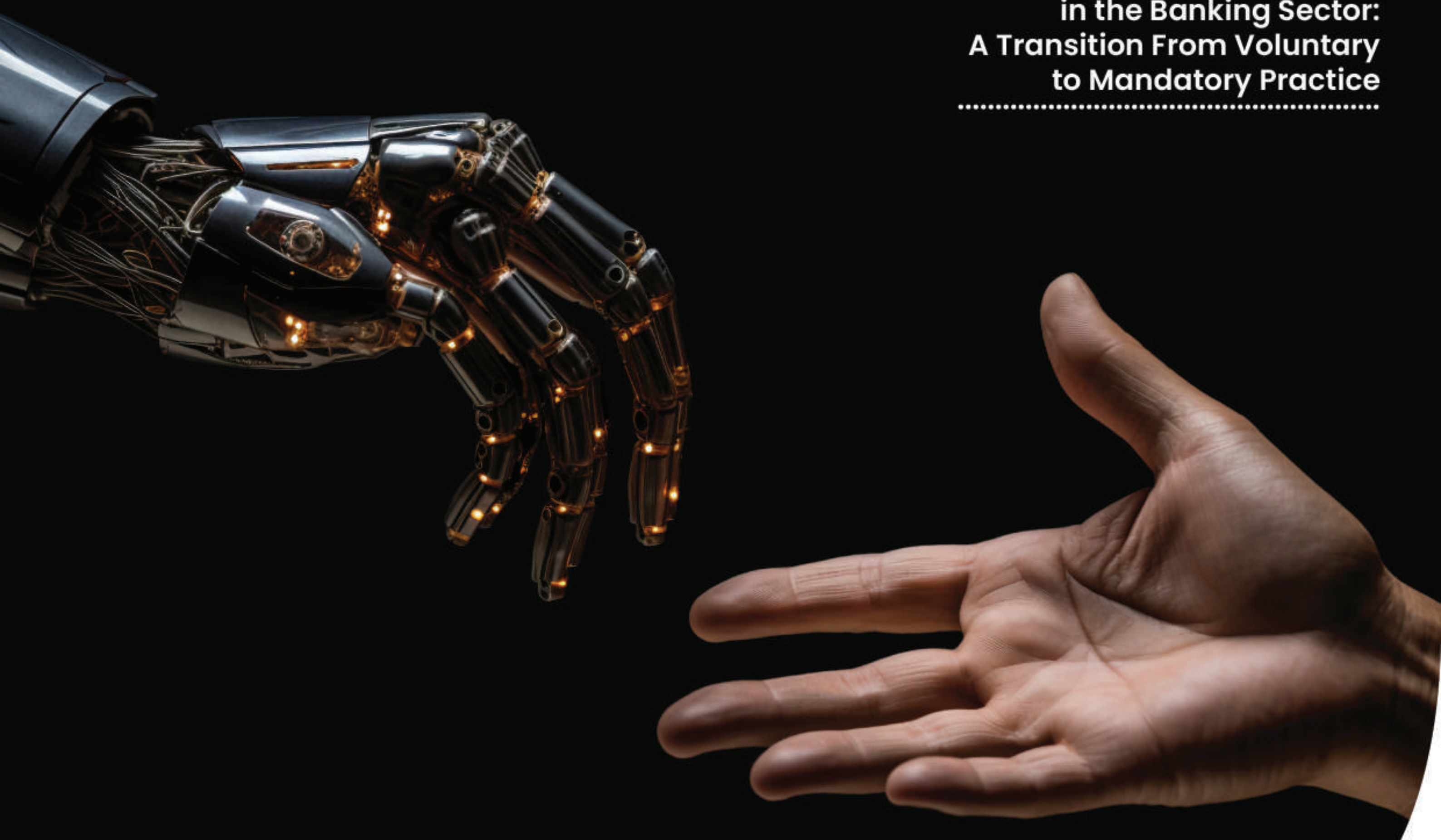
Journal of the National Institute of
Banking and Finance
PAKISTAN
Volume 91 | Issue No. 04 October - December 2024

PAKISTAN BANKING AWARDS 2024

The Race is on to Outfox Deepfakes

Implementing ESG in the Banking Sector: A Transition From Voluntary to Mandatory Practice



The Genie is out of the Bottle

NATIONAL INSTITUTE OF BANKING AND FINANCE
NIBAF Pakistan
EMPOWERING FOR EXCELLENCE

editorial.

Shahla Naqvi
Editor

Method in Madness: A Digital Wisdom

"Though this be madness, yet there is method in it." This famous quote from Shakespeare's Hamlet signifies the rationality behind the utterance of a king assumed to have lost his senses. History and literature abound with examples of people feigning madness, only to speak the truth. The famous ascetic from Baghdad, Behlul 'Dana' (the Wise) spoke the most sense under the garb of madness. It was the 'fool' in Shakespearean plays who was the voice of reason, and would put the wise kings to shame. Indeed, there is some 'method in the madness'.

The human mind is fascinating. Human behavior is a product of various influences and belief systems, molded by a variety of experiences starting on very early in life. In psychology, the Theory of Mind is the " 'everyday' ability to understand other people's beliefs, thoughts and desires in order to explain and predict their behavior. With the ability to infer mental states, like the true and false beliefs of oneself and others, children become more capable of participating in a wide range of conversational and social interactions," (Pring, 2005).

However, there is more to acquired and learned behavior than meets the eye. What is challenging is the ability of the mind to discern between the overt and covert, or implied meaning, allowing one to read between the lines. It is this quality of being able to make sense out of apparent nonsense; to understand the method in the madness. Everything isn't black and white. It's the grey areas that need to be assessed by the open mind using the faculty of reasoning, or *'aql-e-saleem'* (complete wisdom or sense).

The Renaissance or 'rebirth' era of the middle ages emphasized on the premise of humanism and the beauty of the intellect to learn, create, and discover new ways of thinking which manifested in art, literature, science, and technology. This period, much like today's rapidly evolving technological landscape, emphasized the connection between human intelligence and the advancements it can bring to all facets of life.

A pertinent case in point is today's Artificial Intelligence (AI)-dominated world, where the surge of data and availability of AI tools allow easy human interaction, providing information and responses to inquiries through AI, generated from the plethora of data available therein in the form of textbooks, websites, articles, and beyond. However, as we navigate this transformative landscape, one area seeing significant change is the banking and finance industry. AI is playing an increasingly critical role in improving customer experience, enhancing decision-making processes, and detecting fraud with remarkable accuracy.

Banks and financial institutions are integrating AI to automate repetitive operational tasks, like customer service inquiries through AI-driven chatbots, and fraud detection using machine learning algorithms. With the surge of AI in banking, institutions are able to provide hyper-personalized services by analyzing vast customer data, predict financial trends, and even offer tailored investment advice. AI tools have made lending processes more efficient and inclusive by analyzing non-traditional data points, improving the credit scoring process, and helping underserved populations access financial services.

Yet, while AI's role in banking is undeniable, it must always remain a complement to human intelligence rather than a complete replacement. AI is intended to support human decision-making, not replace the human touch. In the context of banking, while algorithms may assist in assessing risk or suggesting investment opportunities, it is the human ability to evaluate unique circumstances—economic shifts, customer relationships, or nuanced market dynamics—that ensures truly informed decisions. This balance of technology and human discernment brings us back to *aql*, the rational mind. There is no substitute for human intelligence in understanding complex socio-economic scenarios and making sound decisions based on facts.

The idea that machines will one day completely dominate human intelligence and outsmart humans to the point of turning against them has long been portrayed in mainstream media and blockbuster motion pictures, evoking fear and creating terror to the point that this may one day lead to the defeat and possible annihilation of the human mind and race, reducing mankind to merely a "tale told by an idiot, full of sound and fury."

So while AI continues to revolutionize the way services are provided, it is essential to remember that technology is a tool—one that should be used to augment human capabilities, not replace them. How far will it go? AI is not going to surpass the power of human wisdom, but transform it into digital wisdom, which will enable us to process and analyze data with digital *aql-e-saleem* or the emergence of digital versions of Baghdad's Behlul Dana.

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK سندھ بینک

POWER TO THE PEOPLE

بااختیارعوام

SUKOON PERSONAL LOAN SECURED

TURN VALUE INTO CASH

Experience financial empowerment with **Sindh Bank Limited's Sukoon Personal Loan Secured**. Leverage your assets to meet your financial needs. Enjoy the advantage of low markup rates and flexible repayment options. Our product gives you the freedom and security to achieve your personal goals effortlessly.

FEATURES*:

- Minimum documentation.
- Quick and hassle-free processing.
- Financing up to PKR 5 million.
- Convenient and affordable monthly installments up to 48 months.
- Low markup rates.
- Early and partial settlement options.

*Terms & Conditions Apply

021-111-117-632 www.sindhbank.com.pk sindhbanklimitedofficial sindhbankltd companysindh-bank-limited

Contents

THE CONTRIBUTORS

Shahvez Khan is associated with a private commercial bank. He is currently Senior Manager, looking after compliance/regulatory matters. An MBA graduate from Karachi University, and JAIBP qualified from The Institute of Bankers Pakistan (IBP), now NIBAF Pakistan, he obtained the highest marks in (i) Branch Banking, and (ii) Microfinance. He secured Second Position in IBP Essay Competition 2019 and Third Position in 2022, repectively.

Kamran Ahmed Hashmi is the CFO & Company Secretary at NIBAF Pakistan with 20+ years of diversified leadership experience in finance strategy, corporate affairs, and audit across the financial, educational, and healthcare sectors. He has led key initiatives like launching online trading platforms at Vector Capital and IGI Finex Securities Limited. A Fellow of ICMA International, an Associate of IFMP, and a Master's in Economics, he has also served on the BCSRA awards committees of ICMA and ICAP for the last 9 years.

National Institute of Banking and Finance Pakistan

QUARTERLY JOURNAL SUBSCRIPTION

☐ One Year Subscription PKR 800 ☐ Two Year Subscription PKR 1400

Pay Order No. ____________________

Name: ____________________ Organization: ____________________

Delivery Address: ☐ Business ☐ Private ____________________

____

Telephone: ____________________ E-mail: ____________________

Note: Please return this filled out form along with the pay order of your respective subscription made in favor of " NIBAF Pakistan"

GO-GREEN

ESG

SBP POLICY REGIME ADD-ONS

BOOK REVIEWS

Published by
National Institute of Banking and Finance Pakistan
Moulvi Tamizuddin Khan Road
Karachi 74200, Pakistan
92 (21) 111-000-IBP (427)
www.ibp.org.pk

Senior Manager Publications/Editor
Shahla Naqvi
92 (21) 35277 529
publications@ibp.org.pk

Deputy Editor
M. Abdul Basit Adil
92 (21) 35277 508

Advertising
Muhammad Akram
92 (21) 35277511
m.akram@ibp.org.pk

Design
M. Jahangir Ishaq | S. Haris Jamshaid

You are invited to send your write-ups to the Senior Manager Publications on topics of interest relating to banking and allied fields. Publishing is subject to approval by NIBAF Pakistan.

To: National Institute of Banking and Finance Pakistan. M.T. Khan Road, Karachi 74200, Pakistan

FOR OFFICE USE ONLY

☐ Jan - Mar ______	☐ Apr - Jun ______	☐ Jul - Sep ______	☐ Oct - Dec ______
☐ Jan - Mar ______	☐ Apr - Jun ______	☐ Jul - Sep ______	☐ Oct - Dec ______

UAN: (021)111-000-IBP (021-111-000-427) | **EMAIL:** publications@ibp.org.pk | **WEBSITE:** www.ibp.org.pk

NIBAF PAKISTAN JOINS THE GLOBAL CLIMATE FINANCE CAPACITY BUILDING COALITION (GCBC)

The National Institute of Banking and Finance (NIBAF) Pakistan, has officially joined the Global Climate Finance Capacity Building Coalition (GCBC), becoming part of a global network of over 50 organizations. These members collectively represent more than 5,000 public and private financial institutions and millions of finance professionals across the world.

The GCBC is a global coalition of organizations actively addressing the challenge of accelerating and scaling the availability and effectiveness of capacity building for financial institutions, finance professionals and others in emerging markets and developing economies (EMDEs) to support the climate transition. Capacity-building itself is not the ultimate objective, but the means to an end. The GCBC ultimately aims to unlock climate finance and accelerate the climate transition in EMDEs through capacity building.

The GCBC is an unprecedented global coalition. UN agencies, multilateral development banks, private sector finance initiatives, educators, professional bodies and philanthropy leaders have united to accelerate and scale climate finance capacity building for financial institutions and finance professionals, especially in emerging and developing economies (EMDEs).

To achieve this objective, the GCBC will develop a digital platform to host high quality capacity-building and technical assistance resources, case studies and live learning opportunities.

In the long-term, GCBC aims to catalyze and convene regional and capacity-building ecosystems, bringing together financial institutions, policymakers and regulators, multilateral organizations, professional bodies, trade associations, universities and business schools, climate NGOs and others to accelerate and scale local capacity-building initiatives, institutions and programs.

As a member, NIBAF Pakistan will contribute its expertise in climate finance capacity-building to the GCBC's efforts, including:

- Sharing insights and knowledge on climate finance with other members and stakeholders.
- Contributing to the creation of high-quality capacity-building materials and learning programs.
- Promoting the GCBC's objectives and activities through its networks.

NIBAF Pakistan is also committed to supporting the GCBC's Global Capacity Building Platform, a new initiative that serves as a comprehensive resource hub for financial institutions. NIBAF Pakistan will work to upload relevant resources and promote the platform within Pakistan's financial sector.

This membership marks a significant step for NIBAF Pakistan, as it joins forces with global partners to support the scaling of climate finance in emerging markets, facilitating access to the tools and knowledge needed to accelerate the climate transition.

For more information on the GCBC and the Global Capacity Building Platform, visit www.capacity-building.org.

PAKISTAN BANKING AWARDS

NATIONAL INSTITUTE OF BANKING AND FINANCE PAKISTAN

DAWN MEDIA | A·F·FERGUSON&Co. | A member firm of the PwC network

PAKISTAN BANKING AWARDS 2024

The 9th Pakistan Banking Awards (PBA) ceremony was held on Friday November 29, 2024 at Pearl Continental hotel, Karachi. The ceremony was attended by senior executives and distinguished professionals from Pakistan's banking and financial sector. Governor SBP Mr Jameel Ahmad graced the occasion as the Chief Guest.

Organized by the National Institute of Banking and Finance (NIBAF) Pakistan, in collaboration with the DAWN Media and A.F. Ferguson & Co. (a member firm of the PwC Network), the Pakistan Banking Awards, the first of their kind, were launched in 2016. These awards are considered the industry's definitive benchmark for excellence in the field of banking and finance with participation from Microfinance banks, Islamic Banks and the mainstream Commercial Banks.

Awards for 2024 were distributed to various banks, financial institutions for their best performance in 8 different categories. A new award category for Woman Inclusion was introduced this year. There was no award given for the Best Emerging Bank category.

The details of the awards are as follows:

Meezan Bank Limited received the **Best Bank Award**; the **Best Bank for Women Inclusion & the Best Bank for Agriculture** went to Bank of Punjab; the **Best Microfinance Bank Award** went to Mobilink Microfinance Bank Limited; the **Award for the Best Bank for SMEs** went to HBL; while Bank AlFalah bagged the **Best Bank for Digital Excellence** and the **Best Bank for Customer Engagement**.

The winners were selected by a distinguished Jury consisting of six experts from the corporate, banking and financial sectors. As always a neutral, transparent and impartial evaluation process was adopted to determine the best performers for these awards.

The eminent Jury comprised of former SBP Governor Syed Salim Raza (Chairperson of the Jury); former Deputy Governor SBP Ms Sima Kamil; former president/ CEO Faysal Bank Ltd Mr Naved A. Khan; founder & Managing Partner of Dada Partners Pvt Ltd/ Former President and CEO of United Bank Ltd & Standard Chartered Bank in Pakistan Mr Shazad Dada; former president Samba Bank Mr Shahid Sattar; and MD & CEO English Biscuit Manufacturers (Pvt) Ltd Dr Zeelaf Munir.

The ceremony commenced with the recitation of the Holy Quran, followed by the welcoming note by Mr Riaz Nazarali Chunara, Chief Executive Officer of NIBAF Pakistan. Mr Chunara commended the organizing partners for their unwavering support, which made this event possible for the ninth consecutive year. He applauded the members of the Jury and acknowledged the contributions of the participating banks and financial institutions, recognizing their commitment and efforts in striving for establishing their lead position in their areas of expertise.

Speaking about the role of NIBAF Pakistan, resulting from the recent merger of The Institute of Bankers Pakistan (IBP) and National Institute of Banking and Finance (NIBAF), in promoting capacity building of the human resource in the banking and finance sector, Mr Chunara said that by consolidating the strengths of both Institutes (IBP and NIBAF) to offer improved quality training programs, qualifications, and certifications locally and internationally, expand geographical outreach, and harness marketing skills to gain a larger audience, "We can create quality training content in line with the learning objectives, and provide a common platform for subject matter experts across the industry. Being a centralized entity and working under aegis of State Bank of Pakistan, I assure you, it will bridge the learning gap of the financial industry more effectively."

Chief Guest Mr Jameel Ahmad, Governor State Bank of Pakistan (SBP) who is also Chairman of Board of Directors NIBAF Pakistan, admired the participating banks for their active involvement in the Awards and for their continued efforts to lead in bringing the innovations, transformation, and sustainability. Emphasizing the significant changes in the role of banks with time, he said, "In today's fast-evolving world, banks are no longer merely custodians of financial assets. They are key enablers of economic growth, innovation, and inclusion—playing a pivotal role in shaping the future of our nation's financial ecosystem."

Mr Ahmad said that the future of banking in Pakistan will be driven by innovation, transparency, and an unwavering commitment to customer satisfaction. "As we celebrate the Pakistan Banking Awards tonight, let us not forget that these are merely stepping stones on a broader journey of transformation," he remarked.

The Governor highlighted key macroeconomic progress, which plays a critical role in the success of banks in achieving their objectives. "As we celebrate these achievements, it's also important to recognize the broader context in which these awards are set. In FY2024, Pakistan saw significant improvements in its economic performance, demonstrating the resilience of Pakistan's economy. The key economic indicators, including inflation, fiscal consolidation, financial sector stability, and external sector performance, are moving in the right direction," observed Mr Ahmad.

He particularly outlined five core areas that banks must focus upon:

First, he urged banks to rethink their business models and expand their services beyond large corporations to include smaller depositors and borrowers. "A broad-based customer network is essential for sustainable long-term profits," he noted.

Second, he emphasized the need for banks to leverage technology, highlighting the potential of mobile banking. "With over 193 million mobile subscribers, banks must capitalize on digital platforms to reach new customers," he said. The ingrained challenges require our banks to think outside the box and capitalize on cost effective alternate delivery channels to enhance the access, usage, and quality of financial services.

Third, he encouraged banks to take an active role in promoting financial literacy, asserting that improved financial awareness could empower individuals and drive economic growth. "By equipping people with financial knowledge, we enable them to plan for their future and break the cycle of poverty," he explained. By providing individuals with the necessary knowledge and skills to manage their finances wisely, we empower them to seize opportunities for economic development.

Fourth, the Governor advocated for stronger partnerships between banks and FinTechs, suggesting that collaboration could drive innovation in products and expand access to credit for small and medium-sized businesses. "Such partnerships can help penetrate largely untapped segments like retail businesses and micro and small medium enterprises, yielding beneficial outcomes for our stakeholders," he noted.

Finally, Mr Ahmad stressed the importance of enhancing customer service and ensuring fairness in financial dealings. "Banks must safeguard the interest of customers, ensuring that fairness and integrity are not compromised in the pursuit of in the pursuit of profit or innovation," he concluded.

The Governor shared his vision for the future of banking in Pakistan and emphasized the importance of aligning with the country's long-term goals. He stated that each award category of the PBA reflects key objectives that banks should aspire to achieve. The evaluation criteria for these awards is a foundational benchmark, guiding institutions toward meeting the ambitious, yet achievable goals outlined in the SBP Vision 2028, especially addressing the expansion of financial inclusion, focus on ESG, and fostering a tech-driven environment. "By striving to meet these standards, banks remain a crucial enabler of growth, inclusion, and economic development," he remarked.

Mr Ahmad acknowledged the importance of these awards in fostering competition, encouraging innovation, and driving the development of banking products and solutions to meet the evolving needs of customers. He commended the organizing teams, including NIBAF Pakistan, Dawn Media, and A.F. Ferguson & Co. and expert Jury members for a successful event, and extended congratulations to all nominees and winners. "Let us continue striving for excellence and work towards a more inclusive, dynamic, and future-ready financial ecosystem," he urged.

Earlier, Mr Hameed Haroon from DAWN, one of the three founding partners of the PBA, highlighted the significance of the awards in a video message played before the audience at the ceremony.

He acknowledged the growth of the event, which was inaugurated in 2016 in collaboration with the Institute of Bankers of Pakistan (now NIBAF Pakistan). Mr Hameed stated, "The Pakistan Banking Awards have grown in stature every year, and they have become coveted not only for recognizing professional excellence but also for their rigorous impartiality and wisdom."

Expressing hope that the awards would continue to inspire innovation and elevate the banking sector, he said, "I hope this award will continue to honor and elevate the stature of its recipients and inspire the banking sector to engage in continuous innovation."

Mr Haroon emphasized the importance of the Jury's impartiality, praising the leadership of Syed Saleem Raza, the chairperson of the Jury, as "singular competence." He also acknowledged the contributions of other Jury members, including Ms Sima Kamil and Mr Shahzad Dada, who had been generous with their time and expertise.

Mr Haroon also took the opportunity to thank the Governor of the State Bank of Pakistan, Mr Jameel Ahmad, for his leadership, noting that, "Governors of the State Bank of Pakistan have always worked tirelessly to lay the institutional foundations for a more dynamic, responsible, and better banking industry." He also honored two key figures in the inception of the awards: Mr Hussain Lawai and Syed Shabbar Zaidi, who carried a vision for the awards' success.

Addressing the challenges of the year, Mr Haroon expressed his concern on reduction in the number of participating banks, and observed that it might be attributable to the "demanding financial submissions" required by the Jury. He noted that the focus of the awards seem to have been tightened in 2024, quoting that, "As of 2024, non-banking entities are no longer eligible for participation." However, he expressed his optimism about the future of the banking sector, citing the awards' alignment with the State Bank's vision for accelerated and sustainable growth of the banking sector.

Mr Haroon thanked the core committee of the awards, particularly Ms Khawlah Usman of NIBAF Pakistan, Mr Faraz Anwar of A.F. Ferguson & Co., and Ms Sabeen Ghani of DAWN Media, for their efforts in making the 9th Pakistan Banking Awards a success. He concluded by expressing his gratitude to all the participating banks for their dedication, saying, "I would like to thank all the participating banks for the charged enthusiasm and diligence demonstrated in preparing your excellent submissions."

Chairperson of the Jury and former Governor State Bank of Pakistan, Syed Salim Raza, shared his insights on the state of Pakistan's banking sector and the broader economic challenges facing the country. Addressing the audience to share his experiences as Chairperson of the Jury, Syed Salim Raza acknowledged the challenges of the past year, noting that while financial inclusion had made significant strides, development lending remained weak due to economic circumstances. He emphasized that the sector still had a crucial role in supporting growth. "What the country looks for from its banking institutions is an increase in inclusiveness, in financial inclusion and development. In terms of financial inclusion, a great deal of progress was made during 2024."

Speaking on how can banks may contribute to assisting the country to develop greater capacity for sustained growth, he identified four key areas where the banking sector must step up: domestic debt, productivity, infrastructure, and climate finance.

On domestic debt, he commented that government borrowing had become unsustainable, which in turn is limiting the availability of credit to private sector. He urged that banks should help diversify government debt holders by engaging individuals, institutions, overseas investors, and Islamic financiers. "Banks must aim to reduce their dominant role in holding government paper by 10 to 15 percent annually over the next few years," he proposed. Discussing productivity, he proposed to increase growth output of Pakistan's productivity, as he urged banks to use their expertise to facilitate SME mergers and investments in technology, enabling local businesses to scale up to reduce dependence on imports.

Speaking on infrastructure, he highlighted that Pakistan consistently under-invests, with PSDP allocations frequently falling short. He praised Sindh's effective use of public-private partnerships (PPPs) and urged banks to identify financeable infrastructure projects such as roads, warehouses, and cold chains, particularly at the provincial level. "The government won't take these initiatives, and no one else will," he remarked, calling on banks to step in.

Addressing climate finance, the former Governor SBP pointed to the global shift towards carbon markets, noting that developed nations had pledged $300 billion for 2025, with targets rising to $1.35 trillion annually by 2035. He cited Sindh's success in securing $40 million in carbon credits for mangrove restoration and urged banks to help businesses tap into this opportunity. However, he acknowledged a major hurdle: "Pakistan lacks an internationally accredited testing authority, meaning we must rely on foreign certifiers," a gap he suggested banks help address.

Concluding his speech, Syed Salim Raza encouraged banks to look beyond traditional lending and play a transformational role in supporting sustainable growth, fostering investment, and complementing government's socio-economic development efforts.

Following the thought provoking address by the Chairperson of the Jury, the awards were distributed among the winners in accreditation to their outstanding achievements, followed by a photo session and dinner for the participants. Shields were also presented to the organizing team members by the Chief Guest.

The 9th Pakistan Banking Awards ceremony was attended by senior executives and eminent professionals from Pakistan's Banking and Finance sector. Ms Shahla Naqvi, Senior Manager, Publications and Communication at NIBAF Pakistan, served as the master of ceremonies for the event.

PAKISTAN BANKING AWARDS 2024

National Institute of Banking and Finance, Pakistan, DAWN Media and A.F. Ferguson & Co. Express their Heartiest Congratulations to all the Winners

Best Bank — MEEZAN BANK LTD

Best Bank for Women Inclusion
THE BANK OF PUNJAB

Best Bank for Agriculture
THE BANK OF PUNJAB

Best Bank For SMEs
HBL

Best Microfinance Bank
MOBILINK MICROFINANCE BANK LTD

Best Bank for Customer Engagement
BANK ALFALAH LTD

Best Bank for Digital Excellence
BANK ALFALAH LTD

GALLERY


PAKISTAN
BANKING
AWARDS
2024


PAKISTAN BANKING AWARDS 2024
PBA
2024
BANKING














PAKISTAN BANKING AWARDS 2024


PAKISTAN BANKING AWARDS 2024














APABI

21st Executive Meeting of APABI Biennial Program 2024

The 21st Executive Meeting of Asian-Pacific Association of Banking Institutes (APABI) was hosted by Indian Institute of Banking & Finance (IIBF) in Mumbai, India on November 13, 2024 as part of the APABI Biennial Program held from November 13-15.

The meeting marked a significant gathering of banking professionals from across the Asia-Pacific region. The event saw a blend of both in-person and virtual participation, drawing delegates from 12 member institutions representing countries including: National Institute of Banking & Finance (NIBAF) Pakistan (virtually); The Institute of Banking & Finance Cambodia – Cambodia (IBFKH); The Hong Kong Institute of Bankers (HKIB) – Hong Kong; Banking and Finance Academy (NBI) – Mongolia; The Asian Institute of Chartered Bankers (AICB)- Malaysia; Bankers Institute of the Philippines (BAIPHIL) – Philippines; National Banking Institute (NBI)– Nepal; Financial Institutions Training Institute (FITI) – Bhutan; Korea Banking Institute (KBI) – South Korea; Taiwan Academy of Banking and Finance (TABF) – Taiwan; Banking Academy of Vietnam (BAV) – Vietnam; and Institute of Bankers of Sri Lanka (IBSL) – Sri Lanka. Global Banking Education Standards Board (GBEStB), UK also participated as guest/ observer.

Host and CEO of the Indian Institute of Banking & Finance (IIBF), Mr Biswa Ketan Das welcomed the delegates. In his address, he emphasized the importance of international cooperation to address the common challenges faced by the banking sector globally. While decisions were being taken at the apex levels at different forums, those were required to be percolated down to the countries, specifically the developing countries where the credit growth are bank-led, he stated. He highlighted areas of risk management, compliance, and digital transformation and stressed the need for continuous dialogue and collaboration among member nations to enhance the development of banking professionals.

Mr Das also highlighted the role of human resource development in creating a sustainable ecosystem for banking. He quoted, “An organization thrives when people thrive,” advocating for the need to focus on capacity building and skills development for future bankers across the region.

Representatives from various member institutions presented updates on their national banking sectors. CEO NIBAF Pakistan, Mr Riaz Nazarali Chunara introduced NIBAF Pakistan’s activities and highlighted the paradigm shift in banking, with a focus on resilience, inclusivity, digital transformation and sustainability, and how these align with the State Bank of Pakistan's (SBP) Vision 2028.

Mr Chunara said that in July 2024, the Institute of Bankers Pakistan (IBP) and the National Institute of Banking and Finance (NIBAF) merged to form NIBAF Pakistan.

Highlighting the scope of NIBAF Pakistan’s activities following the merger, the CEO said, “The merger of NIBAF and IBP marks a strategic milestone for Pakistan's banking and finance sector. By combining two esteemed institutions with a rich legacy in quality training and leadership development, this union is creating a powerhouse of knowledge, expertise, and resources. As Pakistan navigates evolving policy challenges and strives to align with global economic peers, the need for a highly skilled workforce in both the public and private sectors has become even more pressing. Under the leadership of the Governor of the State Bank of Pakistan (SBP), Mr Jameel Ahmed, NIBAF Pakistan has outlined three key priorities: Digitalization, Gender Diversity & Financial Inclusion, and Shariah banking training. These focus areas are vital as they reflect the changing landscape of the financial industry, where skill requirements are rapidly evolving.

”Through these initiatives, NIBAF Pakistan aims to empower professionals with the latest expertise, supporting the growth and development of Pakistan’s financial sector”, he added. As Mr Chunara further emphasized, “The paradigm shift in banking towards resilience, inclusivity, and sustainability is driven by innovations in digital payments, fintech, and sustainable finance. SBP Vision 2028 aligns with these goals, and NIBAF Pakistan is determined to play a key role in facilitating this transformation.”

Elaborating on the areas of Digital Payments, Inclusion and Sustainability, Mr Chunara highlighted that digital payment systems have revolutionized financial transactions by making them faster, cheaper, and more accessible, playing a key role in promoting financial inclusion. He mentioned how Raast, Pakistan’s instant payment system, facilitates real-time payments and supports financial inclusion, especially for underserved populations. Raast allows direct government-to-person payments, reducing cash dependency and improving transparency.

The CEO also pointed out the rapid growth of fintech in Pakistan, with services like JazzCash, Easypaisa, and PayPak providing banking services to the unbanked. He emphasized that Easypaisa, for example, allows millions of Pakistanis to perform banking tasks directly from their phones.

On financial inclusion, he stressed the importance of making banking accessible to all, particularly marginalized groups, and highlighted SBP’s initiatives like the National Financial Literacy Program, branchless banking, and the Banking on Equality Policy to improve financial inclusion, especially for women. Regarding sustainability, Mr Chunara mentioned that as climate change becomes a priority, financial institutions must adopt ESG (Environmental, Social, and Governance) practices. He noted SBP's efforts to promote green finance, including the Green Banking Guidelines, encouraging banks to fund environmentally friendly projects, such as renewable energy and energy-efficient buildings. Lastly, the CEO talked about the role of digital platforms in supporting sustainability by helping track environmental impacts and enabling the issuance of green bonds and green loans.

He concluded the presentation by emphasizing that capacity building institutes must collaborate with Banks, regulators, and financial institutions to build a more resilient, inclusive, and sustainable banking ecosystem. "As we move forward, it is essential to recognize that NIBAF Pakistan cannot succeed in isolation. The support and collaboration of the industry are crucial to our collective success. We look forward to working together with all stakeholders to drive meaningful advancements, and achieve outstanding milestones in the years ahead."

Following Mr Chunara's presentation, Mr Das expressed his gratitude to him for joining the meeting virtually. He also extended special thanks to NIBAF Pakistan for its invaluable contribution to the APABI quarterly newsletter, APABI Focus, acknowledging the significant role the organization has played in enriching the content of the publication.

Key highlights by other delegates present at the meeting included Cambodia's introduction of a Branch Management Program and a Learning Management app to help future bankers, Hong Kong's drive to become a talent development hub by 2030, and Malaysia's creation of a Future Skill Framework to help banks meet evolving needs.

Institutes from Mongolia and Nepal showcased their efforts to localize content and develop risk management software, while Vietnam's newly inducted Banking Academy of Vietnam (BAV) discussed its efforts in customizing training programs with commercial banks. South Korea and Taiwan shared their focus on digital transformation, fintech, and sustainable finance initiatives, while the Philippines emphasized the importance of a 'Train the Trainers' program for effective knowledge transfer.

Mr Alastair Graham, Secretary General of the Global Banking Education Standards Board (GBEStB), was invited as an observer to share his insights. He brought attention to the crucial area of Ethics Education in banking. With Fintech rapidly transforming the banking landscape and many institutions cutting costs, Graham noted a deterioration in the quality of staff. He urged member countries to join the GBEStB Board for Research & Development efforts, which are being supported by the International Finance Corporation (IFC). By enhancing the ethical foundations of banking curricula, Graham emphasized the need to maintain high standards amidst the challenges posed by new technological trends.

The conference underscored the importance of ongoing collaboration, with discussions around establishing informal groups for heads of member institutions to meet biannually. This initiative aims to ensure continued engagement and provide a platform for sharing research and learning across the region.

Further, members agreed to continue their efforts to align global banking standards with local needs, as advocated by the UK's GBEStB and supported by countries like the Philippines and Nepal. A proposal was also made to create an Academic Committee within APABI to facilitate the exchange of knowledge and research.

The meeting included insightful country reports, sparking valuable exchanges of best practices. The Secretariat also provided updates on the APABI FOCUS quarterly newsletter, discussed key initiatives for 2025—such as the proposed 2nd APABI Virtual Roundtable and upcoming member surveys—and announced that Cambodia-IBFKH is tentatively selected as the host for the 2026 APABI program. Governance enhancements were also discussed, aimed at strengthening our network's impact and collaboration.

At the end of the conference, Mr Das thanked all delegates for their active participation and shared experiences, emphasizing the potential for greater collaborations and partnerships in the future. The meeting was adjourned, marking another step forward in strengthening the APABI network.

This year's conference highlighted the collective progress made by banking institutions across the Asia-Pacific region and set the stage for more impactful partnerships in the years to come.

HIGHLIGHTS OF MARKETING AND SALES ACTIVITIES

October - December 2024

Customized Training

The Marketing and Sales team of NIBAF Pakistan arranged a customized training for MCB bank in Lahore. This 03 days' training on Compliance Risk Management was held from October 3-5, 2024 where 22 employees of MCB bank participated. Another 05 days' Branch Manager Certification Program (BMCP) certification program was arranged in Islamabad. This certification program was arranged for Bank of Azad Jammu and Kashmir (BAJK) and this training was started from October 21 to 25, 2024 where 22 employees of the bank participated. There was another training specifically for MCB bank in Lahore. This training was held on October 31, 2024 where 35 employees of MCB bank participated in this classroom training on Prize Bond Handling & Prize Bond Management Guidelines and Penalty Structure for Banks.

Another customized training Leadership Program for Senior Management, was conducted for BAJK. It was 02 days training program held in Islamabad from November 9-10, 2024 where 13 participants attended. A customized training on SME Capacity Building was arranged for MCB employees. The 02 days' training program was held in Lahore from November 13-14, 2024 where 34 participants marked their attendance. Another training was conducted specifically for BAJK on Compliance Risk Management Program. It was a 05 days training program held in Muzaffarabad from November 25-29, 2024 where 26 participants marked their attendance.

Testing Services

An assessment test was conducted for the employees of Bank AL Habib Limited on "Operation Manager Certification Program (OMCP)". There were 51 participants in this assessment and it was conducted on 18 October, 2024 in Karachi, Lahore, Multan and Islamabad. Another assessment drive was conducted for Federal Board of Revenue (FBR) employees. It was typing speed test held on December 8, 2024 for 400 employees in Karachi. Another re-assessment test was held for the employees of Bank AL Habib Limited on Operation Manager Certification Program (OMCP). There were 23 participants in this re-assessment, conducted on December 12, 2024 in Karachi, Lahore, Multan and Islamabad.

Recruitment Services

The Marketing and Sales team of NIBAF Pakistan arranged computer based online recruitment drives for the post of 'General Banking Officers' (females) for Sindh Bank Limited. There were 03 test centers established, one in Karachi on November 4, 2024, and two in Lahore and Islamabad, both held on November 7, 2024 respectively. 201 admit cards were issued to the shortlisted participants at all three examination centers.

The 2nd batch of computer-based online recruitment drives for the post of 'General Banking Officers' (females) for Sindh Bank Limited was also conducted. 102 admit cards were issued to the shortlisted participants in total at the Karachi center, whereas this recruitment drive was conducted on December 28, 2024.

ISQ Fast Track

Marketing and Sales team of NIBAF Pakistan arranged the ISQ Fast Track Stage 1 drive for Bank AL Habib Limited. The bank registered 87 Graduate Trainee Officers (GTO) for the ISQ Stage 01 exams under this route, scheduled from October 14-17, 2024 in Karachi, Lahore and Islamabad.

Another drive for Bank AL Habib Limited was arranged for their Trade Officer Batch (TOB). Exams were scheduled from October 21-24, 2024 where 24 officers appeared.

ISQ Fast Track awareness sessions were arranged for university students in Multan and Bahawalpur. An awareness session was arranged in Bahauddin Zakariya University (BZU), Multan on November 4, 2024 and another session was arranged in Islamia University of Bahawalpur on November 5, 2024.

Training Session on SME Capacity Building Program, organized for MCB

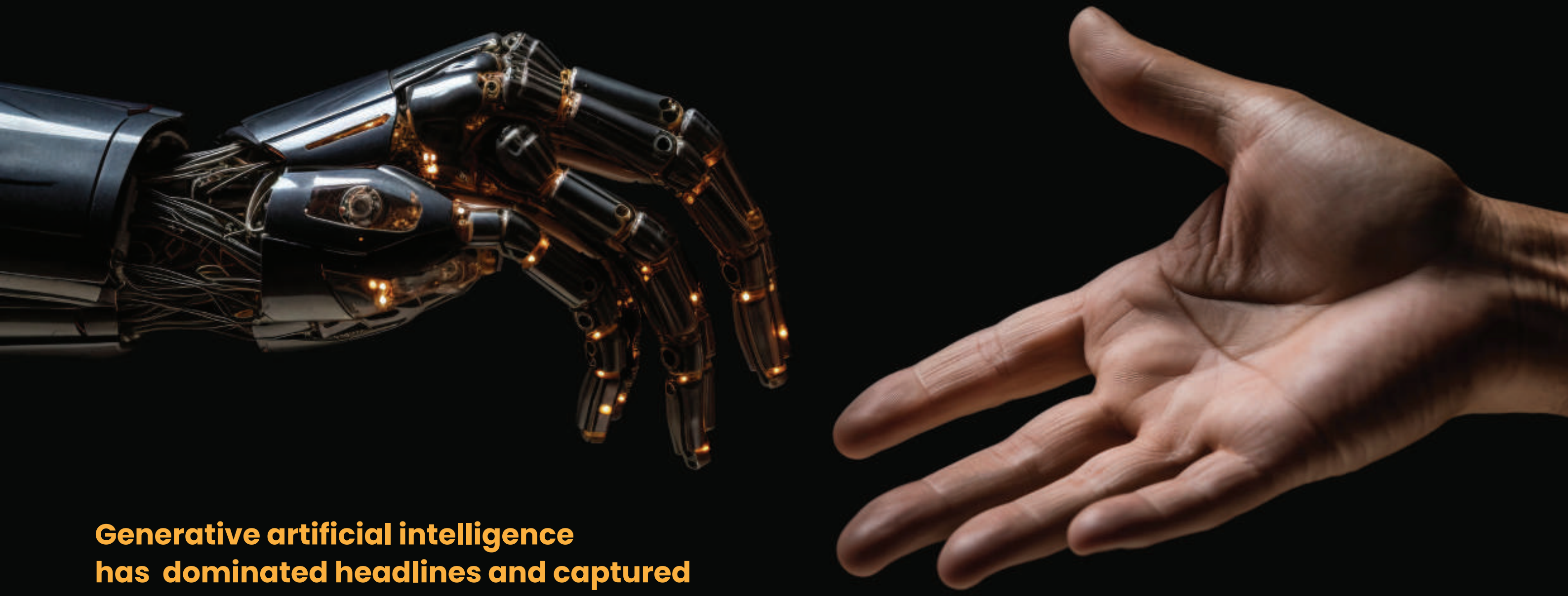
ISQ Fast Track Awareness Session was arranged in Bahauddin Zakariya University

Online Recruitment Drive for the General Banking Officers (Female Batch-1)

Online Recruitment Drive for the General Banking Officers (Female Batch-2)

A 3-day Training Session on Compliance Risk Management was held on 3-5 October, 2024

The Genie is out of the Bottle



Generative artificial intelligence has dominated headlines and captured the imagination of the global business community with its promise of enhancing human creativity, boosting productivity and revolutionizing communication. But what use cases have been implemented in the FS sector to date, and what does the future hold for this fascinating technology?

"There is much hype around generative AI [gen AI] at the moment. It's the number one topic that financial services firms discuss with us," says Dr James Bowden, Senior Lecturer, Accounting and Finance, Strathclyde Business School.

"Firms want to know how to incorporate it into their systems to help simplify compliance, and engage in horizon scanning," he explains.

Despite significant enthusiasm for gen AI's potential, there are few current use cases in the FS sector, and those that do exist are relatively narrow in scope. "There are hundreds of gen AI projects going on, but the overwhelming majority are still in the development phase," he continues. "The current number of use cases is actually quite small.

"Most are low-risk use cases used in internal systems, to help improve operational efficiencies, extracting and summarizing key information from the wealth of qualitative financial information that exists. But we're talking about gen AI as a decision-support tool rather than a decision-making tool. I suspect that's going to be the case for quite a while to come," he adds.

Searching for Use Cases

A recent report by Golman Sachs, entitled Gen AI: too much spend, too little benefit? highlighted that more than $1 trillion is set to be spent on gen AI in the near future, but questioned whether this investment would pay off given the high costs involved and the lack of a decisive use case for the technology.

However, Bowden believes that gen AI can make a significant impact on the FS sector. He is a co-investigator at the Financial Regulation Innovation Lab research program and has been exploring applications for simplifying compliance using AI, working in collaboration with FinTech Scotland and the University of Glasgow.

"We're working on the development of a prototype of a large language model [LLM] that's integrated with a large vision model [LVM]. It gives the consumer a kind of a visual avatar they can communicate with that helps them explore and summarize complex terms and conditions," he explains.

Such an application has the potential to help FS firms comply with regulation such as the Financial Conduct Authority's (FCA's) Consumer Duty act. "This would vastly improve the consumer experience. Given the emphasis the FCA has placed on the Consumer Duty, you can see how this could be potentially extremely beneficial," says Bowden.

> **When it comes to readiness to implement ai technologies, banks have multiple advantages."**
>
> **Wendy Redshaw,** Chief Digital Innovation Officer, Retail, NatWest Group

Overcoming Barriers to Adoption

The rise of AI-generated deepfakes, a particular risk in the FS sector, is just one example of several factors that can potentially undermine trust in gen AI if the issue is not brought under control. However, gen AI also has the potential to combat financial fraud. "We're also building models for detecting financial fraud such as deepfakes, because the genie's out of the bottle now," adds Bowden.

Another challenge is the question of the reliability of gen AI models, which are prone to the phenomenon of 'hallucinations', where apparently factual information is, in fact, a total fabrication. This can include references and citations pointing to non-existent sources (a particular problem in academia, Bowden observes), invented names or fictional biographical data, to name but a few examples. A recent real-world example of an AI hallucination is that of a New York attorney who used an AI chatbot to perform legal research. The result was that they accidentally cited bogus legal precedents that did not exist.

"Hallucinations are an inherent limitation in these gen AI models," continues Bowden. "There are ways to address them to some extent, but they are always going to exist," he warns. One step that can be taken to overcome the potential unreliability of gen AI outputs is to engage in a process known as 'grounding', whereby gen AI outputs are constrained by pre-defined information.

Bowden points to the example of Morgan' Stanley's new generation AI tool, announced in September 2023, which enables financial advisers to rapidly consult the bank's database of more than 100,000 financial documents.

"Morgan Stanley using gen AI to query its internal documents is an example of 'grounding', which involves connecting the outputs of gen AI models to verifiable data sources, which limits the potential for hallucinations," explains Bowden.

One of the reasons hallucinations can pose a problem for the use of gen AI in the FS sector is that it raises the risk of falling foul of a growing range of AI regulation, such as the UK's proposed Artificial Intelligence (Regulation) Bill and guidelines set out in its 2023 White Paper as well as wider legislation such as the EU's Artificial Intelligence Act, which came into force on August 1, 2024.

"The issues of explainability, trust and fairness are featured quite heavily in the UK's AI framework," says Bowden. "These issues need to be addressed if we are going to see these models used in more external-facing processes and client-facing environments. I think that's why FS firms are treating these matters with caution."

Human Error vs Machine Error

Some of the challenges presented by gen AI, such as hallucinations, may be technical in nature, but accountability could ultimately rest with the humans using these tools. "The FCA's Consumer Duty places an emphasis on fairness, explainability and traceability," says Bowden. "But, ultimately, it's the human that is responsible for these issues rather than the model, so there needs to be accountability there.

"And we're not just talking about regulation, there's also the potential for reputational damage caused by gen AI. We've seen instances before where machine learning [ML] has been used for lending decisions and there have been biases in the models. And that's led to vast amounts of negative publicity."

However, it's worth considering that the risks posed by gen AI may be similar to those posed by other technologies. "There are comparisons here with technologies such as self-driving cars, for example," says Bowden. "There are so many accidents on the road every day that are a result of human error, but it takes only one error from a self-driving car and it's all over the news."

This tendency for negative publicity to stifle innovations – rightly or wrongly – may be another reason gen AI use cases are still relatively uncommon. "Human error takes place every day, but we don't read about it as much as if an algorithm makes a mistake," points out Bowden.

While the barriers to the widespread uptake of gen AI are real, he doesn't believe that they are necessarily insurmountable. "If you think about the amount of investment that is going into this space, if it's going into the right areas and is addressing the deficiencies in these models, I can see a scenario where these models are incorporated into decision-making roles within the next 10 years or so," he predicts. "If we can get it right, I can't see why we won't have a pipeline of extremely useful gen AI tools coming through."

Let's See What Cora Says...

One example of a bank at the forefront of implementing gen AI is NatWest, whose Cora chatbot is getting a gen AI upgrade in the form of Cora+. So how is the bank leveraging gen AI for this new iteration and how can the tech deliver even more responsive services to customers?

"In 2017, we introduced Cora as a 24/7 AI-powered digital assistant to answer day-to-day banking queries and carry out simple instructions," explains Wendy Redshaw, Chief Digital Innovation Officer, Retail, NatWest Group.

"Over time, Cora has evolved through natural language processing [NLP] and machine learning [ML], and has incorporated more advanced capabilities, including voice recognition, to enhance the customer experience," she explains.

"In 2023, Cora helped 10.8 million customers resolve their banking queries – so this constant evolution of our 'digital companion' made the iteration to include gen AI alongside 'traditional AI' as an obvious one to explore," she adds.

"With gen AI, customers can ask questions and receive responses in a more natural, human style," she continues. "For example, previously, when a customer asked Cora about a mortgage or lending product, a link would be provided to a helpful but general page, and the customer would then perform a degree of research themselves from the different options within the page. Now, Cora+ will be able to understand the context and nuances of each customer query and will provide more accurate and personalized responses for certain journeys."

> **Human error takes place every day, but we don't read about it as much as if an algorithm makes a mistake."**
>
> **Dr James Bowden,** Senior Lecturer, Accounting and Finance, Strathclyde Business School

Balancing Opportunity with Risk

Despite the need to take the development of gen AI at a cautious pace, Redshaw thinks banks could be well placed to benefit from this technology. "When it comes to readiness to implement AI technologies, banks have multiple advantages," she says. "The laser focus on customer benefit alongside data, risk, governance, and a highly proactive cadence of releases means that we're well set to learn quickly and deploy at pace," she explains.

"There's been a huge step forward in terms of readiness, and much of that has come from building on existing competencies – for example extending existing data and ethics principles to include AI."

NatWest has also been focusing its gen AI applications on areas where such implementation is appropriate and well considered. "There is also the ability and need to be discerning on appropriate use cases in banking due to the rigor of our governance," says Redshaw. "For example, some customer journeys need to be demonstratively consistent from a regulatory perspective whereas others can have a degree of flexibility."

While NatWest is aware of the potential benefits of gen AI, the bank is also mindful of the need to balance opportunity with risks. "As with any new opportunity, the introduction of a new approach, model or technology is subject to formal processes to evaluate and manage risk well within a bank," she stresses.

"However, it is vital that these processes are enhanced by a strong culture – one that has properly internalized what customer benefit looks like, and is capable of creatively scenario-planning, debating risks constructively, and then working transparently and collaboratively across business lines to mitigate them."

As well as putting risk management processes in place, Redshaw believes that employees should be supported to better understand the uses and limitations of gen AI. "As with any emergent technology, we must be mindful of privacy, ethics, and the risks associated, ensuring we have the right safeguards in place for our customers and our colleagues," she says.

"This must be front-and-center in our employee education too. With gen AI appearing so 'human-like' in its responses, it can be easy to make assumptions about the level of intelligence and understanding that it has," she cautions.

"Education is an important aspect of helping people to understand the technology – and, specifically, what it can, and cannot, be expected to do," she adds. "Testing assumptions, thinking outside the box, and exploring 'what-if' scenarios can all help to guide understanding and appropriate use of the technology."

Caution, Care and Consideration

Given the complexity of applying gen AI within a banking context, how long will it be before other banks follow in the footsteps of NatWest's gen AI journey?

"We're happy to be leading the industry on this, but we're mindful that the pace and breadth of development in this field is fast, and probably will get faster," says Redshaw. "It feels like the industry is still at the stage of getting all the cards out on the table – looking at what 'could' be, before getting to a more focused view of what 'should' be, rolled out. And this makes good sense.

"My expectation is that other banks will follow in our footsteps; however, my hope is that any gen AI roll-out is undertaken cautiously, and with appropriate consideration – not just in terms of appropriateness of use case, and protection of customers or colleagues, but also in terms of the potential environmental impacts of gen AI, with its higher energy requirements."

While the gen AI revolution may not be upon us just yet, Redshaw believes that more use cases are soon to follow. "In 2023, we identified more than 100 priority use cases for AI – and in particular, gen AI."

She concludes: "We anticipate that this innovative technology will offer a few transformative 'hit shows' and yield many others that focus on improving the way that existing products and processes provide enhanced capability or more efficient support for our colleagues and customers." ■

This article originally appeared in the ISSUE 2 2024 of Chartered Banker magazine and is reproduced by kind permission of the Chartered Banker Institute.


Bank Alfalah
The Way Forward
Best Bank For Digital Excellence 2022, 2023, 2024
Best Bank For Customer Engagement 2024
Bank Alfalah
Current Account
BRINGS MULTIPLE BENEFITS INCLUDING:
Free Cheque Book
SMS Alerts
Rs.
Local Funds Transfer
E-Statements
Orbit
REWARDS
Orbit Reward Points
Scan QR Code to Access
Bank Alfalah WhatsApp
021 111 225 111 | www.bankalfalah.com
/BankAlfalah /BankAlfalahOfficial /bank_alfalah /@bank.alfalah
*Terms & Conditions apply
Customers may register their complaint through SBP's customer complaint management service 'Sunwai' (https://sunwai.sbp.org.pk.)

The Race is on to Outfox Deepfakes

As the limits of AI continue to expand beyond our immediate comprehension, what actions can banks take to mitigate the risk from cybercriminals intent on deceiving customers and disrupting the business world?

Artificial intelligence (AI) is changing the banking landscape, for better or for worse it still remains unclear. While there are opportunities on the horizon across multiple sectors, the more pressing issue for FIs is not only the risk to their own infrastructure and security but that of their customers.

"We are currently in the middle of an AI storm. It hasn't been around for that long, is developing quickly, and needs to be harnessed in a way that's safe to do so," explains Christian Garcia, CEO, Trusted Novus Bank.

The Devil is in the Data

Today AI can generate compelling content in multiple media formats. Better written text or authentic audio may be more believable to our eyes and ears, but data scrutiny may reveal otherwise. Dr Viktor Dörfler, Professor of AI Strategy, University of Strathclyde explains that generative AI (gen AI) 'hallucination' – whereby AI creates false information – is not a convincing concept, because it suggests that AI is making the wrong predictions based on incorrect or biased data. "This is wrong for two reasons. First, it is human to hallucinate, and we shouldn't attribute it to AI. Second, it suggests that something isn't working properly," he explains.

Human beings make relative assumptions based on their own interpretations of information that is not necessarily valid. Similarly, AI does exactly what it is programmed to do. "The essence of gen AI is to observe input patterns and then generate patterns that are similar to the ones served as input," says Dörfler.

AI output can only be as sophisticated as the data input by criminals – the humans behind the technology. "However, the more digital traces we leave online, the more data there is available for criminals to use to train these AI tools," says Jochem Hummel, Assistant Professor, Information Systems Management and Analytics Group, Warwick Business School.

Sorting out the Fact from Fiction

As the sophistication of AI increases, it may become more difficult for banks and customers to differentiate between a fake and the real thing. "Not only can AI impersonate a banker, but also friends and family. It can even emulate you as a person," cautions Hummel.

"Banks also may have to contend with the clever falsification of documents; AI has the ability to create fictitious documentation that supports the identity of an unreal person – in essence, a documented life," says Garcia.

Believing something that doesn't exist is the bedrock of the AI threat to UK banking. "Replicating someone's voice is incredibly easy with AI. Even a few minutes of a voice sample from someone means the fake will be so good that, even if you know that person in real life, you might not realize it isn't that person. But you may well recognize disparities in the wording," says Dörfler. The style of how someone talks is an entirely different issue, which is why the gen AI element is so important. "You may recognize that the person you know doesn't speak in that way or use those phrases in sentences," concludes Dörfler.

Augmentation, the collaboration between AI automation and human expertise, is where the real risk lies. "While automation creates impersonation, the scammer adds valuable details that can elevate the scam," says Hummel. "AI scammers are simply tapping into everyday technology available online – all they need is some of your own data to make quite a good impression of you," he explains. "However, for fakes to be truly believable, you need both a high quantity and quality of data – and currently, the abundance of data is low in quality," continues Hummel.

Banks and their customers should be more concerned about the details scammers seek and use to make their fakes more believable. "Criminals can use quality data – such as address, mother's maiden name, date of birth – to enhance their scams," explains Hummel. "These are details banks currently use for their security checks, and consumers are often giving this information – and more, such as fingerprints and photos – away without realizing the risks. It only takes one good hacker to gain access to the cloud, where this data is stored, and impersonate you," he continues.

> "We are currently in the middle of an AI storm. It hasn't been around for that long, is developing quickly, and needs to be harnessed in a way that's safe to do so."
>
> **Christian Garcia,** CEO, Trusted Novus Bank

Fight Fire with Fire

In terms of deepfake scams, the biggest challenge facing banks is their difficulty in recognizing the real voices of their individual customers. "Only real people can do that," argues Dörfler. "Banks have to commit to an expensive race. They need the latest detectors as a minimum wall of defense. However, AI scammers will also be in that race. Sometimes the industry will be ahead, sometimes the criminals will be ahead. While banks' efforts may not provide a robust solution, doing something is better than doing nothing," he explains.

Hummel argues that technological solutions are a bank's best bet. "While banks have very basic technological means of defense, such as two-factor authentication, there are more advanced options available nowadays, like 360-facial recognition scans or face-to-face video checks.

"Traditional banks seem to be lagging behind FinTechs, which are swift in their adoption of new fraud-prevention technology. For example, high-street banks still rely on sort code and bank account numbers. The problem with this data is its relevancy and availability to criminals, if you lose your card or phone. Meanwhile, digital-native competitors are using QR payments or single-use cards. This data, though readily available, quickly becomes irrelevant," adds Hummel.

Dörfler agrees that the commitment to technology is key. "For banks, the technology required to tackle the threat from technology itself is a money-consuming race in which there is no choice but to partake," he says.

Transactions are also happening so fast that scams can easily go unchecked. "Payments are almost instant, so it may be difficult for customers to recall transactions," says Hummel. "This creates a sense of urgency in mitigation practices, which could include AI tools that filter out unusual transactions. Pre-emptively, it could block anything suspicious and then wait for the bank to confirm the validity of the transaction with the customer."

Trust in Intuition, Urge Caution

The vulnerability of human nature shapes our propensity to fall victim to criminal exploitation. Scammers pray on people's desires and emotions and on our brains that are wired to solve puzzles and find solutions. However, banks can leverage people's intuition. Our basic instinct is an internal repository of wisdom gained, lessons learnt and memories made, offering us invaluable insights without the need for conscious cognitive dialogue.

"If something feels off, then it probably is. Learning how to trust these feelings is key," advises Dörfler. "I believe that empowering our human intuition will become one of the most important security measures against AI fraud."

Inconveniently, the impetus falls on everyday individuals to figure out friend from foe. "While doubt puts people on high alert, they must rely on simple actions, such as checking the details of the message and verifying the identity of the sender – however believable both may be," he advises.

Hummel argues for the need of a collaboration entity between banks, governments and educational institutions. "People must be made aware of what AI can do and how we can develop and safeguard against its criminal activities," he says. Personalized campaigns that speak to individuals across the generations could help get the message across. "Reaching people to warn them about what AI can already do with their data, that's already available online, could help them become more cautious," he adds.

Garcia agrees that education and awareness are key. "We're learning all the time and have to keep abreast of the risks. Take social media, for example. Many fraudsters use it to learn about their potential victims, so we need to be more careful when socializing online."

> "For banks, the technology required to tackle the threat from technology is a money-consuming race in which there is no choice but to partake."
>
> **Viktor Dörfler,** Professor of AI Strategy, University of Strathclyde

English is the Reluctant Language of Crime

The prevalence of AI scams targeting customers within the UK banking sector could be down to the global use of the English language. "Many of the world's banks are British or, at least, English-speaking. For many multinational businesses, it's the main working language, so it all adds up," says Dörfler. "I think it's also equally important that the English language is far better processed than any other language, with an abundance of voice recordings. So, generating spoken text in English is far easier," he explains.

Hummel agrees on AI's proficiency of the English language. "English is the lingua franca of AI. Most of the training occurs in English because of the vast quantity of data available," he says.

However, Garcia believes that the prevalence of the English language doesn't need material attention when addressing the risks of AI. "English is widely spoken, yes, but it's not the only language. Asian languages cover a huge population and geographic scope. Many cybersecurity threats have originated in Eastern Europe and further afield."

Scammers may use the English language to their advantage, but customers can rely on their intuition. "Banks say that they will never ask you for your pin over the phone – and they don't. Customers require a degree of discipline. Criminals who deploy deepfakes rely on catching their victims off guard. After all, why would you have your guard up when you hear a familiar voice? Changing this is not necessarily a good thing – no one wants to have their guard up when among friends. However, more awareness can be useful," warns Dörfler.

Don't Blame the Tech itself

From data bias and privacy to transparency and accountability, AI cannot escape the pressing question of ethics. However, should the worker blame their tools? "AI does not actually have an ethics problem. Ethical issues derive from human beings and not computers. AI may make ethical issues more visible, but they are not tied to the technology itself."

While new generations emerging from digital-native environs may appear more technology-smart, and better able to spot deception, awareness shouldn't be a given. "The point is that people who aren't criminals don't think like criminals and find it very difficult to do so. Though it may not be our natural way of thinking, we need to be told that fraud can be committed – and by people who want to do harm," says Dörfler.

Hummel wonders whether an AI version of a human accountant could be an alternatively viable line of defense. Major B2B transactions typically evade fraud because there is usually an accountant acting as a conduit to ensure legitimacy. "An accountant builds that credibility that we all take for granted in our everyday transactions," he says.

Regulation has often been needed to engender ethical practices in business. "There's already discussion whether AI should be regulated across the board, or simply overseen by financial regulation. Either way, there is still much work to do," observes Garcia. "We need to collaborate between constituents of the sector, with continuous monitoring and auditing to detect biases and errors in AI systems, to ensure transparency and honesty about the ongoing risks," he urges.

The 'Wars of the AIs'

FIs cannot tackle scams on an individual basis, but they can urge caution and vigilance. However, banks can begin leveraging certain detection tools, which are constantly evolving, to help tackle fraud collectively. "The same people who are building the AI tools that can create deepfake are also making the best tools to detect those deepfakes," explains Dörfler.

Hummel argues that AI has become bifurcate. "We are seeing the 'Wars of the AIs' play out, with well-intentioned AI battling malicious AI," he explains. While players on either side look to outmaneuver the other, banks that invest in data-security technology can sharpen their competitive edge. "With AI, banks are usually behind the eight ball. They need to constantly innovate to overtake scammers and beat them at their own game," says Hummel.

Garcia points out that whenever there is business to be done, there will be interested parties. "Banks must ensure that the security technology they use cannot be overridden by AI technology, especially when in the wrong hands. Software security providers will be very interested, working full steam ahead in improving tools. Just like the boom of antivirus software, there will be businesses wholly focusing on AI protective software."

AI will enable banks to better identify AI fraud and scams, reducing the workload of professionals who can focus on more complex cases. Dörfler believes that standardization at global level will have an important part to play, with ISO guidelines reinforcing the UK's regulatory landscape. "It's in all but the criminal's interest," he concludes. ■

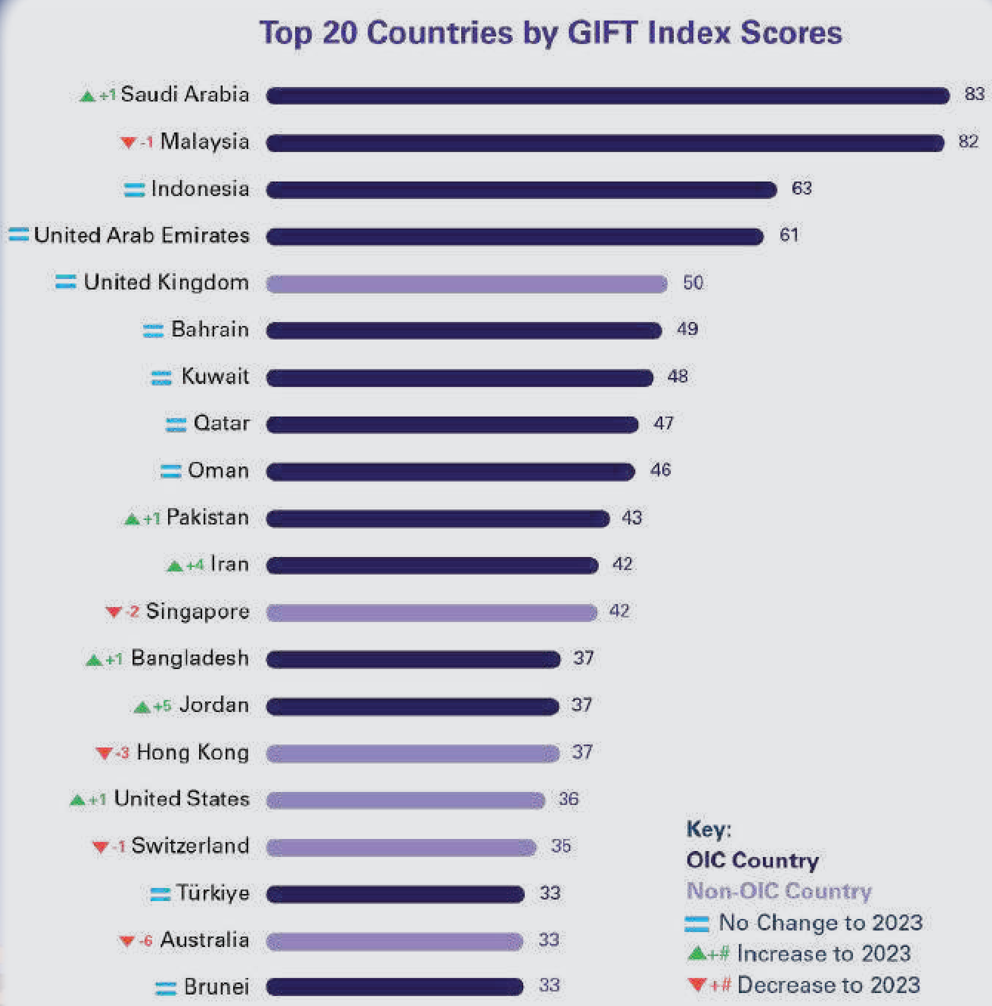
This article originally appeared in the ISSUE 2 2024 of Chartered Banker magazine and is reproduced by kind permission of the Chartered Banker Institute.

111-331-331 & 111-331-332 www.meezanbank.com

Pakistan Rises to Top 10 of

Global Islamic Fintech Index for the First Time

Saudi Arabia ascends to the top of the GIFT Index for the first time with Malaysia, Indonesia, the UAE and the UK completing the top five.



Results:
Saudi Arabia ascends to the top of the GIFT Index for the first time solidifying years of growth in the Islamic Fintech sector.

Top 10:
Other than the change at the top, Pakistan rises to the top 10 for the first time with the remaining constituents maintaining their place. The UK ranks as the only non-OIC jurisdiction in the top 10

Top 20:
As OIC countries strengthen their ecosystems, non-OIC countries decline in the ranking for the second year running with the UK (remaining at 5) and the USA (rising to 16th) the exceptions.

The Global Islamic Fintech (GIFT) Index is the only systematic index for global Islamic Fintech

Index Overview:
There are an increasing number of countries with growing Islamic Fintech activity, or are well-placed to facilitate such activity. As such, a clear need exists for a relative comparison of each country, and the 'Global Islamic Fintech Report 2024/25 - GIFT' available at https://shorturl.at/kHdEp presents the only Global Islamic Fintech (GIFT) Index. This Index represents which countries are most conducive to the growth of Islamic Fintech Market & Ecosystem in their jurisdictions.

Inclusion Rationale:
The index comprises an overall ranking of 64 OIC and non-OIC countries. These countries were included on the basis of their existing Islamic Fintech market activity, the presence of Islamic finance capital (a facilitator of growth in Islamic Fintech), or due to their systemic importance to the wider global Fintech ecosystem (e.g. China, Japan).

Methodology:
The index applied a total of 19 indicators across five different categories for each country. These five categories are: Talent; Regulation; Infrastructure; Islamic Fintech Market & Ecosystem; and Capital. After normalization, the respective indicator values were summed up at the category level by country. These were normalized, after which these categories were weighted in order to derive an overall score, with a heavier weighting given to the Islamic Fintech Market & Ecosystem categories, since this is the most indicative of a country's current conduciveness to Islamic Fintech specifically.

For a detailed explanation, please refer to Appendix 1
https://salaamgateway.com/specialcoverage/islamic-fintech-2024

ROLE TO BE PLAYED BY BANKS IN ACHIEVING THE OBJECTIVES OF GO-GREEN

By: Shahvez Khan

Begin to weave and God will give you the thread. Earth has been facing stern environmental issues from the past several decades that demand moving heaven and earth before the ship has sailed. Environmental issues like global warming, climate change, water and air pollution, deforestation and inadequate solid waste disposal are matters of grave concern, and huge threat for the inhabitants of this planet. Unfortunately, the corrective measures adopted so far have not been up to the mark, and at times, ignored like an elephant in the room.

The greatest threat to our planet is the belief that someone else will save it.
– Robert Swan, Conservationist, Speaker and Polar Explorer.*

In recent times, banks play a critical role in the overall economic activities and development of a country. Banks pool funds from individuals and entities and utilize the same to facilitate local and international trade in economic sectors of agriculture, industrial and services. Significant role of the banks in economic activities of a country places greater corporate social responsibility (CSR) on their shoulders to adopt environmental friendly measures. They need to go an extra mile in creating awareness among the masses regarding the impending environmental threats to planet Earth by highlighting its grave consequences and adopting remedial actions under their reach.

A stitch in time saves nine; thus, adopting green banking practices is the need of the hour to augment eco-friendly effects on the environment. The term 'Go-Green' refers to pursuing knowledge and practices that lead the way to more environmental friendly lifestyle, to help protect the environment and sustain natural resources.

In this regard, the State Bank of Pakistan (SBP) issued Green Banking Guidelines vide IH&SMEFD circular # 8 dated Oct 09, 2017, advising therein that banks must adopt to curtail the adverse impacts of businesses on the environment. It encourages banks to go green by embracing environmental friendly practices in daily operational activities. It further proposes promoting paperless/ electronic banking channels, as well as lending for eco-friendly products like renewable energy, electric/ hybrid cars, water conservation projects etc.

Why Go Green?

Before we evaluate the advantages of going green, let us first analyze the reasons that make green banking indispensible in the prevailing situation. Below are some of the threats that have made Go Green practices inevitable to save the earth from further deterioration and catastrophic events.

i) Global Warming and Climate Change: Global warming refers to the increase in earth's average temperature due to human activities primarily comprising of fossil fuel burning due to industrial revolution. The atmosphere carries greenhouse gases which are responsible to contain heat close to the earth's surface that would otherwise escape. Hence, an increase in the concentration of greenhouse gases causes higher atmospheric temperature, leading to global warming.

The road to hell is paved with good intentions. Since the industrial revolution, global annual temperature increased by more than 1° Celsius between 1880 and 1980. Since 1981, the rate more than doubled, and increased by 0.18° Celsius per decade during the last 40 years.

The nation that destroys its soil destroys itself.
– Franklin D. Roosevelt, 32nd US President

At present, power generation needs are fulfilled by burning coal, oil and natural gas resulting in large chunk of global emissions. Manufacturing activities to produce cement, iron, steel plastic etc. entail burning fossil fuels that result in enormous levels of carbon dioxide and other greenhouse gases. Moreover, transportation facilities comprising of airplanes, ships, cars, trains etc also run on fossil fuels contributing heavily in the release of harmful gases, especially carbon dioxide. Currently, residential and commercial consumers use half of all electricity globally which is produced by coal, oil and natural gas causing significant greenhouse gas emissions.

According to Dr Shamshad Akhtar, chairperson Pakistan Stock Exchange, climate change in Pakistan has resulted in a loss of over half a percent of GDP, resulting in USD 3.8 billion of annual economic losses. The consistent rise in global warming over the last several decades has led to climatic changes across the globe resulting in rising sea levels, disappearing glaciers, severe droughts, floods, wildfires and diseases, which have been the key drivers to poverty, displacement, hunger and social unrest.

ii) To Protect Natural Resources: Forests have the characteristic to absorb high amount of carbon dioxide gases; hence, cutting down trees adds insult to the injury, resulting higher levels of carbon dioxide in the atmosphere leading to pollution and global warming.

Each year Earth loses around 14.6 million hectares of forests worldwide. Deforestation accounts for 15 percent of world's greenhouse gases which is a sizeable figure and a matter of deep concern. Besides, other natural resources like coal, oil and gas are being used to fulfill power generation needs resulting in their exhaustion at a rapid rate.

Furthermore, supplies of freshwater are severely stressed with over 1.4 billion people living in drainage basins where the usage of water exceeds recharge rates. The situation is leading to water scarcity due to desiccation of rivers and exhaustion of groundwater.

iii) Conserving Energy: Conservation of energy is inevitable to reduce the demand for earth's natural resources. It refers to using less energy by altering out habits and behavior. When we decrease the amount of energy in use, we indirectly inhibit fossil fuel depletion and make the environment cleaner and healthier. Espousing green practices could certainly aid in conserving energy through better utilization of resources.

** The first person in history to walk to both the North and South Poles.*

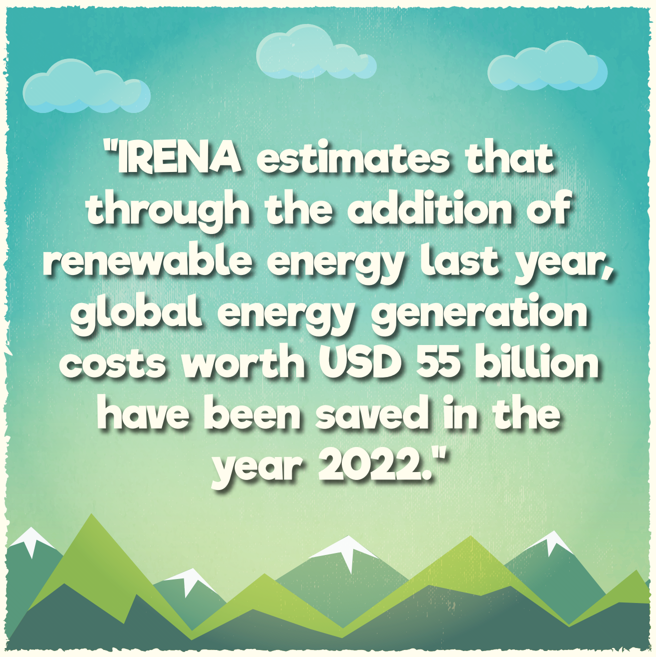
iv) Save Human and Animal lives: Fossil fuels are non-renewable resources that have impacted the environment badly. Constantly rising levels of pollution in the air and water, inefficient solid water management practices and deforestation have brought various animal and plant species to the brink of extinction. Moreover, they have also affected human heath adversely by making allergies, asthma, and infectious disease outbreaks a common phenomenon, especially in the urban areas.

v) Corporate Social Responsibility (CSR): Corporate Social responsibility refers to the awareness of environmental threats and ethical responsibility to take all essential steps for betterment of the environment.

Going Green doesn't start with doing green acts, it starts with a shift in consciousness.
– Ian Somerhalder, Retired Actor, Environmentalist and founder Ian Somerhalder Foundation (ISF)

Corporate Social responsibility demands banks to take all necessary actions or steps in making their operational activities more environment friendly. This concept makes an entity accountable to itself, its stakeholders and public; it also helps in creating a positive brand image of the business. In this connection, banks need to create awareness among their customers about the benefits of going green by promoting the culture of paperless banking, energy conservation and efficient waste management.

vi) Cost Effectiveness: When it comes to cost effectiveness, Go Green practices are extraordinarily economical in comparison to conventional practices in the commercial world. According to International Renewable Energy Agency (IRENA), two-thirds of newly installed renewable power sources in 2021 had lower costs than the world's cheapest coal fired option in the G20. IRENA estimates that through the addition of renewable energy last year, global energy generation costs worth USD 55 billion have been saved in the year 2022.



How to Go Green? – Bank's Internal Procedures and Approach

Being green and clean is not just an aspiration but an action. – Christine Pelosi, American Attorney, Author, and Advocate

It's never too late to mend; hence, banks must promote Green Banking Culture in letter and spirit. Genuine efforts must be made to appraise the impacts of banking operations on the environment. Hence, they should try to promote eco-friendly products that help the banks and their clients in environmental risk management by reducing carbon footprints and related unpleasant environmental impacts.

a) Green Business Policy and Strategy: Banks need to accept the overall responsibility of green banking and develop policy to promote the same. Banks need to have a clear policy statement for providing financing facilities to those business enterprises that manufacture or trade in eco-friendly products. Banks must also devise result oriented and forward looking strategy covering core principles, growth objective and its existing and future customer base. In this connection, they need to set up Green Banking Office or Department with the primary responsibility to develop, promote and monitor green products and services.

> **"Banks need to have a clear policy statement for providing financing facilities to those business enterprises that manufacture or trade in eco-friendly products."**

b) Environmental Risk Management (EnvRM): Banks need to depute specialized staff with expertise to examine and manage environmental risk. These Environmental Risk Managers must be made responsible to develop a comprehensive Environmental Risk Management system depending upon bank's size, nature of financings and investments. The system identifies, mitigates and monitors environmental risks arising from a business's operational activities. EnvRM comprises of the following steps:

i. **Environmental Risk Avoidance List:** Being the precursor, it specifies business activities proscribed under the prevailing environmental laws and regulations.

ii. **Environmental Due Diligence:** It is a procedure under EnvRM that evaluates impacts on the environment of allowing financing facility to a client. This helps in identifying environmental risk parameters and assesses the gravity of their outcome as well as the possibility of their occurrence.

i. **Environment Risk Rating:** It could be defined as an approach that allows a financial institution to analyze the likelihood of a business to impact the environment adversely. Both qualitative and quantitative approaches may be used to evaluate the severity of impact and probability of consequence.

ii. **Environmental Risk Monitoring:** The evaluation tools discussed above support the bank in risk mitigation and may use their outcomes for effective risk monitoring.

- Hence, an *escalation matrix* may be defined with different levels of credit approval authority, depending upon the size, nature and associated environmental risks. It may also define the authority and responsibility of senior management for large projects.

- At the time of sanctioning a loan or its disbursement, bank may ask the borrower to implement specific actions or measures known as *Environmental Improvement Plan (EIP)*. The purpose of EIP is to alleviate potential environmental risk associated with a transaction to an acceptable level.

- Banks may incorporate *Environmental Risk Covenants* in financing contracts to mitigate the environmental risk. Some of these covenants could be, complying with the national and international environmental laws and regulations, implementing management systems in accordance with the International Standards Organization (ISO) standards, regular reporting on environmental performance etc.

- Due to modifications in business setups, environmental risk ratings of a borrower may change. Hence, banks must regularly *monitor and review* the operational activities of these businesses to ensure compliance with the applicable environmental regulations.

v. **Reporting and Documentation:** Banks need to maintain database of non-performing loans (NPLs), where the cause of default is environment related. The purpose of such data is to revisit the prevailing risk evaluation procedures in order to further improve the same.

c) Renewable Energy at the Workplace: Renewable energy refers to the energy which is collected from natural resources like sunlight, air and water. Substantial amount of energy is needed to run daily banking operations, which currently is being derived from fossil fuels. Using renewable energy sources like the solar panels would be beneficial in reducing the consumption of non renewable energy resources. Moreover, as advised by SBP vide Green Banking Guidelines Issued vide IH&SMEFD Circular # 08 dated October 09, 2017 to contain adverse impacts of non-renewable energy on the environment for example by converting ATMs to solar and other renewable sources.

d) Resource Efficiency Measures: Banks must take all possible measures to enhance resource efficiency at the workplace. Such actions could be as simple as using energy star labeled products and appliances in the branch or office, and switching off electrical appliances when not in use. Other measures that could improve efficiency may include replacement of incandescent light bulbs with compact fluorescent bulbs (CFLs), and replacing air conditioner filters on regular basis. Further, usage of Branch LED signage and advertisements must also be curtailed in view of the prevailing energy crisis across the country.

e) Digital Record Retention and Communication: Banks need to exert persistent efforts in reducing usage of paper at the workplace. Measures must be implemented to promote internal communication through the electronic medium i.e. via emails, portals, WhatsApp etc. Further, retention of records and documents may also be maintained in the digital version to save time, resources and cost. In addition, banks must devise plans to advertise their products through the electronic channel comprising of promotional emails, mobile text messages (SMS), and social media platforms like Facebook, WhatsApp, Twitter, Instagram etc.

f) Electronic Meetings and Remote Working: The trend of conducting meetings through the electronic platforms like Zoom, MS Teams, Google Meet and Skype has been increasing with the passage of time, due to their cost and time efficiency. Moreover, various departments in a bank can render their activities remotely, without reporting at the workplace physically on daily basis. Such measures could chip in to conserve energy and reduce pollution by limiting electricity consumption, transportation activities and the usage of paper and other stationeries.

Environmental Risk Managers must be made responsible to develop a comprehensive EnvRM system depending upon bank's size, nature of financings and investments.

g) Recycling / E-waste: E-waste refers to the discarded electrical and electronic items, which are non-biodegradable and thus hamper the environment through soil deterioration, air pollution and water intoxication. Thus, the negative impacts of dumping such appliances, necessitates appropriate disposal measures.

One man's junk is another man's treasure. Banks need to devise procedures through which such obsolete and faulty appliances are given to charitable organizations, NPOs, educational institutions, Trusts etc for further usage. Moreover, these could also be sold out to business entities through tenders / auctions that perform mechanical recycling, by separating and recovering various circuit boards, LCDs, motherboards and other electronic parts. Banks must also ensure that regular maintenance of their electronic and electrical appliances is being carried out to extend their life.

h) Green Marketing and Awareness Program: Banks need to market their products and services which are especially designed to support environment friendly business activities.

Those who have the privilege to know have the duty to act, and in that action are the seeds of new knowledge. – Albert Einstein, Theoretical Physicist

Banks have the responsibility to create awareness among the clients regarding global warming, climate change and the remedial actions available to avoid the situation from worsening further. In this connection, they may use print media, social media platforms, emails, text messages, holding seminars and conferences etc.

i) Mass Transportation: In order to restrain the harmful effects caused by transportation activities, banks may encourage or develop the mobile application for their staff to either use public transport or use carpooling options to reach the workplace. Besides, banks may also accommodate their staff by providing the facility of shuttle bus service. This could be an effective option to transport a large number of people through a single vehicle; consequently, restraining negative environmental effects.

How to Go Green? – Green Banking Products

The proper use of science is not to conquer nature but to live in it. – Barry Commoner, American cellular biologist and educator

In order to promote the culture of green banking, banks must promote Green Banking Products by creating awareness among their customers. Some of such products are discussed as under:

i) E-Banking Products: Electronic Banking is one of the key tools that could be implemented as part of the Go-Green Strategy, to curtail the harmful impacts of climate change. It is a broad term used for banking products and services that provide the required information and offer banking transactions to customers through the electronic medium. Electronic Banking array comprises of SMS alerts, phone banking, e-statements, online banking, mobile banking, ATM cards etc, which can play their part in achieving the objectives of go green due to the following reasons:

- **Paperless Banking Transactions:** Paperless banking transactions facilitate reduction in the usage of stationery items like papers, printer cartridges, as services like retrieval of statements of account, fund transfers, utility bill payments etc could be carried out by the customers electronically through mobile applications and ATM's, etc. In addition, electronic banking transactions may also aid in improving the life span of branch's electrical and electronic appliances, furniture, and fixtures due to infrequent usage. This channel of banking transactions is secured with enhanced level of secrecy.

- **Curtailing Transportation:** E-banking services provide customers with the convenience of retrieving desired information from their homes, offices etc, which reduces the transportation activity associated with banking transactions, hence, containing pollution to considerable extent.

- **Waste Reduction:** As discussed above, e-banking services help in confining the consumption of stationery items, electronic appliances, furniture etc; thus, play imperative role in reducing the wastage of resources.

- **Cost and Time Effectiveness:** The platform of electronic banking provides the customers instant access to their accounts, and allows them to retrieve the desired information or conduct transactions in minimum amount of time. Such products limit the consumption of resources which makes them cost effective.

ii) Green Business Facilitation: In order to promote the culture of going green banks need to promote green business facilitation which may be comprised of the following sectors:

- **Financing for Alternative Energy:** The term alternative energy refers to renewable energy sources like wind, sunlight, water, biomass etc. In this regard, banks may allow running and term finance facilities to entities that intend to switch their businesses to renewable sources of energy. The most common example of such financing that is gaining popularity in Pakistan is the financing for solar panels.

- **Financing for Infrastructure:** In order to avoid the adverse impacts of global warming and climate change, banks may finance for infrastructure related projects for sewerage treatment, water disposal, water conservancy and mass transportation. Such projects could be financed by offering term loans or revolving line of credit at concessional markup rates with flexible conditions, subject to project viability.

iii) Agricultural Techniques and Water Conservation in Agriculture: Banks need to encourage and educate their customers regarding the usage of renewable water resources and adoption of modern agricultural practices for efficient utilization of water. Financing for working capital and term financing facilities may be offered to potential customers to adopt modern irrigation techniques like drip/ trickle and sprinkler. These irrigation systems offer better utilization of water in agricultural activities which assists water conservation by minimizing the wastage.

iv) Green Consumer Finance: Banks need to promote and market below discussed consumer products to encourage the culture of green banking:

- **Green Credit Cards:** Green Credit Cards donate a percentage of each transaction to an organization that fights against climate change. In this connection, banks must make genuine efforts to promote Green Credit Cards to support the go-green campaign.
- **Green Car Loans:** Car loans for the purchase of electric, hybrid and low emission vehicles need to be marketed and promoted with attractive features, like zero processing fee, subsidized interest rates and flexible repayment options. Currently, electric vehicles are at a very initial stage in Pakistan; however, hybrid and low emission vehicles are in significant demand and enjoy sizeable market in the country. This could be effective in reducing emission of harmful gases that contribute adversely to the environment.
- **Green Mortgage Loans:** Consumers need to be encouraged to avail Green Mortgage Loans to either buy a green building or renovate the existing one to make it eco-friendly. Such loans could be offered at subsidized interest rates and flexible documentation requirements.

Conclusion

Don't bite the hand that feeds you. Going Green is inevitable to save the earth by restraining carbon footprints, wastage and depletion of natural resources; it also assists in conserving water, soil and energy. Thus, it prevents the harmful impacts of global warming by containing the amount of greenhouse gases in the atmosphere.

In this context, banks need to exercise their Corporate Social Responsibility and adopt eco-friendly measures in their operational activities. Banks must devise green policies and strategies, and implement the same in letter and spirit. They should modify their internal operations and make them eco-friendlier by using digital medium of communication, curtailing wastage, and switching to renewable energy sources.

Further, banks need to encourage paperless banking by promoting e-banking products. Banks should devise a comprehensive environmental risk management system and conduct environmental due diligence to evaluate impacts on the environment of allowing financing facility to a client. In order to go green, financing for renewable energy, water conservation, modern irrigation techniques and mass transportation projects may be offered at subsidized interest rates. Banks should educate their clients through awareness programs, and persuade them to avail green banking products, to reduce carbon footprints and conserve natural resources. ■

This Essay was awarded 3rd prize in IBP Essay Competition 2022.

REFERENCES

Circulars / Research Journals

SBP's Green Banking Guidelines, IH&SMEFD Circular No.8 dated October 09, 2017

https://www.sbp.org.pk/smefd/circulars/2017/C8.htm (Circular)

https://www.sbp.org.pk/smefd/circulars/2017/C8-Annex.pdf (Guidelines)

Green Banking, Awareness, Challenges and Sustain-ability in Pakistan – Research Study November 2020, Zarai Taraqiati Bank Limited

Green Banking: With reference to Sustainable Devel-opment – Shahid Samad Khan. Shafi Ullah Jan, Bushra Abbas

Web links

https://shorturl.at/l9okx

https://shorturl.at/rkT4a

https://shorturl.at/MzpjV

https://shorturl.at/sckRg

https://shorturl.at/H46lZ

https://tinyurl.com/5453v4un

https://tinyurl.com/52tbbjew

https://tinyurl.com/5bh45hhb

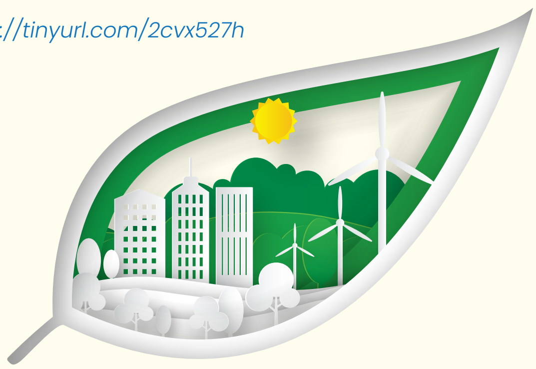
https://tinyurl.com/yvee2f36

https://tinyurl.com/h5nurehw

https://tinyurl.com/yxc3t44y

https://tinyurl.com/mwa8cjf9

https://tinyurl.com/2cvx527h



IMPLEMENTING ESG IN THE BANKING SECTOR

A Transition from Voluntary to Mandatory Practice

By: Kamran Ahmed Hashmi

Green Banking Guidelines were introduced by State Bank of Pakistan in 2017, marking the adoption of ESG concepts by Pakistan's banking industry. These recommendations include social and environmental risk management in credit evaluations and decision-making procedures. To build a more robust and sustainable financial ecosystem, Pakistan's financial institutions are progressively bringing themselves into compliance with international norms with the help of the International Finance Corporation (IFC).

The article discusses the transition from optional to obligatory ESG practices in Pakistani financial institutions, highlighting key initiatives like launching the 'ESRM TOT Project' and the implications for sustainable banking in the country.

The concept of Environmental, Social and Governance (ESG) has now become a crucial part of ethical and sustainable corporate operations globally. It assesses businesses on meeting their responsibilities associated with social responsibility, environmental sustainability, and governance transparency. Further, the regulatory demands, investor demands, and global issues like social injustice and climate change have heightened the necessity to observe the ESG framework in the financial sector as well.

Over the past 20 years, the global financial sector has shifted its acceptance of Environmental, Social, and Governance (ESG) concepts. Initially optional due to corporate social responsibility programs and progressive financial institutions' moral pledges, authorities worldwide now require ESG compliance as part of financial and corporate reporting requirements due to increased awareness of social injustices, climate change, and corporate governance shortcomings.

The transition to responsible banking has been facilitated by global frameworks such as the UN Principles for Responsible Banking, the EU Taxonomy Regulation, and the International Finance Corporation Performance Standards. These frameworks help align banking strategies with the SDGs, ensure transparency, and prevent greenwashing to promote sustainable economic activities.

Global success stories show the transformative potential of mandatory ESG frameworks, with European banks integrating ESG reporting into financial disclosures, boosting investor confidence and attracting green financing, and countries like Japan and Singapore implementing strict disclosure mandates for innovation and sustainable growth.

Global trends emphasize accountability and transparency, making mandatory ESG adoption a strategic necessity for long-term resilience and financial stability.

ESG Landscape in Pakistan's Banking Sector

The State Bank of Pakistan (SBP) is promoting the adoption of Environmental, Social, and Governance (ESG) ideas in its banking sector, introducing Green Banking Guidelines in October 2017 to integrate environmental and social risk assessments into banking operations.

These guidelines aim to level the playing field for financial firms by ensuring social and environmental concerns are methodically assessed during credit evaluations. They align with international best practices, such as the Sustainable Finance Framework by the International Finance Corporation. Financial institutions can manage environmental and social risks using the ESRM Implementation Manual. The partnership also includes programs like the Training-of-Trainers Project to promote an ESG-accountable culture and enhance technical expertise.

SBP's proactive strategy acts as a model for integrating sustainability into the financial sector and bringing it into line with global norms and practices as Pakistan negotiates the ESG transition.

Launching a Milestone Initiative, 'The ESRM TOT Project':

The International Finance Corporation (IFC) and the National Institute of Banking and Finance (NIBAF) Pakistan are launching the Environmental and Social Risk Management Training-of-Trainers (ESRM ToT) Project to improve financial institutions' technical proficiency in implementing the State Bank of Pakistan's Green Banking Guidelines.

Overview of the ESRM TOT Project

The ESRM TOT Project was created to address the knowledge and capacity gaps in environmental and social risk management within Pakistan's banking industry. The initiative's main goal is to teach key employees from banks and consulting firms to become technical support providers and ESRM trainers. To establish a self-sustaining ecosystem of ESG expertise inside Pakistan's financial industry, the initiative aims to provide them with the required tools, information, and abilities.

> **The ESRM TOT Project initiative's main goal is to teach key employees from banks and consulting firms to become technical support providers and ESRM trainers to establish a self-sustaining ecosystem of ESG expertise in Pakistan's financial industry.**

Key Objectives and Outcomes:

- **Technical Training:** Equip banking professionals and consulting firms with ESMS tools.
- **Capacity Building:** Enhance institutions' ability to conduct ESDD on client operations.
- **Standardized Frameworks:** Enable banks to build reporting structures compliant with SBP's Green Banking Guidelines.
- **Awareness Building:** Highlight ESRM business case and long-term benefits.
- **Best Practice Sharing:** Facilitate the adoption of global ESG practices in Pakistani banking.

> **Challenges in ESG implementation remain to ensure long-term viability and international compliance, requiring overcoming to ensure smooth rollout.**

Capacity-Building Focus

To ensure that information and experience are efficiently shared across institutions, the initiative focuses a high priority on educating the teachers. The effort seeks to establish a culture of sustainable finance by cultivating a pool of qualified trainers who will then spread the word to peers and stakeholders, sharing knowledge and ideas.

Challenges in ESG Implementation in Pakistan

Pakistan's banking industry has made progress in implementing ESG standards, but challenges remain to ensure long-term viability and international compliance, requiring overcoming to ensure smooth rollout.

1. Limited Awareness and Expertise
Financial institutions and stakeholders face a significant obstacle to the adoption of Environmental, Social, and Governance (ESG) principles due to a lack of knowledge and technological know-how. Many view ESG as a regulatory burden, hindering its meaningful integration into core banking operations.

2. Regulatory Gaps
Despite the introduction of the ESRM Manual and the Green Banking Guidelines (GBGs) by the State Bank of Pakistan (SBP), there are still enforcement and monitoring loopholes. Financial firms are less motivated to give ESG integration a priority since the regulatory environment does not impose severe consequences for non-compliance. Moreover, there is still uneven conformity to global ESG norms.

3. Resource Constraints
It needs monetary investment, qualified people resources, and technology infrastructure to implement strong ESG frameworks. Budgetary and technological constraints prevent many financial institutions in Pakistan, particularly smaller banks, from successfully integrating ESG principles.

Opportunities for Sustainable Banking in Pakistan

Adopting Environmental, Social, and Governance (ESG) principles offers Pakistan's banking industry several advantages, including long-term resilience, international investment, and financial stability.

1. ESG Driving Financial Stability
By detecting environmental and social hazards early in the credit cycle, including ESG principles into banking operations improves risk management procedures. This encourages financial stability and lessens vulnerability to non-performing assets (NPAs). Strong ESG procedures help banks manage reputational risks, regulatory changes, and environmental catastrophes, which promotes long-term financial success.

2. Case Studies of ESG Adoption in Pakistani Banks
Prominent financial organizations in Pakistan have made great strides in implementing ESG frameworks, including Meezan Bank and HBL. To comply with State Bank of Pakistan (SBP) regulations, these institutions have released sustainability reports, held seminars to increase capacity, and put Environmental and Social Risk Management (ESRM) systems into place. These case studies serve as models for other banks and demonstrate the possibility of sector-wide adoption.

3. Role of Technology in ESG Implementation
Technology plays an important role in promoting ESG practices by providing data analytics, automated risk assessment tools, and reporting software. Digital solutions may simplify ESG data collection, monitoring, and reporting, assuring regulatory compliance while increasing operational efficiency.

Future of ESG Regulations in Pakistan

Pakistan's ESG laws are expected to undergo a dramatic change in the future, moving from optional recommendations to required adherence. Although the State Bank of Pakistan (SBP) established the groundwork in 2017 with the Green Banking Guidelines (GBGs), the necessity of legally binding regulatory frameworks to guarantee uniform implementation throughout the banking industry is becoming increasingly apparent.

> **Although the State Bank of Pakistan (SBP) established the groundwork in 2017 with the Green Banking Guidelines (GBGs), the necessity of legally binding regulatory frameworks to guarantee uniform implementation throughout the banking industry is becoming increasingly apparent.**

Transitioning from Voluntary to Mandatory Compliance

The efficacy of ESG practices is still limited since many of them are still optional or very loosely enforced. Global trends and investor pressure, however, are forcing Pakistani regulators to impose ESG compliance through more stringent oversight, reporting requirements, and financial rewards for environmentally friendly operations. Accountability will be established, and financial firms will be encouraged to give social and environmental concerns a priority.

Policy Recommendations

To ensure a smooth transition, the SBP must:

- Strengthen regulatory enforcement with clear penalties for non-compliance.
- Introduce standardized ESG reporting frameworks for all financial institutions.
- Offer financial incentives, such as tax reliefs or lower capital requirements, for banks actively advancing ESG goals.
- Foster public-private partnerships to support ESG-related training and capacity-building initiatives.

Aligning with Global ESG Standards

Pakistan's ESG laws need to be in line with international norms like the IFC Performance Standards and the UN Principles for Responsible Banking (PRB). In addition to increasing investor trust, this alignment will guarantee reporting practices' authenticity and openness.

The Way Forward: Building a Collaborative Ecosystem

The integration of Environmental, Social, and Governance principles in Pakistan's banking industry requires a collaborative ecosystem between regulators, financial institutions, investors, and civil society.

Enhancing Stakeholder Awareness
Driving significant ESG adoption requires increasing awareness among stakeholders, such as bank employees, customers, and investors. Beyond legal requirements, training initiatives, workshops, and awareness campaigns may emphasize the business advantages of ESG compliance.

Continuous Capacity Building
To give financial institutions the technical know-how and resources they need to properly manage environmental and social risks, ongoing capacity-building programs are essential. Initiatives such as the ESRM Training-of-Trainers (TOT) Project are essential for building internal knowledge and promoting a sustainable financial culture.

Ensuring Transparency and Accountability
To achieve compliance and foster stakeholder confidence, transparent ESG reporting requirements and accountability procedures must be implemented. Public disclosures, performance targets, and routine audits will boost credibility and promote ongoing development.

Conclusion

For Pakistan's financial sector, integrating Environmental, Social, and Governance (ESG) concepts has now become a strategic necessity rather than an optional tool. The groundwork for sustainable finance practices has been established by important projects including the ESRM TOT Project and the State Bank of Pakistan's Green Banking Guidelines (GBGs). ESG provides a route to long-term economic stability, international investment possibilities, and financial resilience.

The gains associated with implementing the ESG framework could be maximized if a clearer understanding is developed among all the relevant stakeholders/ operators about the pros and cons of adopting this intervention. Moreover, concerted efforts are needed to resort to in order to overcome the teething problems usually encountered during early phases of implementation of any policy and procedure, such as the lack of cooperation and coordination in the efforts which are being undertaken in isolation, capacity building, and regulatory enforcement, which will be essential going ahead. By adopting the ESG framework, Pakistan's financial industry will meet the prerequisite for sustainable growth and conform to international requirements for doing responsible banking. ■

Integrate Environmental, Social, and Governance (ESG) concepts into your organization to join the shift towards a sustainable financial future. To gain knowledge, promote change, and support a robust and ethical banking industry in Pakistan, take part in ESG workshops and training courses. Take action today to ensure a sustainable future!

Add-ons to
SBP POLICY REGIME
October-December 2024

The primary objective of this feature is to highlight changes, or 'add-ons' to the SBP policies, on a quarterly basis to provide the readers better comprehension and analysis of the central bank's policy regime, as well as being an easily accessible time-lined reference guide.

All circulars are easily accessible in the PDF of the Journal, available on the following link on the IBP website: https://ibp.org.pk/quarterly-journal/

01

Streamlining of Agricultural Lending Procedures and Documentation
ACFID Circular Letter No. 02 of 2024/ November 14, 2024
https://www.sbp.org.pk/acd/2024/CL2.htm

02

Restructuring of Banking Supervision Departments (BSDs)
BSD-1 Circular No. 01 of 2024/ December 13, 2024
https://www.sbp.org.pk/bsd-1/2024/C1.htm

03

Minimum Capital Requirements: Implementation of Basel Framework-Enhancement in Regulatory Retail Portfolio Limit
BPRD Circular No. 04 of 2024/ October 07, 2024
https://www.sbp.org.pk/bprd/2024/C4.htm

04

Minimum Rate of Return on Saving Deposits
BPRD Circular No. 05 of 2024/ November 26, 2024
https://www.sbp.org.pk/bprd/2024/C5.htm

05

Change in Nomenclature of Firm on Panel of Auditors
BPRD Circular Letter No. 19 of 2024/ October 03, 2024
https://www.sbp.org.pk/bprd/2024/CL19.htm

06

Improvement in Operations of CCTVs
BPRD Circular Letter No. 20 of 2024/ October 10, 2024
https://www.sbp.org.pk/bprd/2024/CL20.htm

07

Implementation of Clean Note Policy by Banks
BPRD Circular Letter No. 22 of 2024/ November 07, 2024
https://www.sbp.org.pk/bprd/2024/CL22.htm

08

Assuming Charge as Director, Banking Policy & Regulations Department
BPRD Circular Letter No. 23 of 2024/ November 12, 2024
https://www.sbp.org.pk/bprd/2024/CL23.htm

09

Assuming Charge as Director, Consumer Protection Department
CPD Circular Letter No. 01 of 2024/ November 13, 2024
https://www.sbp.org.pk/cpd/2024/CL1.htm

10

Launch of New eCIB System (V2)
CPD Circular Letter No. 02 of 2024/ December 17, 2024
https://www.sbp.org.pk/cpd/2024/CL2.htm

11

Monthly Reporting of Foreign Currency Deposits and Nonresident Rupee Accounts
NO.DSDSD.ITS/156097/24/ November 22, 2024
https://www.sbp.org.pk/stats/2024/C6.htm

12

Monthly Reporting of "Investor Portfolio Securities Account (IPS)"
NO. SDSD. D&IIP/185580/2024/ December 27, 2024
https://www.sbp.org.pk/stats/2024/C7.htm

13

SBP's Policy Rate and Overnight Repo / Reverse-Repo Facilities
DMMD Circular No. 07 of 2024/ November 04, 2024
https://www.sbp.org.pk/dmmd/2024/C7.htm

14

SBP's Policy Rate and Overnight Repo / Reverse-Repo Facilities
DMMD Circular No. 08 of 2024/ December 16, 2024
https://www.sbp.org.pk/dmmd/2024/C8.htm

15

Framework for Collateral & Counterparty Eligibility for SBP Monetary Policy Lending Operations and Mudarabah Based Financing Facilities
DMMD Circular No. 09 of 2024/ December 26, 2024
https://www.sbp.org.pk/dmmd/2024/C9.htm

16

Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998
DMMD Circular Letter No. 11 of 2024/ October 31, 2024
https://www.sbp.org.pk/dmmd/2024/CL11.htm

17

Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998
DMMD Circular Letter No. 12 of 2024/ November 29, 2024
https://www.sbp.org.pk/dmmd/2024/CL13.htm

18

Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998
DMMD Circular Letter No. 13 of 2024/ December 31, 2024
https://www.sbp.org.pk/dmmd/2024/CL13.htm

19

Assuming Charge as Director, Digital Innovation & Settlements Department
DI&SD Circular Letter No. 1 of 2024/ November 18, 2024
https://www.sbp.org.pk/disd/2024/CL1.htm

20

Issuance of Regulatory Framework for Exchange Companies
FE Circular No. 02 of 2024/ December 27, 2024
https://www.sbp.org.pk/epd/2024/FEC2.htm

21

Reimbursement of Telegraphic Transfer (T.T) Charges Scheme against Home Remittances
EPD Circular Letter No. 09 of 2024/ October 08, 2024
https://www.sbp.org.pk/epd/2024/FECL9.htm

22

Promotion of Home Remittances
EPD Circular Letter No. 10 of 2024/October 08, 2024
https://www.sbp.org.pk/epd/2024/FECL10.htm

23

Reporting under Para 33 of Chapter 12 of FE Manual
EPD Circular Letter No. 11 of 2024/ October 11, 2024
https://www.sbp.org.pk/epd/2024/FECL11.htm

24

Export of Further 500,000 MT of Sugar
EPD Circular Letter No. 12 of 2024/ October 16, 2024
https://www.sbp.org.pk/epd/2024/FECL12.htm

25

Export of 40,000 MT of Sugar to Tajikistan
EPD Circular Letter No. 13 of 2024/ October 18, 2024
https://www.sbp.org.pk/epd/2024/FECL13.htm

26

Prime Minister's Relief Fund for Ghaza and Lebanon
FD Circular No.01/ October 14, 2024
https://www.sbp.org.pk/acc/2024/C1.pdf

27

Prime Minister's Relief Fund for Ghaza and Lebanon
FD Circular Letter No.01/ October 18, 2024
https://www.sbp.org.pk/acc/2024/CL1.pdf

28

Establishment of Financial Institutions Resolution Department
FIRD Circular No. 01 of 2024/ December 20, 2024
https://www.sbp.org.pk/FIRD/2024/C1.htm

29

Amendments in Prudential Regulations for SME Financing
SH&SFD Circular No. 04 of 2024/ October 07, 2024
https://www.sbp.org.pk/smefd/circulars/2024/index.htm

30

Challenge Fund for Technology Adoption & Digitalization of SME Banking
SH&SFD Circular No. 05 of 2024/ October 11, 2024
https://www.sbp.org.pk/smefd/circulars/2024/C5.htm

31

Facilitation in Conversion of Conventional Banking Branches into Islamic Banking Branches
IFPD Circular No. 05 of 2024/ October 01, 2024
https://www.sbp.org.pk/ifpd/2024/C5.htm

32

Adoption of 'Accounting and Auditing Organization for Islamic Financial Institutions' (AAOIFI) Shariah Standards
IFPD Circular No. 06 of 2024/ October 29, 2024
https://www.sbp.org.pk/ifpd/2024/C6.htm

33

Compendium of Shariah Standards Adopted by State Bank of Pakistan (SBP)
IFPD Circular No. 07 of 2024/ October 31, 2024
https://www.sbp.org.pk/ifpd/2024/C7.htm

34

Shariah Governance Framework for Islamic Banking Institutions
IFPD Circular No. 08 of 2024/ November 22, 2024
https://www.sbp.org.pk/ifpd/2024/C8.htm

35

Profit Sharing on Saving Deposits of IBIs
IFPD Circular No. 09 of 2024/ November 26, 2024
https://www.sbp.org.pk/ifpd/2024/C9.htm

36

Adoption of 'Accounting and Auditing Organization for Islamic Financial Institutions' (AAOIFI) Shariah Standards
IFPD Circular No. 10 of 2024/ December 18, 2024
https://www.sbp.org.pk/ifpd/2024/C10.htm

37

Assuming Charge as Director, Islamic Finance Policy Department
IFPD Circular Letter No. 01 of 2024/ November 29, 2024
https://www.sbp.org.pk/ifpd/2024/CL1.htm

38

Customer Notifications for Digital Payments via Mobile Apps
PSP&OD Circular No 01 of 2024/ December 10, 2024
https://www.sbp.org.pk/psd/2024/C1.htm

39

Raast Person to Merchant (P2M) Payment Acceptance Service
PSP&OD Circular Letter No 01 of 2024/ November 29, 2024
https://www.sbp.org.pk/psd/2024/CL1.htm

40

Extension in Last Date for Encashment/Conversion/Redemption of Rs. 40,000/-, Rs. 25,000/-, Rs. 15,000/- & Rs. 7500/- Denomination National Prize Bonds Withdrawn from Circulation
CMD Circular No. 01 of 2024/ October 02, 2024
https://www.sbp.org.pk/CMD/2024/C1.pdf

BANKING LAW AND FINANCIAL REGULATION IN PAKISTAN

The Role of Lender of Last Resort

By: Dr Muhammad Hassan Idress

Synopsis

This book offers an analysis of the contemporary significance of the practice of Lender of Last Resort (LOLR) in Pakistan. Aiming to identify deficiencies in current financial system legislation, the book details the role of LOLR and its essential presence in establishing a resilient banking and financial system.

Beginning with an assessment of the emergence of Central Banks as domestic financial regulators, the book draws from the principles of Walter Bagehot and Henry Thornton for LOLR rescue operations. Examining the International Monetary Fund's (IMF) role as an international lender of last resort and scrutinizing its rescue efforts, the book uses case studies of the Central Banks in the United Kingdom and the United States to suggest reforms for Pakistan's system. It explores the causes of financial crises and evaluates the factors that have made LOLR an integral part of Central Banks' responsibilities. It compares LOLR operations in the cases of AIG and Lehman Brothers in the United States and Northern Rock in the United Kingdom, comparing these two cases in Pakistan to pinpoint key gaps in the State Bank of Pakistan's LOLR operations. Furthermore, it discusses the Basel Accord I, II, and III: the key international regulations for the banking sector.

The book will be of interest to scholars and students in the field of financial and banking law.

About the Author

Dr Muhammad Hassan Idrees is a dynamic legal attorney with an enthusiasm for learning contemporary legal issues. He has a profound interest in international banking and financial laws, alternative dispute resolution, civil and criminal litigation, corporate and taxation laws. He has completed a BA-LL.B. (Hons) from the University of the Punjab, Lahore, Pakistan; LL.M in International Business and Corporate Law with Distinction from the University of Bedfordshire, UK; and a PhD in Law, from Canterbury Christ Church University, UK. Hassan Idrees is also a member of the Honourable Society of Lincoln's Inn. Currently, he is working as a legal consultant for the Federal Board of Revenue, Pakistan, and a barrister/advocate in the High Courts of Pakistan.

Money, Power, and AI

Automated Banks and Automated States

Edited by: Zofia Bednarz, Monika Zalnieriute

Synopsis

In this ambitious collection, Zofia Bednarz and Monika Zalnieriute bring together leading experts to shed light on how artificial intelligence (AI) and automated decision-making (ADM) create new sources of profits and power for financial firms and governments. Chapter authors which include public and private lawyers, social scientists, and public officials working on various aspects of AI and automation across jurisdictions identify mechanisms, motivations, and actors behind technology used by Automated Banks and Automated States, and argue for new rules, frameworks, and approaches to prevent harms that result from the increasingly common deployment of AI and ADM tools. Responding to the opacity of financial firms and governments enabled by AI, Money, Power and AI advances the debate on scrutiny of power and accountability of actors who use this technology.

About the Authors

Zofia Bednarz is a Lecturer at the University of Sydney Law School and researches the implications of new technologies for commercial and corporate law as an Associate Investigator in the ARC Centre of Excellence for Automated Decision-Making and Society.

Monika Zalnieriute is a Senior Lecturer and Australian Research Council DECRA Fellow at UNSW Sydney. Her research on law and technology has been widely drawn upon by scholars and organizations such as the Council of Europe, the World Bank, the European Parliament and WHO.

CO–INTELLIGENCE
Living and Working with AI

By: Ethan Mollick

Synopsis

In *Co-Intelligence*, Mollick urges us to engage with AI as co-worker, co-teacher, and coach. He assesses its profound impact on business and education, using dozens of real-time examples of AI in action. Co-Intelligence shows what it means to think and work together with smart machines, and why it is imperative that we master that skill. Through his writing, speaking, and teaching, Mollick has become one of the most prominent and provocative explainers of AI, focusing on the practical aspects of how these new tools for thought can transform our world.

Reviews

"*[Co-Intelligence]* is a solid explainer. Convincing...a blueprint...smart and well informed..."
— The Wall Street Journal

"A sharp and good-humored guide to how to make the most of generative AI. Mollick follows his own prescription for success, 'inviting AI to the table' and running his own experiments into its creative and problem-solving potential."
— Andrew Hill, *The Financial Times*

About the Author

Ethan Mollick is an associate professor at the Wharton School of the University of Pennsylvania, where he studies and teaches innovation and entrepreneurship. He is also author of *The Unicorn's Shadow: Combating the Dangerous Myths that Hold Back Start-ups, Founders, and Investors.*

DATA-DRIVEN DEI

The **Tools and Metrics** you Need to **Measure, Analyze**, and **Improve Diversity, Equity**, and **Inclusion**

By: Dr Randall Pinkett

Synopsis

A practical blueprint for successful, measurable, and impactful DEI initiatives In *Data-Driven DEI: The Tools and Metrics You Need to Measure, Analyze, and Improve Diversity, Equity, & Inclusion*, Dr Randal Pinkett, a renowned diversity, equity, and inclusion (DEI) thought leader delivers a practical and evidence-based blueprint to achieving lasting impact with your DEI initiatives. Dr Pinkett has created a simple, step-by-step process to assess the current state of your DEI, analyze that data to create a personal and organizational action plan, and implement data-driven, science-based, and technology-enabled interventions for greater diversity, equity, and inclusion.

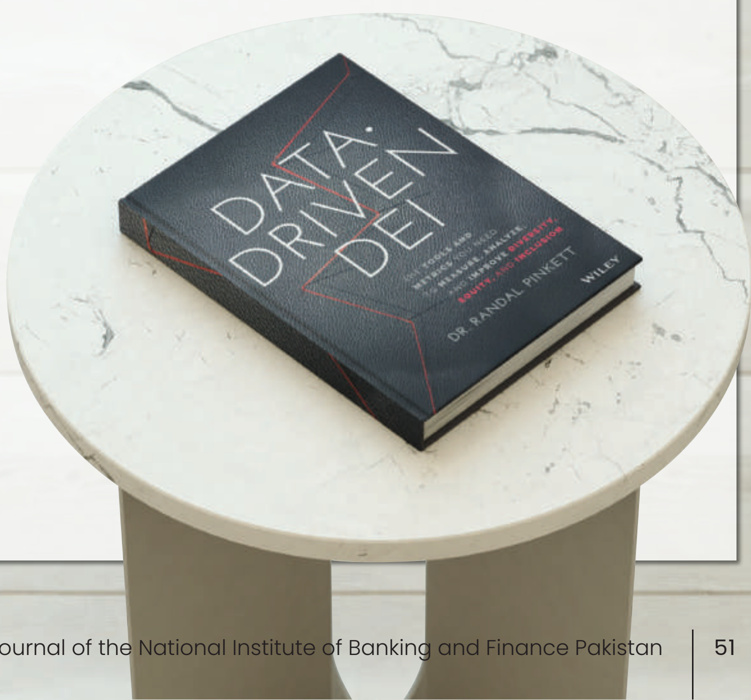
Reviews

"*Data-Driven DEI* is both timely and timeless. Dr Pinkett has outlined a simple, yet powerful five-step approach—powered by research, data, and science—that delivers real-world results for any professional at any level and for any organization."
— Janet B. Reid, PhD, and Vincent R. Brown, *co-authors of Intrinsic Inclusion: Rebooting Your Biased Brain*

"At last, a one-stop resource to find the tools, technologies, metrics and measures to ensure that your DEI efforts are making a difference. *Data-Driven DEI* should be required reading for anyone looking to accelerate their personal or organizational DEI journey."
— Ann Herrmann-Nehdi, Chief Thought Leader and Chair of the Board, and Karim Nehdi, Chief Executive Officer, *Herrmann Global*

About the Author

Dr Randall Pinkett, has impressive credentials having spent the last three decades as a DEI speaker, author, trainer, facilitator and commentator and he draws on both academic research and also his own experience of working with organizations to help them to become more diverse, equitable and inclusive.



THE MICROSTRESS EFFECT

How Little Things Pile Up and Create Big Problems and What to do About It

By: Rob Cross, Karen Dillon

Synopsis

This hidden epidemic of small moments of stress has insidiously infiltrated both our work and our personal lives with invisible but devastating effects. Microstress doesn't trigger the normal stress response in our brains to help us deal with it. Instead, it embeds itself in our minds and accumulates daily, one microstress on top of the other. The long-term impact can be debilitating. Unregistered microstress weighs us down, damages our physical and emotional health, and contributes to a decline in our well-being. What's more, microstress is baked into our lives. The source is seldom a classic antagonist, such as a demanding client or a jerk boss. Instead, it comes from the people with whom we are closest: our friends, family, and colleagues.

Reviews

"*The Microstress Effect* is a great read for anyone, but especially for the person who wants to understand where their mental energy is going and how best to rebuild and protect it."
— Porchlight Books

"In the authors' words, 'to enjoy overall well-being, you must develop strategies not only to combat stress but also to help you live the life you want to live through resilience, physical health, and purpose.' This reminder, for me, was the most powerful message I got from this very useful book."
— Psychology Today

About the Authors

Rob Cross is the Edward A. Madden professor of global leadership at Babson College, and co-founder and director of the Connected Commons, a consortium of over 150 organizations.

Karen Dillon is a *New York Times* bestselling author and the former editor of *Harvard Business Review*. She is also a member of the faculty of Inter-mountain Healthcare Leadership Institute.