

## Domestic Economic Roundup

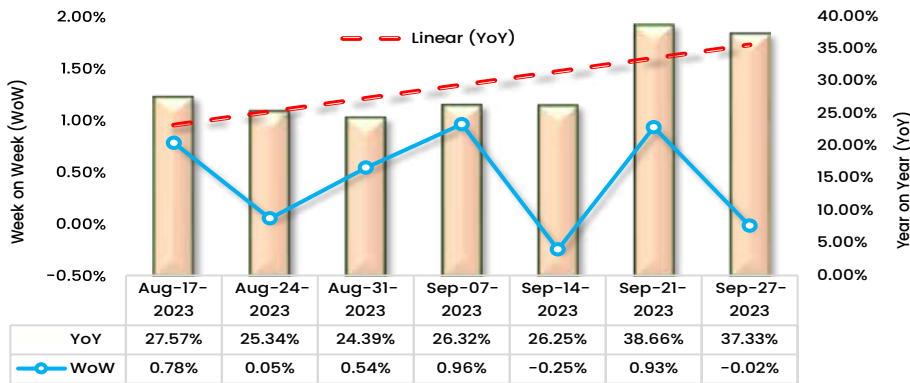
### Key Money & Banking Indicators:

	Stocks at End - June 2023*	Flows		Monetary Impact Since 1st July to	
		FY22	FY23*	15-Sep-23	16-Sep-22
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	286.1	(354.6)
Broad Money (M2)	31,530.3	3,304.9	3,927.7	(400.5)	(90.0)
Govt. Sector Borrowings (Net)	23,719.9	3,357.7	4,097.0	1,095.7	370.6
Credit to Private Sector	9,168.3	1,612.1	211.4	(249.7)	(46.5)

[https://www.sbp.org.pk/ecodata/BroadMoney\\_M2.pdf](https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf)

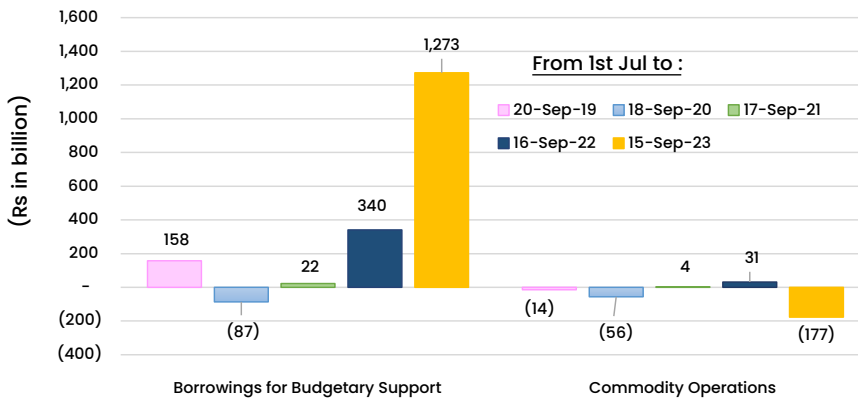
P = Provisional

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



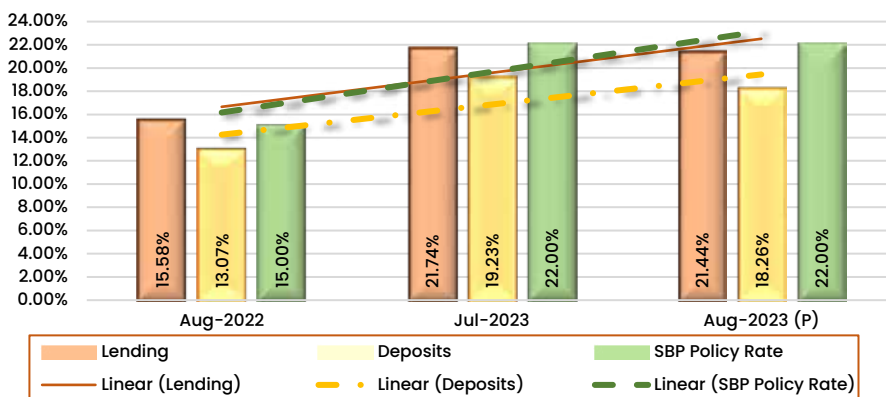
<https://www.pbs.gov.pk/spi>

### Government Sector Borrowings (Net)



[https://www.sbp.org.pk/ecodata/BroadMoney\\_M2.pdf](https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf)

### Weighted Average Lending and Deposit Rates (All Banks)



<https://www.sbp.org.pk/ecodata/Lendingdepositrates.pdf>

## Markets at a Glance

Rates taken till Thursday, September 28, 2023\*

### SBP POLICY RATE

**22.00%** | Effective from June 27, 2023

<https://www.sbp.org.pk/ecodata/sir.pdf>

### KIBOR (3 MONTHS)

	Bid%	Offer%
Change Starting	22.35	22.60
Change Ending	22.41	22.66
Change	+0.06	+0.06

[https://www.sbp.org.pk/ecodata/kibor\\_index.asp](https://www.sbp.org.pk/ecodata/kibor_index.asp)

### FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 357.92	PKR 310.61	PKR 291.76
Change Ending	PKR 349.86	PKR 302.44	PKR 287.74
Change	-8.06	-8.17	-4.02

<https://www.sbp.org.pk/ecodata/rates/m2m/M2M-Current.asp>

### PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	46,421
Change Ending	46,233
Change	-188

<https://dps.psx.com.pk/>

### GOLD RATES\*

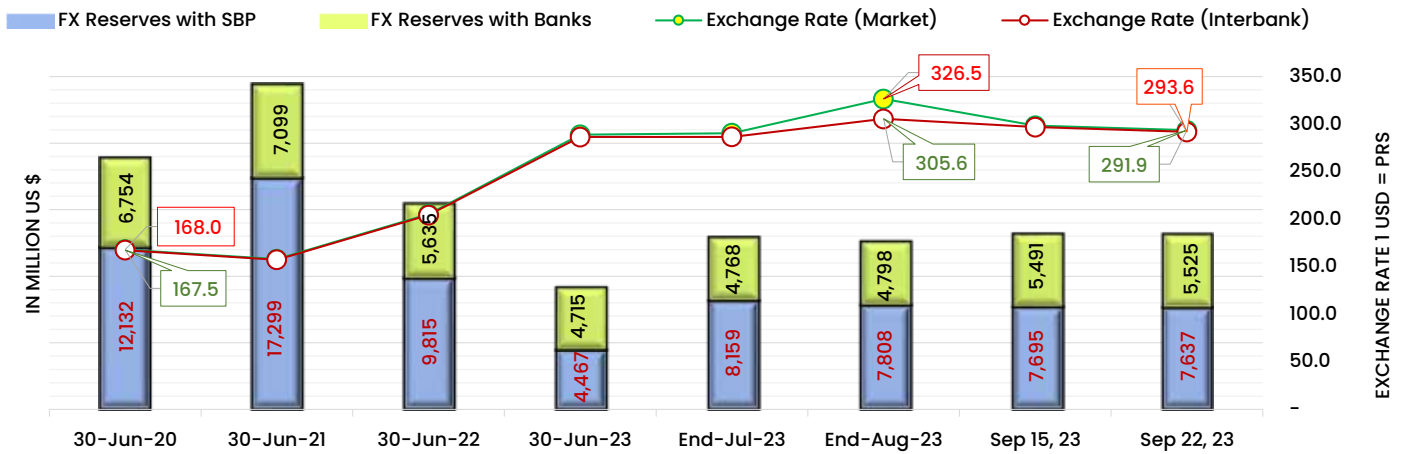
	10 GM, 24K
Change Starting	PKR 181,070
Change Ending	PKR 175,815
Change	-5,255

<https://www.forex.pk/bullion-rates.php>

\*Due to Eid Milad un Nabi (S.A.W)

## Liquid Foreign Exchange Reserves and Exchange Rate

	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	End-Jul-23	End-Aug-23	Sep 15, 23	Sep 22, 23
FX Reserves with SBP	12,132	17,299	9,815	4,467	8,159	7,808	7,695	7,637
FX Reserves with Banks	6,754	7,099	5,635	4,715	4,768	4,798	5,491	5,525
Exchange Rate (Market)	168.0	158.0	205.3	288.8	290.5	326.5	298.3	293.6
Exchange Rate (Interbank)	167.5	157.3	204.4	286.4	286.7	305.6	296.9	291.9
Total Liquid FX Reserves	18,886	24,398	15,450	9,181	12,928	12,606	13,187	13,162



<https://www.sbp.org.pk/ecodata/forex.pdf> <https://www.sbp.org.pk/ecodata/rates/war/2023/Aug/31-Aug-23.pdf> <https://www.forex.pk/open-rates.php>

CPI Inflation	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Aug 2022	Jul 2023 <sup>P</sup>	Aug 2023
General	10.7	8.9	12.2	27.3	28.3	27.4
Food (Urban)	13.6	12.4	13.4	28.8	40.2	38.8
Non-Food (Urban)	8.3	5.7	10.8	24.7	17.3	16.3

<https://www.sbp.org.pk/ecodata/MPM-New.pdf>

<https://www.pbs.gov.pk/cpi>

## Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Sep 16, 2022	Sep 15, 2023
4,950.0	6,142.0	6,909.9	7,572.5	7,835.4	8,479.8

P = Provisional | R = Revised | F = Final

[https://www.sbp.org.pk/ecodata/BroadMoney\\_M2.pdf](https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf)

## Central Banks' Gallery

### State Bank of Pakistan:



#### Digital Transactions Sustained its Growth during the Fiscal Year 2022-23

Annual Payment Systems Review for the fiscal year 2022-23 is released on September 27, 2023, by the State Bank of Pakistan (SBP). The review presents growth and trends in banking transactions accompanied by the usage of payment systems' infrastructure and instruments in the country.

Digital transactions continued its growth trajectory owing to the increased consumers' preference for digital channels of mobile and internet banking for meeting their financial needs. Overall, mobile and internet banking transactions witnessed an annual growth of 57 percent by volume and 81 percent by value. Further, e-Banking transactions through Banks and Microfinance Banks (MFBs) grew by 29 percent while value increased by 21 percent during the year. Similar growth pattern was also observed in Branchless Banking (BBs) transactions with number of transactions increasing by 28 percent and value by 45 percent during FY23.

Number of e-banking users also increased significantly. The year saw an increase of 15 percent in internet banking users, 30 percent in mobile banking users and 42 percent in BB mobile app users. Electronic Money Institutions (EMIs) also contributed meaningfully to the inclusion of digital banking users by opening more than 2 million e-wallets since their inception.

As of June 30, 2023, there were 58.1 million payment cards in circulation of which 44.5 million were issued by banks and MFBs, 10.8 million by branchless banks, and 2.8 million by EMIs.

Detailed report may be viewed at the following link:  
<https://shorturl.at/otBKV>

#### Launch of Diamond Category in the Sohni Dharti Remittance Program

Effective from September 22, 2023, a new 'Diamond' category has been added in the Sohni Dharti Remittance Program (SDRP). The new category is in addition to existing three categories namely, 'Green', 'Gold' and 'Platinum', says SBP's press release issued on the same day.

It may be recalled here that the then Finance Minister Mr Ishaq Dar in his budget speech for FY24 had announced the addition of Diamond category with enhanced reward points

and provision of other benefits like arms license of non-prohibited bore, preferential treatment at Pakistan embassies/airports and gratis passport to the Diamond Category holders.

SDRP is a point-based loyalty program in which remitters accumulate reward points by sending remittances through formal channels (SBP regulated entities). Reward points can be redeemed by remitter and their beneficiary for availing free of cost products and services i.e. Emigrant Registration fee at Bureau of Emigration & Overseas Employment; duty payment of imported mobile sets and vehicles to Federal Board of Revenue; School fee by Overseas Pakistanis Foundation (OPF); and renewal fee of passports at Directorate General of Immigration & Passports. Moreover, benefits on redeeming reward points can also be availed on International air tickets and extra luggage charges by Pakistan International Airlines; life insurance/ takaful premium payment at State Life Insurance Corporation; and purchases made at Utility Stores Corporation of Pakistan. These reward points appear on the app in the form of a virtual card that updates automatically with reward points after each remittance.

Additional reward points redemption avenues like 1BILL and PayPak card are also being offered in SDRP. The addition of these new avenues will provide benefits to remitters and their beneficiaries to pay bills and use PayPak Card at merchants and Pakistani e-commerce stores.

The details of SDRP can be accessed at:  
<https://www.sbp.org.pk/sohndharti/index.html> and  
<https://link.net.pk/sohni-dharti>

### Bank Negara Malaysia



#### BNM and Securities Commission Malaysia: Updates from the 11th Joint Committee on Climate Change (JC3) Meeting

The Joint Committee on Climate Change (JC3) convened its eleventh meeting on September 20, 2023 to review the progress and action plans of JC3. Members also discussed the proposed deliverables and action plans of the newly established SME Focus Group within JC3.

Working Groups on Physical Risk and Transition Risk have been formed under JC3 to support financial institutions' implementation of the Policy Document on Climate Risk Management and Scenario Analysis (CRMSA) issued by Bank Negara Malaysia. Engagements with industry are also being intensified to build capacity and accelerate preparations for the upcoming industry-wide Climate Risk Stress Test (CRST).

JC3 also noted improvements towards more consistent and credible reporting by financial institutions under the Climate Change and Principle-based Taxonomy (CCPT), although

financial institutions continue to face challenges in obtaining information from their customers and counterparties to enable appropriate classifications. In addressing this challenge, JC3 will facilitate the adoption of a standardized minimum due diligence questionnaire by financial institutions and develop tailored guidance for SMEs to provide the information required by financial institutions.

JC3 will soon organize its biennial flagship conference that will take place from October 23 to 25, 2023 at Sasana Kijang, Kuala Lumpur. This hybrid JC3 Journey to Zero Conference will focus on practical and actionable solutions, emphasizing the critical role of the financial industry in driving sustainable transformation. <https://shorturl.at/rQWZ7>

## Hong Kong Monetary Authority & Federal Department of Finance Switzerland



### Sixth Hong Kong-Switzerland Financial Dialogue

The sixth Hong Kong-Switzerland Financial Dialogue was held in Bern, Switzerland on 25 September 2023. The Dialogue, co-organized by the Hong Kong Monetary Authority (HKMA) and the State Secretariat for International Finance (SIF) under the Federal Department of Finance of Switzerland, aims to foster financial services collaboration between Hong Kong and Switzerland and facilitate exchange of views on important issues surrounding the global financial system.

The Dialogue was chaired by Mr Darryl Chan, Deputy Chief Executive of the HKMA, and Ambassador Christoph König, Deputy State Secretary and Head of the Policy Planning & Strategy of the SIF. Representatives from the Swiss Financial Market Supervisory Authority, the Swiss National Bank, Federal Finance Administration, SIF and the HKMA also attended this bilateral dialogue. In the meeting, the representatives discussed regional and domestic outlook and policy challenges, as well as the latest development and potential collaboration in the areas of sustainable finance, Fintech, and market connectivity.

Mr Darryl Chan, Deputy Chief Executive of the Hong Kong Monetary Authority and Ambassador Christoph König, Deputy State Secretary and Head of the Policy Planning & Strategy of the State Secretariat for International Finance chaired the sixth Hong Kong-Switzerland Financial Dialogue on 25 September 2023. <https://shorturl.at/jvGHK>

SNIPS

#### A Robotic Future

About 88 percent of respondents said they plan to invest in robotics for their business, said a recent McKinsey survey of companies worldwide.

## Central Bank of the Republic of Türkiye



### Meeting of OIC-COMCEC Central Banks Forum in Istanbul

The Central Bank of the Republic of Türkiye (CBRT) hosted the meeting of the Organization of Islamic Cooperation (OIC)- the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) Central Banks Forum on September 24-25, 2023 in Istanbul.

The meeting was opened by CBRT Governor Hafize Gaye Erkan. The first session of the meeting addressed the global economic outlook and the economic outlook of OIC member countries.

The second session discussed recent developments in the design and use of central bank digital currencies and focused on the role of cooperation among central banks in this field. During the session, member countries shared experience with regard to central bank digital currencies and evaluated the advantages and disadvantages thereof.

In the third session of the meeting, the increasing importance of trade in local currencies at the global level was discussed. Moreover, the session staged deliberations on ways to develop trade in local currencies as well as the benefits and challenges of trade in local currencies particularly in emerging market economies.

<https://shorturl.at/hlmr3>

## Commercial Banks' Gallery

### Forging a Brighter Future: IBP and University of Karachi's Collaborative MoU

The Institute of Bankers Pakistan (IBP) and University of Karachi (UoK) signed a Memorandum of Understanding (MoU) on September 22, 2023. This MoU aims to establish and foster mutual understanding between IBP and UoK in their respective fields of expertise.

The MoU was officially signed by Prof. Dr Khalid M. Iraqi Vice Chancellor, University of Karachi (UoK) and Mr Riaz Nazarali Chunara, Chief Executive, IBP. The signing ceremony was attended by Ms Khawlah Usman, Director Marketing & Sales IBP; Prof. Dr Abdul Waheed, Registrar University of Karachi (UoK); Professor Tahir Ali Dean of Management & Administrative Sciences (UoK); Mr Imran Khalid, Head of Marketing & Sales (IBP); Ms Zareen Bano Senior Manager Marketing & Sales (IBP); and Muhammad Akram, Deputy Manager Marketing & Sales (IBP). <https://shorturl.at/bgQ56>

## Meezan Bank Begins Electric Bike Financing in Partnership with Daraz

Meezan Bank, Pakistan's leading Islamic bank, and Daraz, Pakistan's largest e-commerce platform, have signed a Memorandum of Understanding (MoU) to support and encourage the use of electric bikes in Pakistan.

Through this partnership, Meezan Bank will provide Shariah-compliant financing for electric bikes to Daraz delivery staff/riders across the country.

The MoU was signed by Syed Iftikhar ul Haq – Group Head Consumer Finance, Meezan Bank, and Ahmed Tanveer – Chief Operating Officer of Daraz Pakistan, in the presence of senior executives from both organizations.

On this occasion, Syed Iftikhar ul Haq remarked, "We are excited to collaborate with Daraz in promoting electric bikes in Pakistan. Together, we are working to reduce emissions and provide a more cost-effective and eco-friendly transportation solution that will benefit both our environment and the local community."

Ahmed Tanveer added, "We are fully committed to enhancing our customers' delivery experience while actively contributing to a greener and more sustainable Pakistan. Through our collaboration with Meezan Bank, we hope that we are not only able to encourage environmentally responsible practices but also provide our riders with a more economically viable solution in light of rising fuel costs."

This collaborative effort between Meezan Bank and Daraz Pakistan signifies a substantial stride towards a cleaner and more sustainable transportation future in Pakistan. <https://shorturl.at/cntuQ>

It is pertinent to mention that the existing Agreement for the Avoidance of Double Taxation between Pakistan and Germany in practice was signed in 1994 and requires revision to cater to changing tax rules and regulations as per international and domestic needs. The revised Agreement once finalized will not only strengthen the existing safeguards against double taxation on the income of the residents of both the countries without creating opportunities for non-taxation or reduced taxation through abusive arrangements. It will also promote economic cooperation, strengthen the existing bilateral economic relations and enhance investments in both countries while ensuring adequate certainty in respect of taxation rules applicable to cross-border business transactions. Taxpayers of both countries will get relief from double taxation resulting in boosting up the trading activities in both the countries. <https://shorturl.at/bstSX>



## Economic Horizons

### Pakistan and Germany Sign Convention for Elimination of Double Taxation

Federal Board of Revenue (FBR) initiated re-negotiations on the Agreement for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance between the Islamic Republic of Pakistan and the Federal Republic of Germany, said a September 26, 2023 FBR press release. In this connection, tax delegations of both the countries met at Islamabad for the first round of negotiations from September 18-22, 2023. The first draft of the Agreement was initiated by the respective heads of delegation on September 22, 2023 at Islamabad after detailed consultations and mutual agreement on key articles of the draft Agreement.

### SECP Amends AML/CFT Regulations, 2020

The Securities and Exchange Commission of Pakistan (SECP) has introduced important amendments to the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Regulations, 2020. The notified amendments aim to enhance the scope of regulations to effectively combat financial crimes, control money laundering, and combat the financing of terrorism (CFT) while ensuring the integrity of its financial system.

The amendments to the SECP AML/CFT Regulations 2020 are the outcome of the National Risk Assessment 2023, in which SECP conducted a self-assessment of its AML/CFT regulatory framework against the criteria used in the FATF Assessment Methodology for assessing Technical Compliance of its AML/CFT regulatory framework. The amendments, introduced post stakeholder's consultation, demonstrate SECP's commitment to enhancing the country's regulatory framework and aligning it with international best practices.

The amendments to the SECP AML/CFT Regulations 2020 primarily focus on expanding the regulatory framework to encompass measures specifically tailored for Customer Due Diligence (CDD) requirements related to account opening of Mentally Disordered Person. Under the revised regulations, an account will be classified as dormant after three years of inactivity, as opposed to the previous threshold of five years. Furthermore, the updated provisions encompass guidelines regarding the reliance on third parties for CDD, as well as specific requirements applicable to the foreign branches of regulated entities and their subsidiaries. <https://shorturl.at/cjIL6>

## SECP Issues Standardized Constitutive Documents for Registration of Private Funds

The Securities and Exchange Commission of Pakistan (SECP) on September 27, 2023, has issued standardized formats of documents, along with step-by-step guidance, for the registration of private fund as a notified entity.

The standardized documentation, available at SECP's website in editable formats, will promote consistency, encourage harmonized disclosures, and reduce the turnaround time required for the registration of a private fund. The documents include, Trust Deed and Private Placement Memorandum (for registration of a fund in trust structure), Limited Liability Partnership (LLP) Agreement, Custodian Agreement and Private Placement Memorandum (for registration of private fund in LLP structure).

Notable interest has been observed in the registration of private funds over the last couple of years; however, constitutive documents containing varying disclosures being used by private fund management companies were the cause of the delay in registration and subsequent launch of funds. Soft copies of the documents are available for download at SECP's website. <https://shorturl.at/gmnwA>

## Cement Exports Surge by Over 130 percent to \$39.6 million

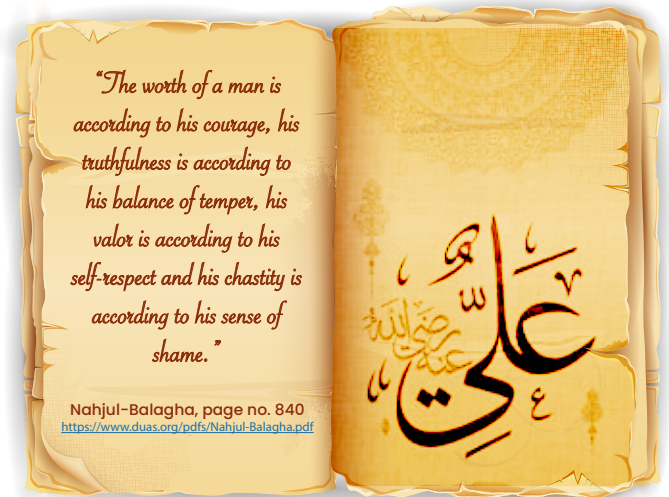
The cement exports from Pakistan surged by 130.24 percent during the first two months of the current fiscal year as compared to the exports of the corresponding period of last year, Pakistan Bureau of Statistics (PBS) reported.

Pakistan earned \$39.641 million by exporting cement during July-August (2023-24) as compared to eh exports of \$17.217 million during July-August (2022-23), a growth of over 130 percent, according to latest PBS data.

On year-on-year basis, the cement exports from the country witnessed an increase of 102.74 percent during August 2023 as compared to the same month of last year. The cement exports in August 2023 were recorded at

\$23.496 million against the exports of \$11.589 million in August 2022.

On month-on-month basis, the cement exports from the country witnessed an increase of 45.53 percent during August 2023 when compared to the exports of \$16.145 million in July 2023, PBS reported. <https://shorturl.at/eovOQ>



## SECP Imposes Pricing Caps on Digital Personal Loans

In a significant move towards promoting responsible lending and consumer safety, the Securities and Exchange Commission of Pakistan (SECP) issued an all-encompassing set of requirements for Non-Banking Financial Companies (NBFCs) offering digital personal loans via mobile applications on September 26, 2023.

The requirements set a maximum limit for the annual profit rate and total cost that can be charged by a Nano lender to the borrower. The total cost cap for Nano loans will encompass all associated fees, including processing charges, service fees, verification fees, loan handling fees, interest charges, late payment penalties, and any other applicable charges. The cumulative price of a loan shall not exceed the aggregate amount of the principal loan amount.

Moreover, limits have been set for loan rollover. To ensure the uniformity and standardization for the profit rate calculation formulas and brief illustration has been specified in the circular issued by SECP.

SECP is actively evaluating and adapting policies to improve financial access and combat manipulative business practices. The measures, developed through consultation with stakeholders and industry participants, aim to balance financial inclusion and consumer protection against excessive debt burden. <https://shorturl.at/jvwC0>

## International Economic Roundup

### H&M Profits Impress Despite September Sales Slowdown

H&M reported a pick-up in quarterly profit margins on September 27, 2023, boosting optimism about its turnaround efforts even as the fashion retailer blamed unusually hot weather in many of its European markets for delaying the autumn shopping season.

H&M, whose biggest rival is Zara owner Inditex, said September sales would fall by 10 percent year-on-year measured in local currencies. That compares with Inditex reporting a 14 percent rise in sales between August 01, 2023 and September 11, 2023.

"If the sales at your competitor basically go up by 14 percent with the same weather, that tells you something, to my mind," said Vera Diehl, portfolio manager at Union Investment, which holds shares in H&M and Inditex.

H&M's shares jumped by more than 5 percent in early trade, however, as profits in the June-August quarter rose and H&M stuck to a goal of increasing its operating margin to 10 percent next year, saying its cost-cutting program was continuing "at full speed".

H&M's margin reached 8 percent in the third quarter, from 2 percent a year earlier, as the retailer said it has prioritized profitability and inventory, rather than sales. The 10 percent target is "challenging but achievable," Barclays analyst Nicolas Champ said.

Operating profit in the Swedish group's third quarter jumped to 4.74 billion crowns (\$431 million) from 902 million a year earlier. Analysts polled by LSEG had on average forecast a 4.72 billion crown profit.

Last year's figure included a one off-cost of 2.1 billion crowns for the group's exit from Russia, which also accounted for four percentage points of the 10 percent September sales decline. <https://shorturl.at/tuEJY>

## SNIPS

### Maintaining Interest Rates

The Bank of England has held interest rates at 5.25 percent, the first pause after 14 consecutive rate rises since the tightening cycle started in December 2021, according to the Financial Times.

### China Backs UAE in Holding UN Climate Change Conference

Wang Yi, a member of the Political Bureau of the Communist Party of China Central Committee, has said that China fully supports the United Arab Emirates (UAE) in hosting the 2023 UN Climate Change Conference in Dubai.

During a meeting with COP28 UAE President-Designate Sultan Al Jaber in Beijing, Wang said China stands ready to maintain close communication and cooperation with the UAE to ensure positive outcomes of the conference, CGTN reported on September 27, 2023.

Both sides can work together to promote the building of a fair and rational global climate governance system for win-win results, and safeguard the legitimate development rights of developing countries, he added.

Wang, also director of the Office of the Central Commission for Foreign Affairs, introduced China's concept and practice of green and sustainable development, saying that China is an active advocate and a firm activist in tackling climate change.

On bilateral relations, Wang said that under the strategic guidance of the two heads of state, relations between China and the UAE have maintained a momentum of sound and stable development.

China is willing to continue to understand and support the UAE on issues concerning core interests and major concerns, jointly build the Belt and Road with high quality, expand areas of mutually beneficial cooperation, and push the China-UAE comprehensive strategic partnership to a higher level, he said. <https://shorturl.at/emrwl>

## HR TIPS

### Is Your Team Feeling Overwhelmed? Run Some Small, Simple Experiments

When things are going wrong and work feels chaotic, it seems obvious that the team or company needs to try something new. But committing to a new direction during times of change can feel overwhelming and risky. So actively encourage small experiments, test runs, or pilot programs instead. These may be more fruitful ways to surface fresh ideas while alleviating people's anxiety about the future.

For example, if your team needs more space in their days to adapt to all the changes coming their way, brainstorm a number of experiments to try to add hours (and energy) back to all of their schedules. This might include canceling a weekly status meeting, using countdown timers in

scheduled meetings to keep people from running over, or pausing efforts on a weekly report to test if it can be done less frequently.

Make the experiments small, specific, and time-bound to help disrupt the current pattern of thinking. They will give your team much-needed encouragement to be curious and examine different perspectives, even amidst what feels like chaos. Tiny changes could make a huge difference.

(This tip is adapted from *How to Speak Confidently to Your Team During Chaotic Times*, by Darcy Eikenberg – HBR.)

SNIPS

**Olive Oil Prices**  
The average price of olive oil in the US in August was 130 percent higher than a year earlier because of a Mediterranean drought threatening supplies, as per Business Insider.

## Discovering Your Purpose

There is lots of career advice to let your purpose guide your career aspirations. But what if you do not actually know what your purpose is? Here are steps you can take to sort out what your overarching intention in life should be.

- **Seek out new experiences.** Explore your interests by trying out new things. Look for opportunities to meaningfully connect with individuals and communities with different backgrounds, beliefs, and values than yours so you can reflect on what matters to you.
- **Reflect on your experiences.** Find positive meaning in the things you do. Ask yourself: How did this experience shape who I am? How did it impact my values and worldviews? The goal here is to gain insight into the aspects of the experiences you have most enjoyed, derived meaning from, and want to continue pursuing.
- **Discuss your life goals and gather feedback.** Once you have done some personal self-reflection, it is important to discuss your aspirations with friends (not just with a therapist or coach). For example, you might share with your friend: "I've been thinking about what I want from life lately and would love to share some of my ideas with someone. Do you have time to talk? I would enjoy learning about your life goals as well." These conversations can help you see your goals in a new light and articulate your purpose.

(This tip is adapted from *How to Find Your Purpose*, by Ayse Yemiscigil, Melis Sena Yilmaz, and Matthew T. Lee – HBR.)

## The Elements of a Healthy Team Culture

The culture of a team—the habits and behavioral norms among its members—has a big impact on its performance. Every leader knows they need to build a strong team culture, but what does that actually entail? There are three key elements you need to develop and protect, according to research.

- **Psychological safety.** Do team members feel safe expressing themselves, speaking up when they have questions or concerns, disagreeing with each other, and making mistakes? When they do, diverse perspectives emerge and people are more likely to intervene and state their opinions or concerns before errors occur.
- **Common goals.** Everyone should understand how their own expertise and responsibilities contribute to the team's overall performance and its place within the broader organizational context.
- **Prosocial purpose.** Knowing the purpose of their work is not enough; employees also want to know who their work is serving. When team members know that they are making a valuable contribution to the world and producing work that positively impacts others, they feel *prosocial purpose*, which, in turn fuels collective focus and motivation.

(This tip is adapted from *What Makes Some Teams High Performing?*, by David Burkus – HBR.)

