-27</b> Thu-Fri Voice of Customer – Capturing, Assessing and Reengineering	Sundus Saleem	PKR 9,500 <i>(Excluding Sales Tax)</i>	2:00 PM - 6:00 PM	
<b>FEBRUARY</b>	<b>04 Onwards</b> Every Saturday Certified Information Systems Auditor (CISA) – Review Classes	Multiple Trainers	PKR 40,000 <i>(Excluding Sales Tax)</i>	10:00 AM - 4:30 PM	
	<b>04 Onwards</b> Every Saturday Certified Information Security Manager (CISM) – Review Classes	Multiple Trainers	PKR 40,000 <i>(Excluding Sales Tax)</i>	10:00 AM - 4:30 PM	

<https://ibp.org.pk/wp-content/uploads/2023/01/IBP-TC-JANUARY-FEBRUARY-23.pdf>