

Domestic Economic Roundup

Key Money & Banking Indicators:

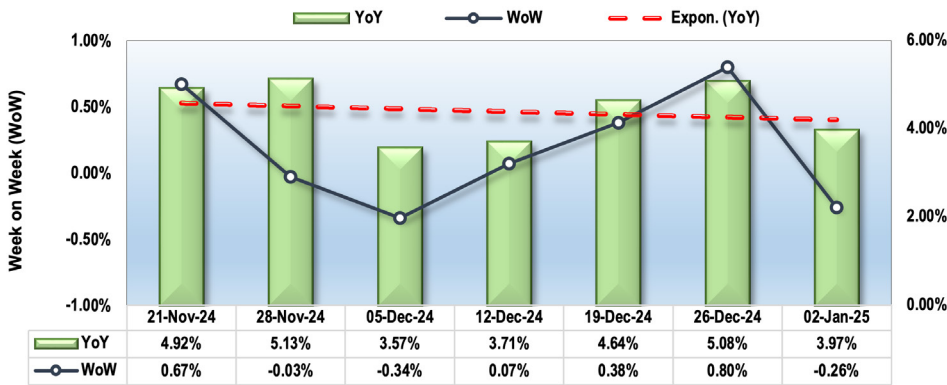
	Stocks at End - June 2024	Flows		Monetary Impact Since 1st July to	
		FY23	FY24	20-Dec-24	22-Dec-23
Total Deposits with Banks	26,665.8	2,593.0	4,921.0	-1,216.2	1,285.2
Broad Money (M2)	35,881.8	4,175.1	4,938.8	-1,099.0	697.4
Govt. Sector Borrowings (Net)	31,078.8	4,100.4	7,366.1	-2,640.9	2,469.6
Credit to Private Sector	8,866.9	45.9	512.9	1,642.9	210.0

(Rs in billion)

<https://tinyurl.com/bdfsvdx>

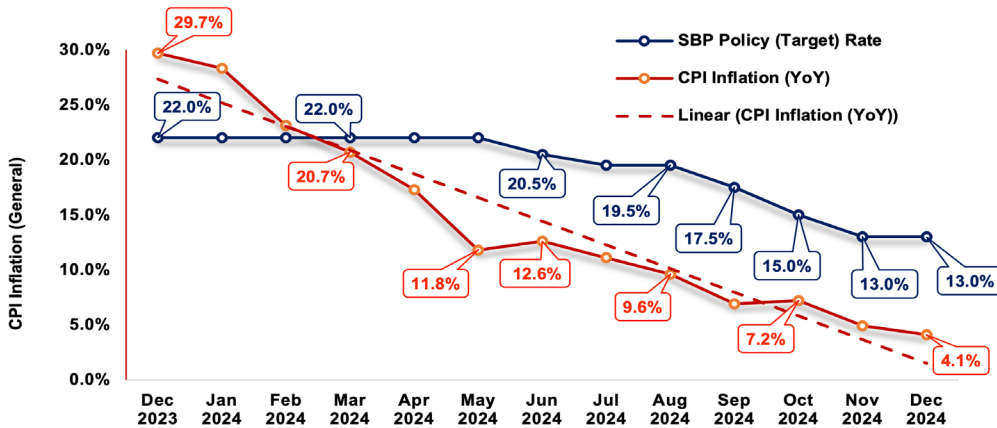
Weekly Trend in Sensitive Price Indicator (SPI)

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



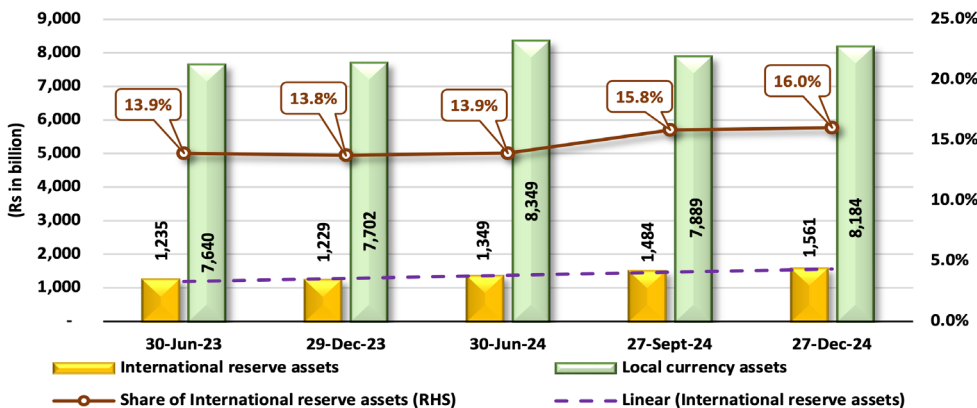
SBP Policy Rate Vs. CPI Inflation (YoY)

<https://shorturl.at/kkTBX> | <https://shorturl.at/cPIfB>



Assets Composition of Total Banknotes Issued

<https://tinyurl.com/22n5xnm>



Markets at a Glance

Rates taken till Friday, January 03, 2025

SBP POLICY RATE

13%

Effective from December 17, 2024

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

KIBOR (3 MONTHS)

	Bid%	Offer%
Change	11.94	12.19
Ending	11.81	12.06
Starting	-0.13	-0.13

https://www.sbp.org.pk/ecodata/kibor_index.asp

FOREX RATES*

	GBP	EURO	USD
Change	PKR 348.98	PKR 290.15	PKR 278.47
Ending	PKR 345.56	PKR 286.57	PKR 278.56
Starting	-3.42	-3.58	+0.09

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change	111,351
Ending	117,587
Starting	+6,236

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

GOLD RATES

	10 GM, 24K
Change	PKR 235,206
Ending	PKR 238,306
Starting	+3,100

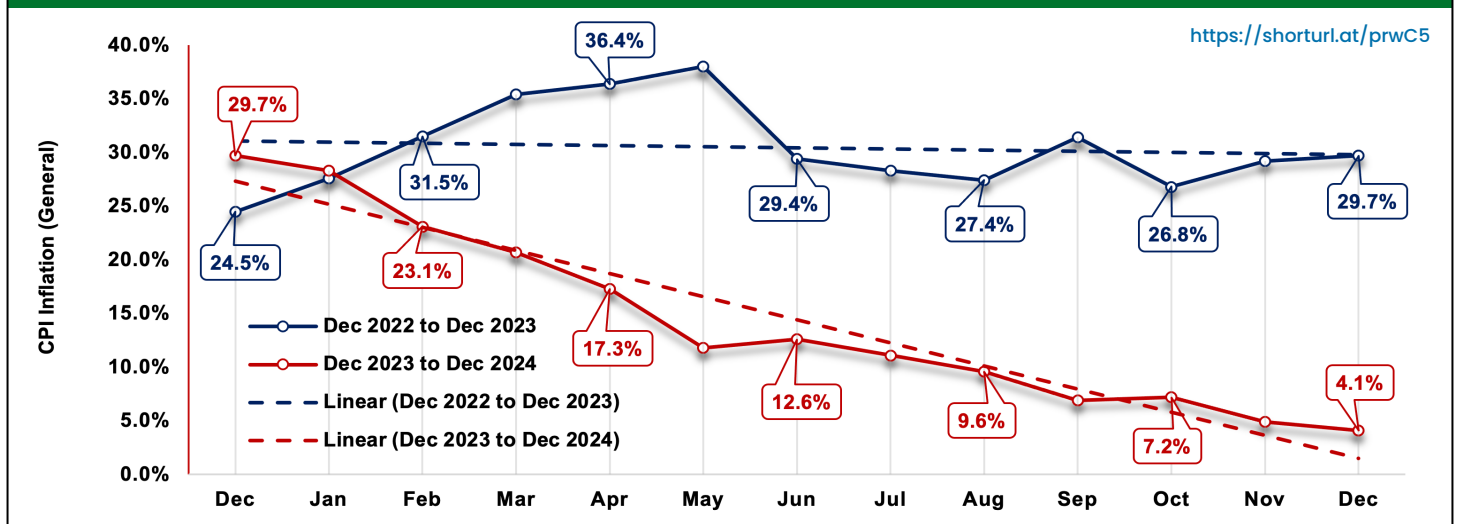
<https://www.forex.pk/bullion-rates.php>

Period Average and Y-o-Y % Change

INDEX	Average July - December % Changes			December over December % Changes		
	2024-2025	2023-2024	2022-2023	2024-2025	2023-2024	2022-2023
CPI (National)	7.22	28.79	25.02	4.07	29.66	24.47
CPI (Urban)	8.74	27.99	23.09	4.38	30.93	21.59
CPI (Rural)	5.08	29.95	27.89	3.62	27.86	28.76
SPI	9.36	31.58	28.21	4.21	35.32	27.79
WP	4.38	25.37	34.10	1.93	27.33	27.11

<https://shorturl.at/ipDF3>

CPI Inflation General (YoY - December to December)



CPI Inflation	Annual Average			Year-on-Year		
	FY22	FY23	FY24	Dec 2023	Nov 2024	Dec 2024
National CPI	12.1	29.2	23.4	29.7	4.9	4.1
Food (Urban)	13.4	37.6	22.1	28.8	1.7	2.5
NFNE (Urban)	8.1	16.2	16.1	32.4	7.8	5.7

<https://www.sbp.org.pk/reports/annual/Gov-AR/pdf/2024/Gov-AR.pdf> * NFNE = Non Food and Non Energy

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

Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2021	June 30, 2022	June 30, 2023	Dec 22, 2023	June 30, 2024	Dec 20, 2024
6,909.9	7,572.5	9,148.7	8,560.4	9,153.1	9,287.6

https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

Central Banks' Gallery

Central Bank of Oman



CBO Board of Governors Convenes its Fourth Meeting for this Year

The Board of Governors of the Central Bank of Oman convened its fourth meeting for this year on December 29, 2024, at Central Bank of Oman (CBO) Headquarters, Muttrah Business District.

At the meeting, the Board approved the Regulations for the Banking Deposits Protection Law, and the Regulatory Framework for Open Banking, through which CBO continues to take all the necessary steps and measures to ensure that regulatory and supervisory frameworks support innovation in a safe and sustainable manner, and in a way that enhances the efficiency of the financial system. To achieve the objectives of CBO's modern financial technology roadmap, and within this framework, open banking will contribute to advancing the development of innovative financial products. In addition, open banking means using application programming interfaces (API) to enable secure data sharing between banks, Fintech companies, and other licensed institutions. Open banking gives consumers greater control over their financial data and access to customized services that meet their various banking needs.

During the meeting, the Board approved the 2025 annual budgets for CBO, Oman Credit and Financial Information Center (Mala'a) and the Banking Deposits Protection Scheme.

Furthermore, the Board reviewed a number of reports, including financial soundness indicators for banks, a report on CBO's financial position. The Board also discussed the report on the position of the reserves and performance of foreign investments of CBO, combined with the quarterly report on the prospects and challenges of stability in the Omani economy, and the average economic growth outlook.

In addition, the Board reviewed the executive summary of the achievements made within the framework of the project to enhance the efficiency of CBO's monetary policy, the report on cash liquidity in the banking sector and the 2024 annual report of Mala'a.

Finally, the Board reviewed a number of topics listed on the agenda, on which it made the appropriate decisions.

<https://shorturl.at/FMGPY>

Bank of Thailand



Enhancing Policies and Operational Guidelines of Financial Institutions Regarding Transactions with High-Risk Countries and Managing Sanctions-Related Risks

The Anti-Money Laundering Office (AMLO) and the Bank of Thailand (BOT) place great emphasis on preventing risks of the Thai banking sector engaging in transactions related to money laundering, financing terrorism, and the proliferation of weapons of mass destruction. This is especially important during periods of heightened international conflicts as it could lead to international sanctions including those imposed due to human rights violations.

In the past year, some of Thailand's key trading partners have been classified as high-risk countries according to the Financial Action Task Force (FATF) statements. Consequently, the Anti-Money Laundering Office (AMLO) announced that these countries are to be considered as high-risk, requiring immediate and stringent verification of customers from these regions or countries. Additionally, the AMLO issued guidelines to ensure a common understanding. For example, financial institutions must implement stringent measures to verify the Ultimate Beneficial Owner (UBO) of customers using reliable documents, information, or credible sources beyond customer-provided data. Financial institutions must also inquire customers about the purpose of their transactions to determine whether it aligns with the objectives of establishing a business relationship or conducting occasional transactions with the customer.

The AMLO and the BOT have jointly monitored and reviewed financial institutions' transactions with high-risk countries. It was found that financial institutions in Thailand have strictly adhered to Anti-Money Laundering and Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) measures set by the AMLO, with no transactions involving individuals listed on the Thailand list and the UN sanction list. In addition, many financial institutions have conducted their operational guidelines that exceed the requirements set by the AMLO.

However, owing to the intensifying international conflicts, financial institutions need to enhance their customer due diligence to prevent being used as channels to support human rights violations. In response to a report from the Office of the United Nations High Commissioner for Human Rights (OHCHR), stating that some financial institutions in Thailand provided financial services related to the procurement of weapons by the Myanmar military government in 2023, which were used to harm civilians and violate human rights in Myanmar, the AMLO and the BOT have taken immediate actions. All financial institutions were promptly instructed to review their transactions and raise immediate caution. The AMLO and the BOT jointly

investigated the facts as presented in the report, including reviewing the policies and operations of financial institutions regarding their relationships with correspondent banks, account openings, and money transfer transactions with customers. The investigation found that some financial institutions did conduct transactions with individuals listed in the OHCHR report, but no evidence was found linking these transactions to arms procurement. The financial institutions' transactions were still in compliance with AMLO and BOT regulations. However, it was noted that each of the financial institutions had varying levels of rigor in their operations, highlighting the need to elevate key AML/CTPF practices. This would enable financial institutions to better manage the risks of being used as channels for funding illegal activities and human rights violations, which may manifest in new forms.

In this regard, the AMLO and the BOT emphasize that the Thai financial system is not to be exploited as a conduit for money laundering, terrorism financing, financial support for the proliferation of weapons of mass destruction, or warfare that leads to human rights violations.

The AMLO and the BOT will closely monitor the progress and assess the implementation of these enhancements, aiming for financial institutions to exercise caution in transactions that could pose risks to the financial system. Should any financial institution be found to have violated or neglected to comply with the laws and standards set, the AMLO and the BOT will take strict action in accordance with their respective authorities. <https://shorturl.at/v9tbx>

Financial Institutions' Gallery



Mashreq Becomes First Bank to Launch Pilot Operations as Digital Retail Bank in Pakistan

Mashreq Pakistan, part of leading financial institution in the MENA region, Mashreq, becomes the first to receive restricted license from the State Bank of Pakistan (SBP) to commence pilot operations as a digital retail bank in Pakistan. This milestone highlights Mashreq's commitment to driving financial inclusion and delivering innovative digital banking solutions tailored to the country's evolving needs.

As a global pioneer in digital banking, Mashreq aims to launch a digital banking model with best-in-class Islamic Banking solutions that sets new standards for financial services in Pakistan. Over the next five years, the bank plans to onboard millions of retail customers catering to all their personal and business needs through advanced solutions designed to meet the demands of Pakistan's growing population. This approval underscores Mashreq's dedication to fostering financial accessibility while contributing to the nation's economic progress.

Since incorporating its operations in 2023, Mashreq Pakistan has achieved key milestones, including In-Principal Approval (IPA) for its digital banking & Islamic Banking solutions and submission of Operational Readiness Report to the SBP within timeframe. The bank has built a robust operational framework, made strategic technology investments, and on boarded the country's top-tier talent.

Mashreq's entry into Pakistan aligns with its 'Rise Every Day' philosophy, emphasizing growth and innovation. With a presence in 14 countries and a strong track record of global success, Mashreq is poised to play a pivotal role in advancing Pakistan's financial ecosystem through modern, efficient banking solutions. <https://shorturl.at/9RzPI>



Meezan Bank Embarks on a Generative AI Transformative Journey, Announces a Groundbreaking Partnership with Ekkel AI

Meezan Bank has partnered with Ekkel AI to launch a Generative AI initiative designed to enhance banking operations, improve employee productivity, and deliver superior customer experiences.

Through the integration of advanced AI-driven tools, employees will be equipped to streamline workflows and make more informed decisions. This collaboration also enables Meezan Bank to offer personalized, efficient services across its digital platforms, reinforcing its commitment to operational excellence and customer satisfaction. <https://shorturl.at/2j9fH>

JS Bank Launches Priority Banking Services Nationwide to Enhance Client Experience

JS Bank, one of Pakistan's fastest-growing financial institutions, has unveiled its new Priority Banking services, a bespoke offering designed to cater to the unique needs of its most valued clients.

The initiative reflects the bank's focus on delivering personalized solutions that elevate the overall banking experience.

The newly launched Priority Banking services offer a range of exclusive benefits, including:

- Dedicated relationship managers for one-on-one financial support.
- Expert financial guidance to help clients achieve their goals.
- Streamlined banking processes for greater convenience.
- Complimentary VIP airport lounge access, ideal for frequent travelers seeking comfort and convenience on the go.

The service strikes a balance between modern digital banking and the human touch. For digital-first clients, JS Priority Banking offers a seamless, paperless experience powered by advanced technology and end-to-end digital solutions. Meanwhile, the bank maintains its emphasis on personalized service by offering tailored financial propositions and a dedicated team to enhance client relationships. <https://shorturl.at/xJTaU>

Strengthening Enterprise Partnerships, Enhancing Technology Solutions, Scaling UnumPay, and Fostering Digital presence in Digital Retail and eCommerce.

The acquisition also includes UnumPay, Pakistan's leading payment platform with a 24 percent market share and a client base of 1,200 businesses out of the country's 5,000. UnumPay has gained substantial traction in over a dozen countries, enhancing Devsinc's fintech capabilities and paving the way to tap into the lucrative industry.

<https://shorturl.at/rTNC0>

Parwaaz Partners with CreditBook to Empower SME Retailers with Flexible Financing Solutions

Parwaaz Financial Services has announced its partnership with CreditBook, this collaboration marks a significant milestone in our shared mission to empower Small and Medium Enterprises (SME) retailers with flexible financing solutions, unlocking growth opportunities and driving prosperity for small businesses. Together, we aim to bridge the gap for the underserved and foster sustainable economic development. <https://shorturl.at/qeTfx>

FinTech News/ Views

Devsinc Acquires Alchemative, aiming to Dominate the \$22 billion Regional Digital Retail and eCommerce Market

Devsinc, one of Pakistan's largest IT companies and a growing global force in technology innovation has announced a 100 percent acquisition of Alchemative Group, a leader in eCommerce and digital retail solutions.

This acquisition marks a strategic step in Devsinc's mission to deliver transformative technology solutions, strengthening its footprint across key markets, including Pakistan, the UAE, and Saudi Arabia valued at over \$22 Billion.

The retail and eCommerce markets in Saudi Arabia, the UAE, and Pakistan are thriving. Saudi Arabia's eCommerce sector was valued at \$8.7 billion in 2023, making it the largest in the Gulf Cooperation Council (GCC). The UAE's eCommerce sector will reach \$7.0 billion by 2024, with a Compound Annual Growth Rate (CAGR) of 8.62 percent through 2029.

Pakistan's eCommerce market is experiencing robust growth, with online retail sales expected to cross \$7 billion by 2025, growing at an annual rate of over 18 percent. Pakistan is also seeing a surge in demand for Salesforce, Shopify, and digital payment solutions due to its young, tech-savvy population and increasing internet penetration, which reached 36 percent of the population in 2023.

This acquisition unlocks opportunities for Devsinc to tap into the ever-growing Retail and e-commerce market for

General Economic Horizon

A. Domestic News

PSX has issued Guidelines on Stock Split for Listed Companies

PSX is pleased to notify that the Securities & Exchange Commission of Pakistan (SECP) has granted its approval for issuance of Guidelines on Stock Split by listed companies.

These Guidelines have been finalized after extensive consultations amongst key stakeholders and are aimed at promoting stock splits as a viable financial strategy in Pakistan's capital market, especially with high share prices. The benefits of stock split include:

- Increased market accessibility;
- Wider market reach;
- Comparable value with industry peers;
- Signaling positive information to investors;
- Diffused ownership;
- Enhanced liquidity & stability; and
- Acting as a defense mechanism against hostile takeovers.

These Guidelines include detailed information regarding the legal and procedural aspects of stock splits, overall process flow, real-world case studies, cost & tax implications and accounting treatments. The complete Guidelines for Stock Split along with its annexures are available on PSX website and can be accessed at the link

<https://shorturl.at/aTUHE> | <https://shorturl.at/agPlz>

National Accounts Committee (NAC) approves Q1 Growth for FY2024-25 and Updated Annual Estimates for FY 2023-24

The 111th meeting of the National Accounts Committee (NAC) was held on December 30, 2024 in the N3C, Pakistan Bureau of Statistics, Headquarters, Islamabad. The Secretary, M/O PD&SI chaired the meeting. The committee approved the updated annual growth rates for FY 2022-23 and FY 2023-24 (Revised) and Q1 growth rate of GDP during FY 2024-25.

The committee approved the updated growth of GDP during FY 2023-24 at 2.5 percent as compared to 2.52 percent estimated previously. Despite improvement in important crops from 17.02 percent to 17.12 percent, the updated growth in agriculture has slightly moved down to 6.18 percent from 6.36 percent mainly due to downward revision in Forestry from 3.05 percent to -0.89 percent mainly as result of lower production of timber. The rate of contraction in industry moved up from 1.15 percent to 1.65 percent. The mining and quarrying industry witnessed major change from 3.47 percent to -4.16 percent due to decline in production of coal (-5.21 percent) and limestone (-25.8 percent) in KP and Balochistan provinces. Improvement in transport (from 1.91 percent to 2.12 percent), information and communication (from 0.30 percent to 3.45 percent), education (from 8.55 percent to 9.05 percent) and health (from 5.55 percent to 5.99 percent) improved services from 2.15 percent to 2.35 percent.

The economy has posted a growth of 0.92 percent during Q1 of FY 2024-25. The growth in agriculture, industry and services stands at 1.15 percent, -1.03 percent and 1.43 percent respectively. During Q1, crops have contracted by 5.93 percent. The contraction of 11.19 percent in important crops is due to reduction in the production of cotton (-29.6 percent), maize (-15.6 percent), rice (-1.2 percent), and sugarcane (-2.2 percent). The wheat crop has no impact in Q1 as it is neither sown nor harvested during this quarter. Other crops have grown by 2.08 percent as compared to -2.08 percent in Q1 last year due to decline in inputs e.g. fertilizer and pesticides. Livestock has increased by 4.89 percent as compared to 4.56 percent in Q1 last year because of increase in livestock products and decrease in inputs (dry fodder). Forestry and Fishing industries have witnessed modest growth of 0.78 percent and 0.82 percent respectively.

The rate of contraction in industry has slowed down from 4.43 percent in 2023-24Q1 to 1.03 percent in 2024-25Q1. Mining and quarrying industry has contracted by 6.49 percent due to low quarterly production of mining products e.g. coal (-12.4 percent), gas (-6.7 percent) and crude oil (-19.8 percent) provided by the sources. While, the LSM, driven by QIM, has declined by 0.82 percent, the electricity, gas and water supply industry has posted a modest growth of 0.58 percent. The construction industry, estimated on the basis of production of construction inputs, has declined by 14.91 percent mainly due to reduction in production of cement (-16.12 percent) like key input.

The services have grown by 1.43 percent as compared to 2.16 percent in Q1 last year due to positive contribution in wholesale & retail trade (0.51 percent), accommodation

and food services (4.58 percent), information and communication (5.09 percent), real estate activities (4.22 percent), education (2.03 percent), human health & social work activities (5.60 percent) and other private services (3.30 percent). However, transportation & storage and public administration & social security industries have contracted by 0.07 percent and 4.49 percent respectively.

The committee also approved the introduction of quarterly estimates of expenditure side of the economy in addition to net taxes, GDP, net primary income, and gross national income (GNI) which were incorporated in the National Statistical System of Pakistan after the September, 2024 meeting.

On the basis of latest figures of the national accounts aggregates for FY 2023-24, the overall size of the economy stands at Rs 105.6 trillion i.e. US\$ 373.3 billion. Further, per capita income in Rupees is 472,263/- i.e. US\$ 1669. However, the series of per capita income from 2016-17 onwards will be revised after the receipt of backward and forward projections of population from the sources on the basis of 2023- Population Census.

Overall the forum appreciated the efforts of National Accounts team of PBS and key stakeholders including Ministry of Planning Development and Special Initiatives, Ministry of Finance and State Bank of Pakistan in preparation of quarterly GDP. <https://shorturl.at/anU5Z>

B. International News

The AAOIFI Governance and Ethics Board (AGEB) issues five governance standards on Shari'ah governance

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in the 37th meeting of its Governance and Ethics Board (AGEB / the board) approved the issuance of five governance standards (GSs) on Shari'ah governance.

This set of GSs is the outcome of the comprehensive Shari'ah governance framework project, which is aimed at establishing a set of principles, rules and best practices for Shari'ah governance, and hence, improving the level of Shari'ah compliance in the Islamic finance industry.

The GSs as approved by the board include the following:

- AAOIFI GS 1 (2024) "Shari'ah Governance Framework";
- AAOIFI GS 19 "Shari'ah Supervisory Board: Appointment and Composition";
- AAOIFI GS 20 "Shari'ah Supervisory Board: Functions and Operations";
- AAOIFI GS 21 "Shari'ah Supervisory Board: Review and Report"; and
- AAOIFI GS 22 "Application of Shari'ah Governance Principles to Islamic Finance Subsidiaries / Associates".

The GSs can be accessed by <https://shorturl.at/sbL16>
<https://shorturl.at/m9ye7>



SELF & BUSINESS MANAGEMENT TIPS



Are You a Workaholic?

Workaholism is not about the number of hours you work—it is about your ability to disconnect from your job. To help determine whether you might be a workaholic, read the following statements and rate the degree to which each one describes you, using the following scale: 1 = never true; 2 = seldom true; 3 = sometimes true; 4 = often true; 5 = always true.

1. I work because there is a part inside of me that feels compelled to work.
2. It is difficult for me to stop thinking about work when I stop working.
3. I feel upset if I have to miss a day of work for any reason.
4. I tend to work beyond my job's requirements.

Add up your total score. If you rated any of these items a 4 or a 5, you have some workaholic tendencies. But if your total score is 15 or above, you are displaying significant signs of workaholism.

(This tip is adapted from *A Workaholic's Guide to Reclaiming Your Life*, by Malissa Clark. – HBR.)

8 Leadership Skills to Develop

Leadership is not a quality you either innately possess or lack; it is the sum of eight skills you can develop over time. Here are the characteristics that will help you become recognized as a leader.

Authenticity. Work to build self-awareness and put yourself in positions to highlight your strengths and improve on your weaknesses.

Curiosity. Ask questions about what you do not know. Think expansively and ambitiously. Present as someone who constantly wants to learn, explore, and innovate.

Analytical thinking. Leadership requires the ability to break down complex problems, identify their root causes, and come up with fresh solutions. Develop your analytical skills by focusing on cause-and-effect relationships and being attentive to patterns and trends.

Adaptability. Take on assignments and seek out experiences that demand flexibility. Push yourself to work in new environments with different kinds of people.

Creativity. You do not necessarily need to come up with every great idea on your own. Sometimes it is about establishing an environment that nurtures creativity in others.

Comfort with ambiguity. Managing ambiguity is about holding conflicting ideas in your head and dealing with competing priorities that feel equally important. Ask a lot of “what ifs” and “so whats,” and scrutinize matters from different perspectives.

Resilience. When things get tough, exhibit the resilience to recalibrate, regroup, and get input from others by asking, “Is there another path?”

Empathy. Developing your emotional intelligence gives you a deeper appreciation of the complex challenges others are working through—and helps you foster a more supportive and nurturing environment.

(This tip is adapted from *8 Essential Qualities of Successful Leaders*, by Rebecca Knight. – HBR.)