THE INSTITUTE OF BANKERS PAKISTAN IBP

VOLUME 18 / ISSUE 04 / JANUARY 27, 2023

IBP - A Company Set Up Under Section 42 of the Companies Act, 2017

economicletter

a weekly publication of The Institute of Bankers Pakistan

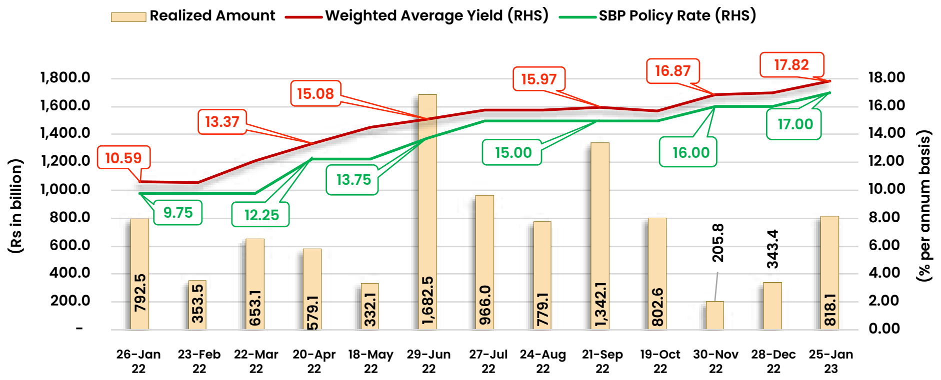
Domestic Economic Roundup

Key Money & Banking Indicators:

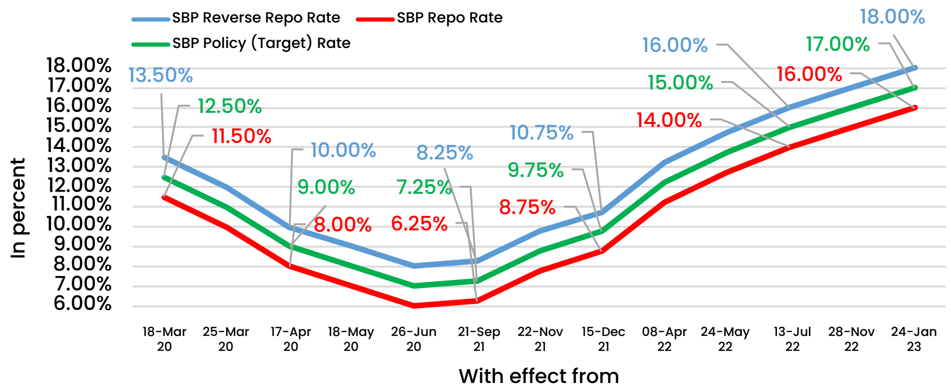
	Stocks at End - June 2022	Flows FY21	Flows FY22	Impact Since 1st July to 13-Jan-23	Impact Since 1st July to 14-Jan-22
Total Deposits with Banks	19,934.8	2,595.0	2,615.1	(224.1)	112.2
Broad Money (M2)	27,602.6	3,389.7	3,304.9	111.1	385.4
Govt. Sector Borrowings (Net)	19,622.9	1,717.9	3,357.7	1,187.1	59.7
Credit to Private Sector	9,241.2	766.2	1,612.1	409.9	787.1

(Rs in billion)

MTBs Acceptance (Auction+ Non-Competitive Bids)

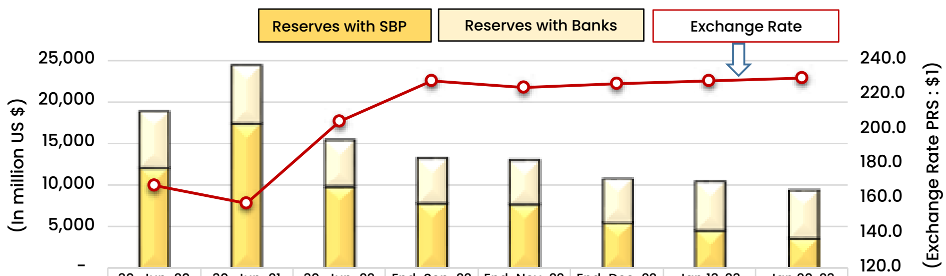


Structure of Interest Rates - SBP*



* For definitions please read DMMD Circular # 1 of 2009 and Circular # 9 of 2015 available at sbp.org.pk

Forex Reserves and Exchange Rate



	30-Jun-20	30-Jun-21	30-Jun-22	End-Sep-22	End-Nov-22	End-Dec-22	Jan 13, 23	Jan 20, 23
Reserves with Banks	6,754	7,099	5,635	5,432	5,298	5,260	5,842	5,775
Reserves with SBP	12,132	17,299	9,815	7,860	7,722	5,586	4,601	3,678
Exchange Rate	167.5	157.3	204.4	228.0	224.0	226.5	228.3	229.7

Markets at a Glance

Rates taken till Friday, January 27, 2023

SBP POLICY RATE

17.00% | Effective from January 24, 2023

KIBOR (6 MONTHS)

	Bid%	Offer%
Starting	17.25	17.50
Ending	17.70	17.95
Change	+0.45	+0.45

FOREX RATES

	GBP	EURO	USD
Starting	PKR 283.89	PKR 248.87	PKR 229.67
Ending	PKR 324.95	PKR 285.61	PKR 262.60
Change	+41.06	+36.74	+32.93

PAKISTAN STOCK EXCHANGE

	100 Index
Starting	38,408
Ending	40,451
Change	+2,043

GOLD RATES

	10 GM, 24K
Starting	PKR 141,921
Ending	PKR 149,978
Change	+8,057

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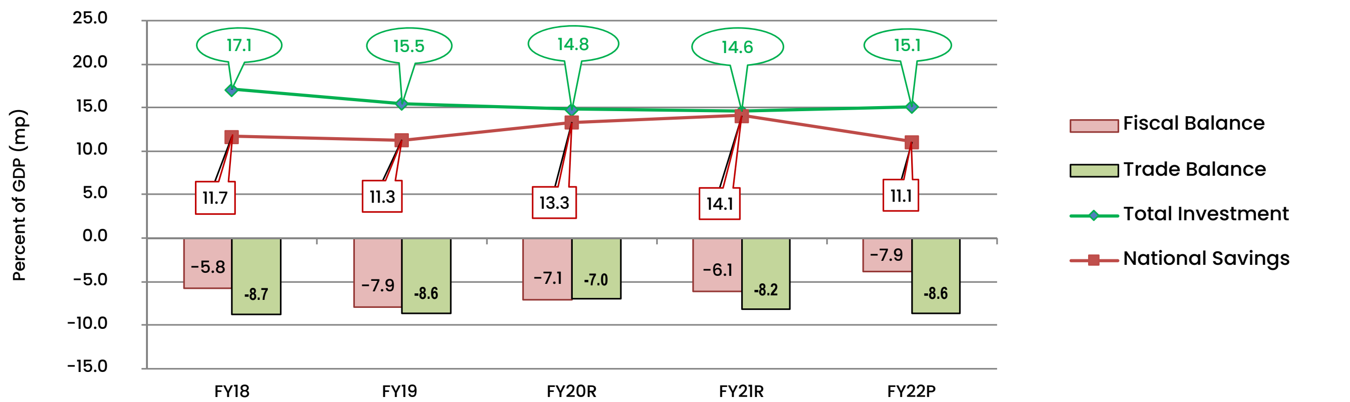
Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY18	FY19	FY20F	FY21R	FY22P
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

As Percent of Nominal GDP (MP)



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 14, 2022	Jan 13, 2023
4,950.0	6,142.0	6,909.9	7,572.5	7,167.3	7,913.8

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

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NIBAF and CFASP Sign MOU for Collaboration on 'Certification in Treasury Management'

National Institute for Banking and Finance Pakistan (NIBAF) and CFA Society Pakistan (CFASP) signed a Memorandum of Understanding (MOU) on January 26, 2023 to collaborate for capacity development of professionals working in banking industry, development finance institutions, stock exchanges, and corporate sector. Under this collaboration, the two institutions would support each other in matters and activities of mutual interest, such as joint training programs, webinars and conferences. These institutions would also jointly develop and offer a 'Certification in Treasury Management' for professionals working in the domain of treasury including front office, middle office and back office of the local financial industry. The MoU was signed in a simple but graceful ceremony by Mr. Riaz Nazarali Chunara, Managing Director NIBAF, and Mr Muhammad Shoaib, Advocacy Chair, CFA Society Pakistan. Mr Muhammad Ali Malik, Executive Director Financial Markets & Reserve Management Group, State Bank of Pakistan was also present on this occasion.

Disbursement of Agri-loans is Tentatively Set at Rs 1,819 billion for FY24

In a launching ceremony of 'Youth Business and Agri-loans scheme' held on January 24, 2023 at Islamabad, the Governor, State Bank of Pakistan (SBP), Jameel Ahmed said that the tentative target of agricultural loans was likely to be set at around Rs 1,819 billion for the coming financial year 2023-24, considerably higher than the disbursement target of Rs 1,419 billion for the current year ending June 2023.

The Governor said that around 64 percent of the total population in the country consisted of young people aged up to 30 years and expressed his determination to make the country's youth "economically independent". He also informed that the government and the State Bank had designed a program for the youth loan scheme, which included the special efforts of Federal Minister for Finance Ishaq Dar.

He said that transparency and easy processing were an important part of this program so that more and more people could benefit from it. He told that under this scheme, a target of Rs 30 billion had been set for loans in Small and Medium Enterprises (SMEs) and the agriculture sector.

The Governor informed that a loan up to Rs 500,000 would be obtained without any pre-condition of furnishing guarantee. Till now, 14,600 applications had been received through this scheme in which there was a demand for loans worth Rs 17 billion.

The Governor said that in this regard, instructions had been issued to provide timely loans to women for their "economic empowerment".

SECP Holds Premier Environmental, Social and Governance (ESG) Symposium

The SECP in collaboration of UN WOMEN held a premier Environmental, Social, and Governance (ESG) symposium to keep the momentum of discussion on ESG practices and facilitate sustainable investment. The symposium was a full day event attracting dynamic representation from private sector presenting their success stories, high level plenary discussion with key institutions and working session with key stakeholders providing aspirations and pledges for strengthening ESG ecosystem.

Ms Musarat Jabeen, executive director, in her opening remarks said that ESG considerations are gaining traction as investors and companies are seeking long term value and alignment with sustainability and climate-related objectives. Ms Sharmeela Rasool, Country Representative UN Women, Pakistan emphasized the significance of Women's Economic Empowerment Principles leading to inclusive economic growth and need for benchmarking best practices.

Ms Sadia Khan, Commissioner SECP gave a detailed technical presentation on evolution of concept of sustainability, key initiatives of SECP and feedback on ESG roadmap by SECP. Representation from companies of diverse sector highlighted their journey in adapting ESG best practices. The plenary discussion was led by Mr Ahmed Iqbal with panelists comprising Mr Farrukh Khan, CEO PSX; Mr Ehsan Malik, CEO (PBC); Mr Farrukh Rehman, Director (ICAP); and Ms Fareeha Ummar, Head women empowerment (UN WOMEN Pakistan). The panelists discussed the critical role of institutions in promoting sustainable business practices, transition challenges and the need for tangible future targets for gender responsive principles and women's economic empowerment. The working session led by Mr Muhammad Shoaib, Director (CFA Society Pakistan) with panelists from the private sector mapped their best practices and showed commitment in strengthening areas in environment, social and governance considerations.

Mr Akif Saeed, Chairman SECP in his concluding remarks appreciated the keen interest of diverse stakeholders in the session. He emphasized that there is need for consolidated, inclusive and concentrated efforts towards a sustainable ecosystem. In this regard, ESG regulatory roadmap is the first step in setting momentum for achieving key milestones and aspiration. There is need for tangible milestones to be achieved through an inclusive approach to embrace ESG best practices for sustainable capital markets. The symposium has provided impetus for active engagement with all stakeholders. SECP shall continue to engage with all relevant stakeholders with objective to set long term priorities and tangible milestone.

IMF Team to Arrive on January 31st

The International Monetary Fund (IMF) mission will visit Pakistan from January 31-February 9, 2023 to continue the discussions for the 9th review under the Extended Fund Facility (EFF). According to IMF Resident Representative Esther Perez, "At the request of the authorities, an in-person Fund mission is scheduled to visit Islamabad January 31st – February 9th to continue the discussions under the ninth EFF review."

The mission will focus on policies to restore domestic and external sustainability, including to strengthen the fiscal position with durable and high quality measures while supporting the vulnerable and those affected by the floods; restore the viability of the power sector and reverse the continued accumulation of circular debt; and reestablish the proper functioning of the FX market, allowing the exchange rate to clear the FX shortage.

Stronger policy efforts and reforms are critical to reduce the current elevated uncertainty that weighs on the outlook, strengthen Pakistan's resilience, and obtain financing support from official partners and the markets that is vital for Pakistan's sustainable development." Prime Minister Shehbaz Sharif on January 24 said that Pakistan had given a "clear message" to the IMF about the country's desire to complete the ninth review of the $7 billion EFF.

"We have given the IMF a clear message that we want to complete the ninth review. We are ready and want to sit down regarding your conditions so that it can be concluded and Pakistan can move forward", he added. The government on January 24, 2023 held a virtual meeting with the IMF mission chief and an exchange of information was started with regard to the ninth review. There were also reports that the prime minister and the secretary finance during the talks with the fund were also joined by Finance Minister Ishaq Dar from Qatar through a video link. The fund has reportedly sought the withdrawal of subsidies, increasing gas and electricity prices as well as an increase in the PL on petroleum products and market-based exchange rate. The government has reportedly informed the fund about review measures under consideration and steps to deal with the problem of circular debt in the energy sector. As per the IMF seventh, and eighth review documents, uploaded on the website end September 2022, the ninth review was scheduled for November 3, 2022. The executive board approved the sixth review on February 2, 2022, following discussions that ended on November 18, 2021, with the officials of Pakistan – the time lapse attributed to the delay in meeting the "prior" conditions. According to the staff report released after approval of sixth review the proposed schedule for seventh review was March 4, 2022, and June 3, 2022, for the eighth review. However, the IMF executive board approved the seventh and eighth review under the EFF on August 29, following discussions that ended on May 25th 2022 – the delay again attributable to the delay in meeting the "prior" conditions.

Refineries to Get Russian Oil by April-end

Russian and Pakistani companies will sign agreements on spot purchase and long-term LNG contracts under the energy security plan. A Russian company will start supplying crude oil to Pakistani refineries at an affordable price by the end of April following the signing of a commercial agreement in March. Minister for State of Energy Musaddiq Malik announced this at a press conference on January 26, 2023. "Both sides which met in the current month agreed to sign a commercial agreement between two state-owned companies of both countries in March and it will take 20 to 25 days to start supply of the Russian crude oil," he added. Responding to a question on the mode of payment, the minister said it would be agreed in the negotiation of the commercial agreement and can be other than the US dollar. He further said that the government fulfilled its commitments to bring oil at affordable prices from Russia - the promise made 45 days back.

"The deal is part of a holistic plan for energy security which was finalized in October 2022 for a sustainable supply of gas and oil at cheaper rate to save foreign exchange by reducing import bill," he added. The minister said that Russian and Pakistani companies would sign agreements on spot purchase and long-term LNG contracts under the energy security plan to meet the growing gas demand in the next winter. "The corrective measures in the gas sector is a result of no protest of gas loadshedding in winter as gas is available at cooking times and as an additional LPG cylinders are available at the Ogra's prices at the counters set up by both gas companies across the country," he added. He maintained that the private sector was opposing the government's decision to import gas through gas companies and full utilization of LPG terminal which was earlier running on 20 to 25 percent capacity. He further said an investment of around $10-14,000 million would be expected in the oil refinery.

State Bank of Pakistan Suspends the Authorization of Exchange Companies Outlets

The State Bank of Pakistan (SBP) has suspended, with immediate effect, the authorization of eleven (11) outlets of eight (08) Exchange Companies, for seven (07) to fifteen

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(15) days due to violations of regulatory instructions. SBP conducted mystery shopping at the outlets of exchange companies wherein it was observed that the aforesaid outlets were refusing sale of foreign currencies to their customers despite having availability of the same at their counters. All eleven (11) outlets have been restricted from undertaking any kind of business activity during the suspension period.

Declarations Made by Civil Servants in BS 17-22: FBR Issues Procedure for Sharing Info with Banks

The Federal Board of Revenue (FBR) has issued a detailed procedure for sharing of information between the FBR and the banks about the declarations made by the civil servants in BS 17-22. The FBR Thursday night issued "Sharing of Declaration of Assets of Civil Servants Rules, 2023". According to an S.R.O. 76(I)/2023 issued by the FBR, the rules shall apply for sharing of information with banks. These rules shall apply for limited purpose of sharing of information in respect of civil servants in BS 17- 22. The FBR shall share a simplified or abridged version of declaration, based on the fields agreed with the State Bank, made by a civil servant in his electronic declaration filed with FBR.

The bank shall use a pre-notified, secured and single authorized email address and the email account shall be under control and responsibility of the head of compliance of the bank in terms of its authorization, use and security of data being shared. The authorized email account shall be used for request or receipt of simplified declarations as envisaged under sub-rule (3) of rule. The bank shall communicate to the FBR the credentials of a maximum of four Focal Persons (officials) authorized to communicate with FBR through the authorized email. The following information shall be furnished by the bank in respect of focal persons. The bank shall promptly communicate any change of Focal Persons' credentials above and shall not allow using the secured email until the credentials have been communicated to the FBR.

The FBR shall provide simplified or abridged information, within five working days through the authorized email, or may refuse in case information is not available or cannot be provided due to any reason. In case of dispute, the decision of FBR shall prevail being custodian of information. The bank shall provide bi-annual feedback on the use of information received by the bank as well as on the outcome of CDD in terms of success of new accounts opened and how the information helped the bank in establishing its client relationship. Case-wise feedback to be provided by July 31 and January 31 of every year of preceding six months' information requests made by the bank. The FBR shall have a dedicated banks' CDD desk assigned to an authorized officer supported by designated officials to deal with the information requests from the banks, FBR added. The SRO may be viewed at: https://download1.fbr.gov.pk/SROs/202312621102714sro76-2023.pdf

Monetary Policy Committee Decides to Raise the Policy Rate by 100 Basis Points

In its meeting held on January 23, 2023 the Monetary Policy Committee (MPC) decided to increase the policy rate by 100 basis points to 17 percent. The committee noted that inflationary pressures are persisting and continue to be broad-based. If these remain unchecked, they could feed into higher inflation expectations over a longer than-anticipated period. The MPC stressed that it is critical to anchor inflation expectations and achieve the objective of price stability to support sustainable growth in the future. Since the last meeting, the MPC particularly noted three important economic developments. First, despite some moderation in November and December, inflation continues to remain elevated. Importantly, core inflation has been on a rising trend for the past 10 months. Moreover, the recent pulse surveys show inching up of consumers and business inflation expectations. Second, near-term challenges for the external sector have increased despite the policy-induced contraction in the current account deficit. The lack of fresh financial inflows and ongoing debt repayments have led to a continuous drawdown in official reserves. Third, the global economic and financial conditions broadly remain uncertain in the near-to-short term, leading to mixed implications for the domestic economy. The expected slowdown in global demand could negatively impact the outlook of exports and workers' remittances for emerging economies, including Pakistan. This would partly offset the gains from the import contraction. On the flip side, some moderation in the international commodity prices may help reduce inflation, and the improvement in global financial conditions may also provide some relief on the external sector.

On balance, the committee reiterated its November 2022 assessment that the short-term costs of bringing down inflation are lower than the long-term costs of allowing it to become entrenched. The MPC also emphasized on the engagements with the multilateral and bilateral partners to overcome domestic uncertainty and to address the near-term external sector challenges. The fiscal deficit widened to 1.5 percent of GDP in the first four months of FY23 from 0.9 percent in the same period last year, while the primary surplus fell to 0.2 percent of GDP, as compared to 0.3 percent last year. The FBR taxes grew by 17.0 percent in H1-FY23, slower than the growth envisaged in the budget. The expectation of further slowdown in economic activity and reduction in imports in H2-FY23 poses downside risks to maintaining growth momentum in tax collection. The MPC noted that the current fiscal stance is inconsistent with monetary tightening. Thus, given the evolving macroeconomic challenges, it is important for the fiscal policy to achieve the planned consolidation in order to help contain inflation and pave the way for sustainable growth. The broad money growth decelerated in H1-FY23, primarily reflecting the stress on the external account. Domestic credit, on the other hand, expanded owing to seasonal rise in private sector credit along with increased budgetary borrowing because of reduced external financing. The disaggregated analysis of private sector credit shows retirement in consumer finance and moderation in working capital and fixed investment loans.

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Bank of Canada Increases Policy Interest Rate by 25 Basis Points

The Bank of Canada January 25, 2023 increased its target for the overnight rate to 4.50 percent, with the bank rate at 4.75 percent and the deposit rate at 4.50 percent. The bank is also continuing its policy of quantitative tightening.

Global inflation remains high and broad-based. Inflation is coming down in many countries, largely reflecting lower energy prices as well as improvements in global supply chains. In the United States and Europe, economies are slowing but proving more resilient than was expected at the time of the bank's October Monetary Policy Report (MPR). China's abrupt lifting of COVID-19 restrictions has prompted an upward revision to the growth forecast for China and poses an upside risk to commodity prices. Russia's war on Ukraine remains a significant source of uncertainty. Financial conditions remain restrictive but have eased since October, and the Canadian dollar has been relatively stable against the US dollar.

The bank estimates the global economy grew by about 3.50 percent in 2022, and will slow to about 2 percent in 2023 and 2.50 percent in 2024. This projection is slightly higher than October's.

In Canada, recent economic growth has been stronger than expected and the economy remains in excess demand. Labor markets are still tight: the unemployment rate is near historic lows and businesses are reporting ongoing difficulty finding workers. However, there is growing evidence that restrictive monetary policy is slowing activity, especially household spending. Consumption growth has moderated from the first half of 2022 and housing market activity has declined substantially. As the effects of interest rate increases continue to work through the economy, spending on consumer services and business investment are expected to slow. Meanwhile, weaker foreign demand will likely weigh on exports. This overall slowdown in activity will allow supply to catch up with demand.

The bank estimates Canada's economy grew by 3.6 percent in 2022, slightly stronger than was projected in October. Growth is expected to stall through the middle of 2023, picking up later in the year. The bank expects GDP growth of about 1 percent in 2023 and about 2 percent in 2024, little changed from the October outlook.

Inflation has declined from 8.1 percent in June to 6.3 percent in December, reflecting lower gasoline prices and, more recently, moderating prices for durable goods. Despite this progress, Canadians are still feeling the hardship of high inflation in their essential household expenses, with persistent price increases for food and shelter. Short-term inflation expectations remain elevated. Year-over-Year measures of core inflation are still around 5 percent, but 3-month measures of core inflation have come down, suggesting that core inflation has peaked.

Inflation is projected to come down significantly this year. Lower energy prices, improvements in global supply conditions, and the effects of higher interest rates on demand are expected to bring CPI inflation down to around 3 percent in the middle of this year and back to the 2 percent target in 2024.

With persistent excess demand putting continued upward pressure on many prices, Governing Council decided to increase the policy interest rate by a further 25 basis points. The bank's ongoing program of quantitative tightening is complementing the restrictive stance of the policy rate. If economic developments evolve broadly in line with the MPR outlook, Governing Council expects to hold the policy rate at its current level while it assesses the impact of the cumulative interest rate increases. Governing Council is prepared to increase the policy rate further if needed to return inflation to the 2 percent target, and remains resolute in its commitment to restoring price stability for Canadians.

SNIPS

China's Declining Population

According to the National Bureau of Statistics, China had 1.412 billion people at the end of last year, 850,000 fewer than at the start not since 1962, after millions died in a famine, has the country recorded a shrinking of its population.

CBRT Supporting Conversion of Firms' Foreign Exchange Obtained from Abroad into Turkish Liras

As part of its Monetary Policy and Liraization Strategy for 2023, the Central Bank of the Republic of Türkiye (CBRT) has decided to provide support for the conversion of firms' foreign exchange (FX) obtained from abroad into Turkish liras to support Liraization in commercial activities. Accordingly,

1. When selling their FX obtained from abroad to the CBRT, firms will be provided with a FX conversion support corresponding to 2 percent of the amount converted into Turkish liras, in return for their pledge.

2. After firms sell at least 40 percent of the FX they have brought into the country from abroad to the CBRT, they will be able to deposit the remaining part of the FX they

brought from abroad into FX-protected conversion accounts, and in return for their pledge, firms will be provided with a FX conversion support of 2 percent of the amount converted into Turkish liras.

Banks will be in charge of confirming that the FX sold to the CBRT and FX to be converted into Turkish lira deposit and participation accounts have been obtained from abroad.

Global Growth to Slow to 1.9 percent in 2023, warn UN Economists; Pakistan's Prospects 'Challenging'

UN economists warned on January 25, 2023 that intersecting crises are likely to add further damage to the global economy, with growth set to slow from three percent in 2022 to 1.9 percent this year, and that prospects for Pakistan, Bangladesh and Sri Lanka were "more challenging" than other South Asian countries.

This will be one of the lowest growth rates in recent decades, apart from during the 2007-8 financial crisis and the height of the COVID-19 pandemic, according to the *UN World Economic Situation and Prospects Report*, released on January 25, 2023.

"In most countries we expect that private consumption and investment will weaken due to incomes and higher income rates," said Ingo Pitterle, Senior Economist at the UN Department of Economic and Social Affairs (DESA). "Several countries will see a mild recession before growth is forecast to pick up in the second half of this year and into 2024".

The findings come amid the backdrop of the pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency. In the near term, the economic outlook is gloomy and uncertain with global growth forecast to moderately pick up to 2.7 percent in 2024.

However, this is highly dependent on the pace and sequence of further monetary tightening – rising interest rates – the consequences of the war in Ukraine, and the possibility of further supply-chain disruptions.

In South Asia, the report said that the economic outlook has significantly deteriorated due to high food and energy prices, monetary tightening and fiscal vulnerabilities, with average GDP growth is projected to moderate from 5.6 percent in 2022 to 4.8 percent in 2023.

"Growth in India is expected to remain strong at 5.8 percent, albeit slightly lower than the estimated 6.4 percent in 2022, as higher interest rates and a global slowdown weigh on investment and exports, the report said, adding that "The prospects are more challenging for other economies in the region. Bangladesh, Pakistan and Sri Lanka sought financial assistance from the International Monetary Fund (IMF) in 2022."

The report warns that the findings also threaten the achievement of the 17 Sustainable Development Goals (SDGs). "This is not the time for short-term thinking or knee-jerk fiscal austerity that exacerbates inequality, increases suffering and could put the SDGs farther out of reach. These unprecedented times demand unprecedented action," UN Secretary-General Antonio Guterres said. "This action includes a transformative SDG stimulus package, generated through the collective and concerted efforts of all stakeholders," he added. Slow growth, high inflation and mounting debt burdens are threatening hard-won gains in achieving the Global development goals.

Both developed and developing countries are threatened with the prospects of recession during this year, according to the report. Growth momentum significantly weakened in the United States, the European Union and other developed economies in 2022. This adversely impacted the rest of the global economy in multiple ways.

Tightening global financial conditions coupled with a strong dollar, exacerbated fiscal and debt vulnerabilities in developing countries. The analysis found that over 85 percent of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession.

Global inflation which reached a multi-decade high of about 9 percent in 2022, is projected to ease but remain elevated at 6.5 percent in 2023. The report found that most developing countries saw a slower job recovery in 2022 and continue to face relatively high levels of unemployment. Disproportionate losses in women's employment during the initial phase of the pandemic have not been fully reversed, with improvements mainly arising from a recovery in the informal sector. Slower growth, coupled with elevated inflation and mounting debt vulnerabilities, threatens to further set back hard-won achievements in sustainable development, it warns. DESA points out that already in 2022, the number of people facing acute food insecurity had more than doubled compared to 2019, reaching almost 350 million.

A prolonged period of economic weakness and slow income growth would not only hamper poverty eradication, but also constrain countries' ability to invest in the SDGs more broadly, it states. "The global community needs to step up joint efforts to avert human suffering and support an inclusive and sustainable future for all," said Li Junhua, United Nations Under-Secretary-General for DESA.

The report calls for governments to avoid fiscal austerity, which would stifle growth and disproportionately affect the most vulnerable groups, as well as hinder progress in gender equality and development prospects, for generations. It calls for reallocation and reprioritization in public spending policy, through direct interventions that will create jobs and reinvigorate growth. This will require strengthening social protection systems and ensuring continued support through targeted and temporary subsidies, cash transfers, and discounts on utility bills, and can be complemented with reductions in consumption taxes or customs duties, it states. The report points to strategic public investments in education, health, digital infrastructure, new technologies and climate change mitigation and adaptation to achieve large social returns, accelerate productivity growth, and strengthen resilience to economic, social and environmental shocks.

It estimates that additional SDG financing needs in developing countries, amount to several trillion dollars per year. Urgent stronger international commitment is urgently needed to expand access to emergency financial assistance; restructure and reduce debt burdens across developing countries; and scale up SDG financing, the report warns.

SAMA-AMLPC Concludes 2nd Phase of Training 106 Specialists in Financial Investigation of ML Crimes

The Anti-Money Laundering Permanent Committee (AMLPC) of Saudi Arabian Monetary Authority (SAMA) completed the second phase of the Technical Assistance Program, which consisted of 12 specialized training workshops on financial investigation of ML crimes, in which a total of 106 participants attended. The participants represented a number of concerned authorities, namely: Ministry of Interior (General Directorate of Public Security and General Directorate of Narcotics Control); Ministry of Commerce; Public Prosecution; Presidency of State Security (General Directorate of Financial Intelligence); Oversight and Anti-Corruption Authority; Zakat, Tax and Customs Authority; Capital Market Authority; Saudi Food and Drug Authority and the Permanent Committee for Legal Assistance Requests.

The second phase of the program included 3 training groups, in which 4 workshops on financial investigation and prosecution were held for each group. Furthermore, the workshops covered financial investigations of money laundering crimes related to trade, smuggling, commercial concealment and tax evasion.

Financial investigations of money laundering crimes related to tax evasion was the final workshop held in the second phase from December 18 to 22, 2022 at the Saudi Central Bank's Head Office. The workshop was attended by 38 specialists from a number of concerned authorities.
It aimed at assisting participants in enhancing and developing their capabilities and acquiring the skills necessary to practice financial investigation, prosecution and asset recovery in money laundering crimes. Also, the workshop focused on enhancing capabilities to promote international cooperation through formal legal assistance requests. On this occasion, the Vice Chairman of the AMPLC, Adel Al-Qulish, expressed deep appreciation to the participants for their commitment to and active participation in the program, hoping that the program would achieve the objectives for which it was developed. Moreover, Al-Qulish asserted that the continuation of such training programs will contribute to the development of work processes of concerned authorities and improve competencies of their staff, affirming the Kingdom's commitment to implementing relevant international standards and requirements.

Additionally, Al-Qulish noted that holding such workshops is part of the framework of implementing AML/CFT National Strategic Objectives and Action Plan approved by His Majesty the King, which includes enhancing training programs held for the concerned authorities through holding workshops in the field of developing investigation and prosecution methods in money laundering cases.

For more information on the AMLPC, please visit www.aml.gov.sa.

Cryptoverse: Bitcoin Investors take Control

Paranoid? The domino downfall of FTX and other crypto custodians is enough to make the most trusting investor grab their bitcoin and shove it under the mattress. Indeed, holders big and small are taking "self-custody" of their funds, moving them from crypto exchanges and trading platforms to personal digital wallets. In a sign of this shift among retail investors, the number of bitcoins held in smaller wallets – those with under 10 bitcoin – rose to 3.35 million as of January 11, up 23 percent from the 2.72 million held a year ago, according to data from CoinMetrics. As a percentage of total bitcoin supply, wallet addresses holding under 10 bitcoins now own 17.4 percent, up from 14.4 percent a year ago.

"A lot of this really depends on how frequently you are trading," said Joshua Peck, founder of hedge fund TrueCode Capital. "If you are just going buy and hold for the next 10 years, then It is probably worth making the investment and learning how to custody your assets really, really well." The stampede has been turbocharged by the FTX scandal and other crypto collapses, with large investors leading the way. The 7-day average of daily movement of funds from centralized exchanges to personal wallets jumped to a six-month high of $1.3 billion in mid-November, at the time of FTX collapse, according to data from Chainalysis.

Big investors with transfers of above $100,000 were responsible for those flows, the data showed.

"Not your keys, not your coins", this mantra among early crypto enthusiasts, cautioning that access to your funds is paramount, regularly trended online last year as finance platforms dropped like flies.

Self-custody's no walk in the park, though.

Wallets can range from "hot" ones connected to the internet or "cold" ones in offline hardware devices, although the latter typically do not appeal to first-time investors, who often buy crypto on big exchanges.

The multi-level security can often be cumbersome and expensive process for a small-time investor, and there's always the challenge of guarding keeping your encryption key– a string of data similar to a password– without losing or forgetting it. Meanwhile, hardware wallets can fail, or be stolen. "It is very challenging, because you have to keep track of your keys, you have to back those keys up," said Peck at TrueCode Capital, adding: "I will tell you, it's a very challenging prospect of doing self-custody for a multi-million-dollar portfolio of crypto." Institutional investors are also turning to regulated custodians– specialized companies that can hold funds in cold storage– as many traditional finance firms would not legally be able to "self-custody" investors' assets.

One such firm, BitGo, which provides custodian services custody for institutional investors and traders, said it saw a 25 percent increase in onboarding inquiries in December versus the month before from those looking to move their funds from exchanges, plus a 20 percent jump in assets under custody. David Wells, CEO of Enclave Markets, said trading platforms were extremely cautious of the risks of storing the investors' assets with a third party. "A comment that stuck with me was 'investors will forgive us for losing some of their money through our trading strategies, because that's what they sign up for, what they are not going to forgive us is for being poor custodians'."

Microsoft Extends AI partnership with ChatGPT and Dall-E maker OpenAI

Microsoft has announced a multi-year, multibillion dollar investment in artificial intelligence (AI) as it extends its partnership with OpenAI. OpenAI is the creator of popular image generation tool Dall-E and the chatbot ChatGPT. In 2019 Microsoft invested $1 billion (£808 million) in the company, founded by Elon Musk and tech investor Sam Altman. The Windows and Xbox maker plans up to 10,000 redundancies, but said it would still hire in key strategic areas. Breaking the news in a memo to staff last week, chief executive Satya Nadella said: "The next major wave of computing is being born, with advances in AI."

Announcing the extended partnership, the firm said it believed AI would have an "impact at the magnitude of the personal computer, the internet, mobile devices and the cloud". OpenAI's ChatGPT is able to provide convincingly human responses to questions. Speculation about the potential misuse of the technology, from helping students cheat in exams to writing malware, has gone hand in hand with suggestions that it has the potential to revolutionize many industries, including search. Microsoft owns the Bing search engine, and while it lags behind Google in popularity, some suggest that ChatGPT poses a threat to the industry leader. The New York Times reported it has led Google to declare a "code red" over fears it might enable competitors to eat into the firm's $149 billion search business. Google has previously held back from releasing some AI systems for public use. The firm has cited "ethical challenges" for not releasing its image generation system Imagen. Researchers said there was a risk the system, which is trained on data scraped from the web, would learn "harmful stereotypes and representations". Microsoft said it was committed to "building AI systems and products that are trustworthy and safe". It said it would use OpenAI's technology "across our consumer and enterprise products".

As well as ChatGPT, the firm also produces Dall-E, which generates images in response to simple text instructions, and GitHub Copilot, a system which uses AI to help write computer code. Microsoft said its cloud computing platform, Azure, would continue to power OpenAI. Earlier reports had suggested Microsoft was considering investing an additional $10 billion in OpenAI, but the company's announcement did not put a figure on the scale of its investment.

Spotify to Trim 6 Percent of Workforce in Latest Tech Layoffs

Spotify Technology SA said on January 23, 2023 it plans to cut 6 percent of its workforce and would take a related charge of up to nearly $50 million, adding to the massive layoffs in the technology sector in preparation for a possible recession. The tech industry is facing a demand downturn after two years of pandemic-powered growth during which it had hired aggressively. That has led firms from Meta Platforms Inc to Microsoft Corp to shed thousands of jobs.

"Over the last few months, we have made a considerable effort to rein in costs, but it simply has not been enough," Chief Executive Daniel Elk said in a blog post announcing the roughly 600 job cuts. "I was too ambitious in investing ahead of our revenue growth," he added, echoing a sentiment voiced by other tech bosses in recent months.

Spotify's operating expenditure grew at twice the speed of its revenue last year as the audio-streaming company aggressively poured money into its podcast business, which is more attractive for advertisers due to higher engagement levels. At the same time, businesses pulled back on ad spending on the platform, mirroring a trend seen at Meta and Google parent Alphabet Inc, as rapid interest rate hikes and the fallout from the Russia-Ukraine war pressured the economy. The company, whose shares rose 5.8 percent to $103.55, is now restructuring itself in a bid to cut costs and adjust to the deteriorating economic picture. It said Dawn Ostroff, the head of content and advertising, was leaving after an over four-year stint at the company. Ostroff helped shape Spotify's podcast business and guided it through backlash around Joe Rogan's show for allegedly spreading misinformation about COVID-19. The company said it is appointing Alex Norström, head of the freemium business, and research and development boss Gustav Söderström as co-presidents. Spotify had about 9,800 full-time employees as of September 30, 2022

($1 = 0.9196 euros)

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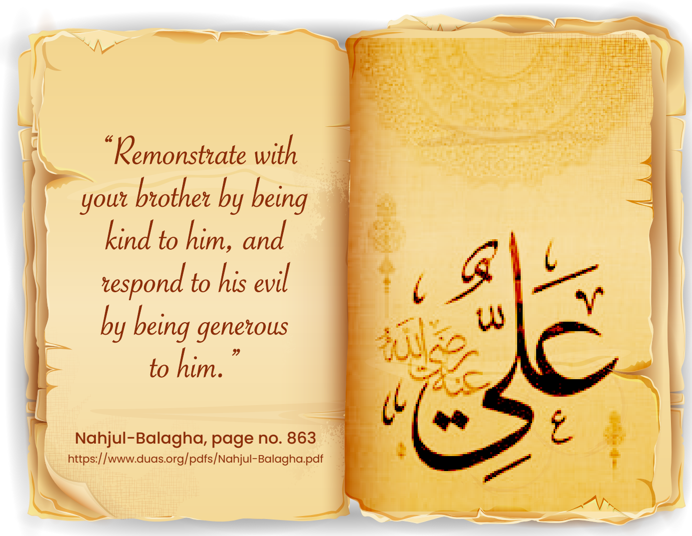

CBUAE Discusses Training and Capabilities-building Cooperation with the Egyptian Banking Institute

The Central Bank of the UAE (CBUAE) and the Egyptian Banking Institute (EBI) which is under the Central Bank of Egypt, discussed ways to promote cooperation in the field of training and building human capital capabilities relevant to the financial sector. This came during a meeting between Mr Ehab Alameri, Chief Human Resources Officer at the CBUAE, and Dr Abdel Aziz Nosseir, Executive Director of the EBI and his accompanying delegation in the UAE.

During the meeting, the parties reviewed the prospects to enhance cooperation and exchange information and expertise by developing training programme in the financial sector at the various specialized, professional and leadership levels. In addition, the discussion also focused on supporting professional capabilities building and expertise development to achieve the CBUAE's plans in enhancing the skills of cadres working in the financial sector, as well as providing the vital economic sectors with qualified cadres to keep pace with the market requirements and support the UAE's future development plans.

SAMA Reduces Minimum Paid-Up Capital Required for Finance Companies to Carry-On Finance Business for Small and Medium Enterprise (SMEs)

The Saudi Central bank (SAMA) announced the amendment of article (8) of the Implementing Regulation of the Finance Companies Control Law. The amendment of this article followed a public consultation announced earlier on the Public Consultation Platform. This initiative comes as part of SAMA's continuous efforts to develop SMEs sector and attract a new segment of investors to establish finance companies specialized in financing SMEs. SAMA clarified that a sub-article numbered (4) was added to article (8) of the Implementing Regulation of the Finance Companies Control Law stipulating that the minimum paid-up capital for a finance company exclusively specialized in providing finance for Small and Medium Enterprise shall not be less than (50,000,000) fifty million Saudi riyals. The amended version of the Implementing Regulation of the Finance Companies Control Law is available at SAMA's website: (https://www.sama.gov.sa/en-us/lawsregulations/pages/financelaws.aspx)

MANAGEMENT VIEWS

Are You Feeling Less Ambitious?

You are used to thinking of yourself as a high achiever, but lately, you have not been feeling that usual spark of ambition. Is this wrong? Absolutely not! Here are three tactics you can use to make peace with your desire to tone it down—even if that impulse conflicts with your previous vision of yourself. First, adopt a flexible mindset and recognize when it is time to shift to another strategy. This could mean acknowledging that it may be time, after years or decades of grinding hard at work, to reallocate energy toward your health and happiness, family, or hobbies and passions outside of work. Next, understand that there is no standardized timeline. Your career is a marathon; give yourself the grace to slow down sometimes, take mental breaks, and pace yourself. Finally, figure out what you need in order to grow. Moving forward is not always a function of getting a raise, making new professional connections, or building your resume. Sometimes itis a function of changing things up and exposing yourself to new inputs—whether it is a month-long trip abroad, or a year of stepping back from the grind mentality and focusing on other areas of your life and well-being—that eventually lead to new and different outputs.

(This tip is adapted from *How to Make Peace with Feeling Less Ambitious*, by Dorie Clark – HBR.)

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

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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.)

SNIPS

Leaving for Greener Pastures

Since Brexit, an estimated 12,000 millionaires have left the UK among them are bankers, and other well-paid employees, who employers have forced to relocate around Europe, according to The Times.

Conduct Better Pre- and Post-Mortems

Learning as a team requires open reflection about the past, as well as proactive discussions about the future. As a manager, here is how you can get better at conducting pre-and post-mortems to set your team up for continuous growth.

Pre-Mortem: These conversations are used to help identify and mitigate risks for specific projects, goals, or initiatives up front. Ask your team: How can we make sure we enable the drivers that will contribute most to our success? How can we address or mitigate risks that could cause us to fail?

Post-Mortem: This is a chance to step back, take a more objective perspective, and challenge the team's assumptions. First, focus on your successes. What went well, and what was the impact of these things going well? What behaviors, factors, or conditions contributed to their success? Then shift to failures or shortfalls. What did not go well, and what was the impact of these things not going well? What behaviors, factors, or conditions led to that outcome? How can we avoid these issues going forward?

(This tip is adapted from *Looking Back — and Ahead — to Set Your Team Up for Success*, by Rebecca Zucker – HBR.)

SNIPS

US Corporate Philanthropy

In 2021, corporate philanthropy in the US was estimated to have exceeded $21 billion, according to MIT Sloan Management Review.

Are You Hard to Work For?

Nobody wants to be a bad boss. Here are a few questions to help you assess whether you might be hard to work for.

- **Are your standards unrealistic?** Expecting excellence is not a bad thing. But if your standards are too high, you are setting your team (and yourself) up to fail. Consider whether you have perfectionist habits that frequently impact your team. Ask them for feedback about what they need to do their work effectively—and listen.

- **Are you a micromanager?** Do you tell your employees exactly how things should be done, leaving no room for creativity or initiative? If so, shift your focus to outcomes. You can provide feedback and guidance along the way, but leave the process and execution to your team. In other words, do not do the work for them.

- **Do you only delegate busywork?** Everyone wants to grow, and if you raise the bar and let go of a little control, you will be surprised by how people respond. Use delegation as a tool for development.

- **Is your feedback overly negative?** Aim for a 6:1 ratio of positive to negative feedback. If you do not often deliver positive feedback, start by acknowledging your employees' strengths and successes in a specific and timely way.

(This tip is adapted from *Are You a Difficult Person to Work For?*, by Tutti Taygerly and Luis Velasquez – HBR.)

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FEBRUARY

Date	Workshop	Trainer	Fee	Timings	Mode
04 Onwards Every Saturday	Certified Information Systems Auditor (CISA) - Review Classes	Multiple Trainers	PKR 40,000 *(Excluding Sales Tax)*	10:00 AM - 4:30 PM	VIRTUAL TRAINING
04 Onwards Every Saturday	Certified Information Security Manager (CISM) – Review Classes	Multiple Trainers	PKR 40,000 *(Excluding Sales Tax)*	10:00 AM - 4:30 PM	VIRTUAL TRAINING
08 Wednesday	The SBP Inspection Process	Rizwan Khalil Shamsi	PKR 9,500 *(Excluding Sales Tax)*	9:30 AM - 1:30 PM	VIRTUAL TRAINING
09 | Thursday Faisalabad	Electronic Know Your Customer (eKYC) system; KYC, CDD and Sanctions Screening	Atif Sohail	PKR 15,000 *(Excluding Sales Tax)*		CLASSROOM TRAINING
09 Thursday	Metaverse and NFTs - Future of Banking	Imran Ashraf	PKR 9,500 *(Excluding Sales Tax)*	9:30 AM - 1:30 PM	VIRTUAL TRAINING
10 Friday	Key Success Factors for SME Financing	Mazhar Shahzad	PKR 9,500 *(Excluding Sales Tax)*	2:00 PM - 6:00 PM	VIRTUAL TRAINING
15 Wednesday	Building a Resilient Mindset Through Stress Management	Dr.Sayma Zia	PKR 9,500 *(Excluding Sales Tax)*	9:30 AM - 1:30 PM	VIRTUAL TRAINING

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