

Domestic Economic Roundup

Key Money & Banking Indicators:

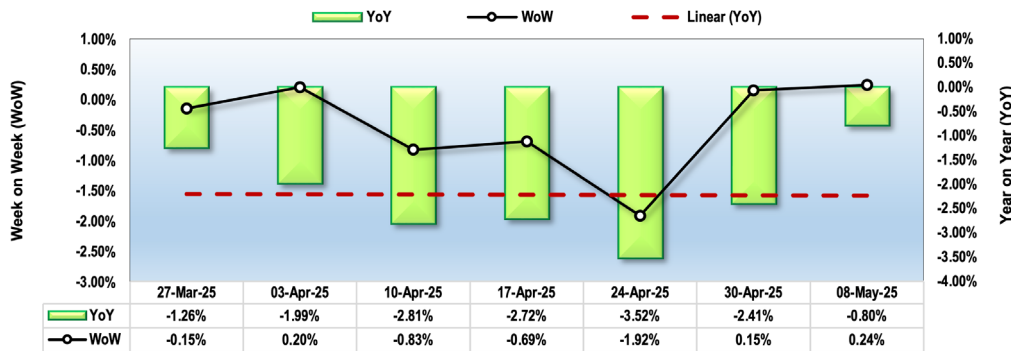
	Stocks at End - June 2024	Flows		Monetary Impact Since 1st July to	
		FY23	FY24	25-Apr-25	26-Apr-24
Total Deposits with Banks	26,665.8	2,593.0	4,921.0	212.1	2,077.8
Broad Money (M2)	35,881.8	4,175.1	4,938.8	1,116.1	1,760.0
Govt. Sector Borrowings (Net)	31,078.8	4,100.4	7,366.1	1,482.0	4,779.2
Credit to Private Sector	8,866.9	45.9	512.9	705.2	208.3

(Rs in billion)

<https://tinyurl.com/bdfssvdx>

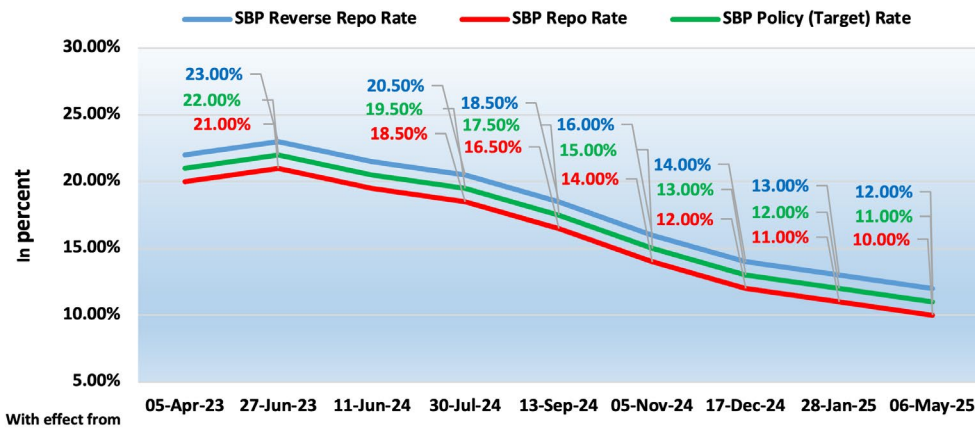
Weekly Trend in Sensitive Price Indicator (SPI)

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



Structure of Interest Rates - SBP*

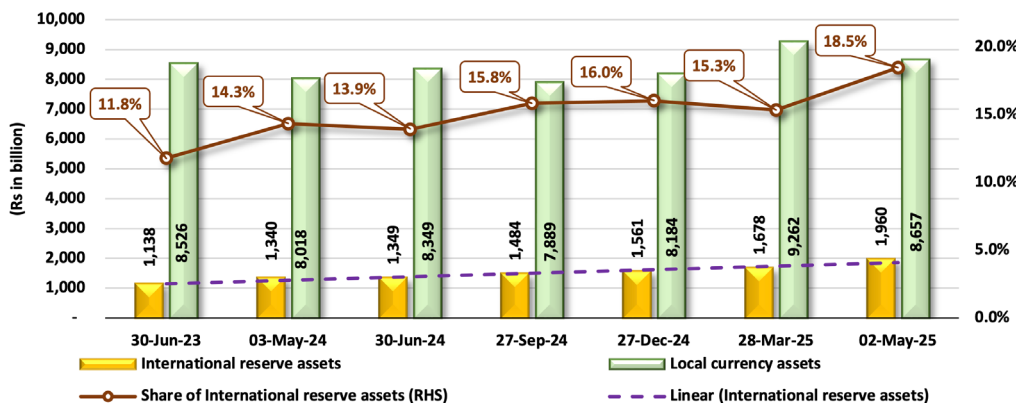
<https://www.sbp.org.pk/ecodata/sir.pdf>



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

Assets Composition of Total Banknotes Issued

<https://tinyurl.com/22n5xnum>



Markets at a Glance

Rates taken till Friday, May 09, 2025

SBP POLICY RATE

11%

Effective from May 06, 2025

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

KIBOR (3 MONTHS)

	Bid%	Offer%
Change Starting	11.85	12.10
Change Ending	11.19	11.44
Change	-0.66	-0.66

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

FOREX RATES*

	GBP	EURO	USD
Change Starting	PKR 373.53	PKR 318.17	PKR 281.06
Change Ending	PKR 373.67	PKR 317.06	PKR 281.71
Change	+0.14	-1.11	+0.65

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	114,114
Change Ending	107,175
Change	-6,939

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

GOLD RATES

	10 GM, 24K
Change Starting	PKR 291,105
Change Ending	PKR 301,411
Change	+10,306

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

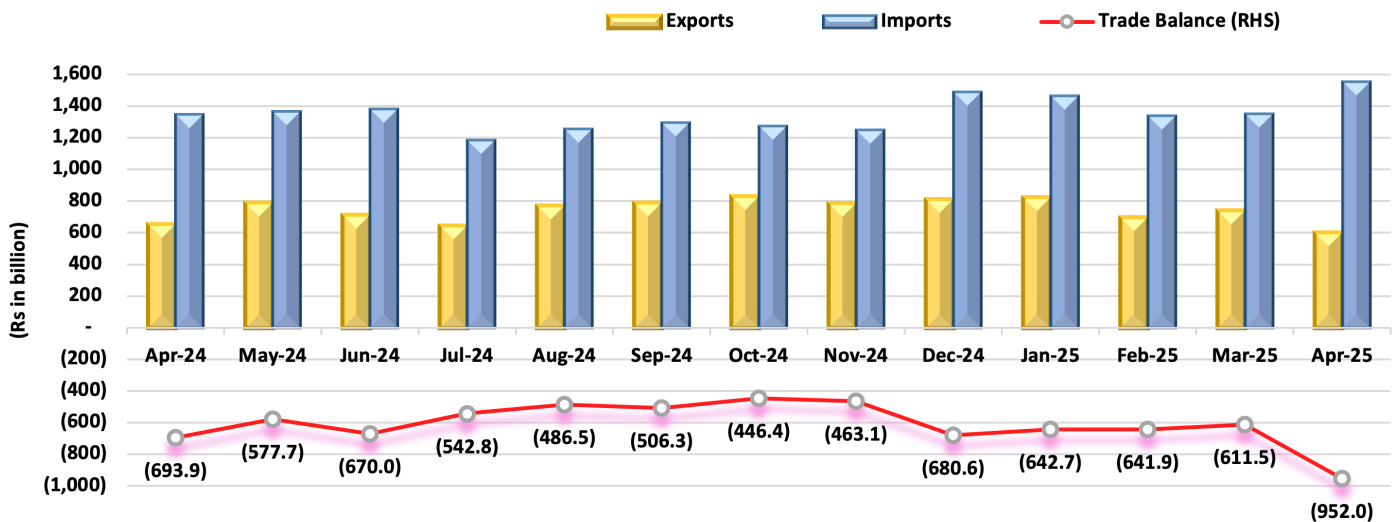
Balance of Trade Summary

(Rs in billion)

	Apr-2025 (P)	Mar-2025 (F)	Apr- 2024 (F)	% Change (Apr- 2025 over Mar - 2025)	% Change (Apr- 2025 over Apr - 2024)
Exports	601.4	740.8	654.0	(18.81)	(8.03)
Imports	1553.4	1352.3	1347.8	14.87	15.26
Balance of Trade - Deficit	(952.0)	(611.5)	(693.9)	55.68	37.21

Trends in Merchandised Trade

<https://www.pbs.gov.pk/trade-summary>



CPI Inflation

Annual Average

Year-on-Year

	FY22	FY23	FY24	April 2024	March 2025	April 2025
National CPI	12.1	29.2	23.4	17.3	0.7	0.3
Food (Urban)	13.4	37.6	22.1	11.3	(1.7)	(1.9)
NFNE (Urban)	8.1	16.2	16.1	25.6	3.1	2.2

<https://www.sbp.org.pk/reports/annual/Gov-AR/pdf/2024/Gov-AR.pdf>

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

* NFNE = Non Food and Non Energy

Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	April 26, 2024	April 25, 2025
6,909.9	7,572.5	9,148.7	9,153.1	8,823.0	10,067.6

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

Central Banks' Gallery

State Bank of Pakistan



MPC Decides to Reduce Policy Rate to 11 percent

At its meeting on May 5, 2025, the Monetary Policy Committee (MPC) decided to cut the policy rate by 100 bps to 11 percent, effective from May 6, 2025. The Committee noted that inflation declined sharply during March and April 2025, mainly due to a reduction in administered electricity prices and continued downtrend in food inflation. Core inflation also declined in April, primarily reflecting favorable base-effect amidst moderate demand conditions. Overall, the MPC assessed that the inflation outlook has improved further relative to the previous assessment. At the same time, the Committee viewed that the heightened global uncertainty surrounding trade tariffs and geopolitical developments could pose challenges for the economy. In this backdrop, the MPC emphasized the importance of maintaining a measured monetary policy stance.

While reaching the decision, the Committee noted the following key developments since its last meeting. First, provisional real GDP growth for Q2-FY25 was reported at 1.7 percent y/y, whereas Q1 growth was revised up to 1.3 percent from 0.9 percent. Second, the current account recorded a sizable surplus of \$1.2 billion in March, mainly due to record-high workers' remittances. This surplus and SBP's FX purchases partially cushioned the impact of large ongoing debt repayments on the SBP's FX reserves. Third, recent surveys suggest further improvement in both consumer and business sentiments. Fourth, shortfall in tax collection has continued to widen. Lastly, global uncertainty, particularly around tariffs, has led the IMF to sharply downgrade its 2025 and 2026 growth projections for both advanced and emerging economies. The tariff uncertainty has also triggered heightened financial market volatility and a sharp decline in global oil prices.

On balance, considering the evolving developments and risks, the MPC viewed that the real policy rate remains adequately positive to stabilize inflation in the target range of 5 – 7 percent, while ensuring that the economy grows on a sustainable basis.

Details maybe viewed at the following link:
<https://shorturl.at/dXM8L>

CPI Inflation:

YoY (April 2025)	0.3%	MoM (April 2025)	-0.8%
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<https://shorturl.at/5awwp>



Federal Reserve Board (Fed)



FOMC Decides to Maintain the Policy Rate

Although swings in net exports have affected the data, recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook has increased further. The Committee is attentive to the risks to both sides of its dual mandate and judges that the risks of higher unemployment and higher inflation have risen.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4.25 to 4.50 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.
<https://shorturl.at/MrTmx>

Central Bank of the UAE



CBUAE Maintains Base Rate at 4.40 percent

The Central Bank of the UAE (CBUAE) has decided to maintain the Base Rate applicable to the Overnight Deposit Facility (ODF) at 4.40 percent.

This decision was taken following the US Federal Reserve's announcement on May 7, 2025 to keep the Interest Rate on Reserve Balances (IORB) unchanged.

The CBUAE has also decided to maintain the interest rate applicable to borrowing short-term liquidity from the CBUAE at 50 basis points above the Base Rate for all standing credit facilities.

The Base Rate, which is anchored to the US Federal Reserve's IORB, signals the general stance of monetary policy and provides an effective floor for overnight money market interest rates in the UAE. <https://shorturl.at/OIQff>

European Central Bank (ECB)



ECB Partners with Private Sector Through Digital Euro Innovation Platform

The European Central Bank (ECB) has established an innovation platform to collaborate with European stakeholders in the context of the digital euro project. Almost 70 market participants – including merchants, fintech companies, start-ups, banks and other payment service providers – have signed up to work with the ECB to explore digital euro payment functionalities and use cases. Following a call for interest published in October 2024, the ECB received over 100 applications from around 70 participants, who joined one or both of the workstreams "pioneers" and "visionaries".

The innovation platform simulates the envisaged digital euro ecosystem, in which the ECB provides the technical support and infrastructure for European intermediaries to develop innovative digital payment features and services at European level.

The pioneers workstream is investigating how conditional payments in digital euro (i.e. transactions that are made automatically when predefined conditions are met, such as the delivery of a package bought online) could be implemented from a technical standpoint. It is also developing potential use cases for day-to-day payments.

Pioneers will be exploring how to integrate the simulated digital euro interfaces with their platforms. The ECB is providing participants with technical support and specifications, such as an application programming interface, to conduct independent work on use cases of

their choice. Pioneers will summarize their findings in a report, which the ECB will review thoroughly to inform its work on the digital euro project.

The visionaries workstream is conducting research on new digital euro use cases and how they could help address societal challenges, such as digital financial inclusion. For instance, the ability to open a digital euro wallet in any post office could guarantee free access to digital euro services, even for people without a bank account or access to digital devices.

Visionaries will share and discuss their proposals with the ECB in dedicated workshops that will run until May 2025.

"We welcome the huge amount of interest that market participants have shown in this exciting initiative," said Executive Board member Mr Piero Cipollone. "The breadth and creativity of the proposals highlights the digital euro's potential as a catalyst for financial innovation in Europe, including the development of new solutions that further enhance the payment experience for Europeans and create market opportunities".

Findings from both workstreams will be published by the ECB in a report to be published later this year. <https://shorturl.at/AVLIH>

Financial Institutions' Gallery



Askari Bank Launches Pakistan's First In-App Banking Calls to Eliminate Phone Scams

In a landmark move set to redefine customer trust and digital banking security in Pakistan, Askari Bank has launched Pakistan's first In-App Banking Call feature through the Askari Mobile App. This pioneering service enables customers to receive secure, authenticated calls directly from within the bank's mobile application, effectively eliminating the threat of fraudulent phone scams.

Under its innovation initiative "Breaking the Box," Askari Bank becomes the first in the region to introduce this breakthrough, reinforcing its commitment to transparency, customer protection, and technological leadership.

"This isn't just about protecting data; it's about protecting trust," stated a spokesperson from Askari Bank. "When Askari Bank calls, customers can be confident that it's truly us. Criminals can't imitate this secure channel."

The in-app calling system is designed so that only bank-initiated calls appear within the app, bypassing traditional phone networks that fraudsters exploit. This direct, app-based communication ensures that sensitive customer interactions are securely contained within the bank's digital ecosystem.

Customers are encouraged to update their Askari Mobile App to access this new feature and experience banking with greater peace of mind.

Additionally, customers can continue to lodge banking complaints via the State Bank of Pakistan's Sunwai App/Portal at sunwai.sbp.org.pk.

Askari Bank's latest innovation reflects its broader mission of delivering customer-centric solutions and strengthening digital banking infrastructure in Pakistan. By leveraging cutting-edge technology, the bank is setting new national benchmarks in financial trust and customer experience—making this solution a potential national asset in the journey toward a safer digital future.

<https://shorturl.at/PDmXS>

FinTech News/ Views

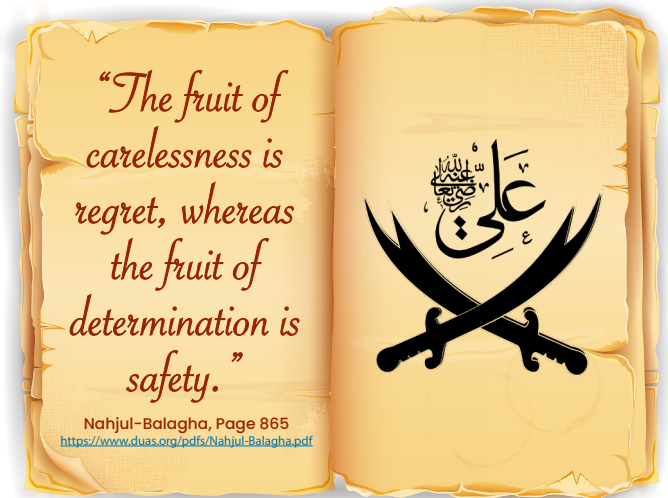
Karandaaz Pakistan Partners with Vizpro to Digitize Retail Payments and Boost SME Financing

Karandaaz Pakistan, a leading impact investment platform committed to promoting sustainable economic growth and financial inclusion in Pakistan, has announced a strategic partnership with Vizpro – a technology-driven fintech platform that is transforming the 'Middle Mile' of Pakistan's FMCG retail ecosystem.

This collaboration is set to address long-standing inefficiencies in the country's FMCG retail landscape by reducing reliance on cash-based transactions and providing small and medium-sized merchants with access to formal financial services. The initiative aims to build digital financial identities for unbanked retailers, integrate payment and credit solutions, and foster greater resilience, transparency, and growth across the retail value chain.

"This initiative is a bold step towards formalizing Pakistan's vast informal retail sector by enabling small retailers to build digital financial identities," said Mr Waqas ul Hasan, CEO of Karandaaz. "By adopting an all-digital approach, the project aims to demonstrate the efficiency and scalability of servicing micro and small enterprises – setting a precedent for ecosystem-wide innovation in inclusive finance."

Vizpro, through its digital platform Vizlink, has already onboarded over 13,000 merchants in Lahore, digitized PKR 5 billion in merchant-to-distributor (M2D) payments, and developed a thriving branchless banking agent network. The platform collaborates with leading financial service providers including Easypaisa and JazzCash, and recently entered a financing enablement partnership with CreditBook. Leading FMCG brands such as Pakistan Tobacco Company are already working with Vizpro to digitize their trade and sales operations.



With Karandaaz's support, Vizpro will now scale its reach to an additional 16,000 FMCG retailers across Tier 2 cities in Punjab and Karachi. The Vizlink platform offers a bundled suite of services, enabling retailers to place orders, make digital payments to distributors, and access short-term working capital – all within one ecosystem.

A notable addition to the initiative is the integration of Raast QR, allowing retailers to accept instant digital payments from customers. This move is expected to accelerate Pakistan's transition toward a cash-lite economy by reducing friction in informal cash handling and deepening financial inclusion at the last mile.

"We started by solving the cash management problem between retailers and distributors, and ended up creating a complete supply chain solution with digital payments, merchant finance, and a robust communications platform," said Mr Akbar Ayub Khan, CEO and Co-Founder of Vizpro. "Our partnership with Karandaaz has been transformative and will inspire wider adoption of digital tools and attract further investment into the sector."

"With this partnership, we are scaling a successful pilot to digitize M2D payments across major cities," added Mr Sharjeel Murtaza, Chief Digital Officer at Karandaaz. "More importantly, we're demonstrating how fintech innovation can address the working capital gap for small merchants – bringing order management, payments, and financing onto a single platform."

This initiative represents more than just a technological upgrade – it sets a powerful example of locally driven, scalable fintech innovation aimed at formalizing economic activity and catalyzing grassroots-level transformation in Pakistan's retail sector. <https://shorturl.at/cw4ZY>

SNIPS

Air Pollution Deaths

Air pollution caused 4.7 million early deaths in 2021 about the same as dementia, road accidents, malaria and suicides combined, reports The Economist.

General Economic Horizon

A. Domestic News

SECP Issues Compliance Checklists for REIT Management Companies and Section 42 Companies; Introduces Enhanced Grievance Redressal Mechanisms for Stakeholder Facilitation

The Securities and Exchange Commission of Pakistan (SECP) has issued checklists for obtaining licenses for Real Estate Investment Trust (REIT) Management Companies and companies licensed under Section 42 of the Companies Act, 2017 (Associations with Charitable and Not-for-Profit Objectives). This initiative is part of SECP's ongoing efforts to enhance regulatory clarity, promote ease of doing business, and improve the efficiency of regulatory processes.

The checklist for REIT Management Companies is designed to assist sponsors, promoters, and other stakeholders in understanding and fulfilling the procedural and documentation requirements prescribed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Real Estate Investment Trust Regulations, 2022. It provides structured guidance on the prerequisites for obtaining SECP's permission to establish a NonBanking Finance Company (NBFC) and applying for a license to undertake REIT management services. The checklist is available on SECP's official website at <https://shorturl.at/2X5ju>

Similarly, SECP has issued a dedicated compliance checklist for Section 42 companies to assist not-for-profit entities in meeting their legal obligations under the Companies Act, 2017. The checklist outlines essential requirements related to licensing, governance, financial reporting, and disclosures, enabling applicants to prepare complete and accurate submissions from the outset. The document is available at <https://shorturl.at/YFqeQ>

If no response is received within five working days of submitting an application or correspondence, applicants may follow up via email at section42.licensing@secp.gov.pk. By consolidating key regulatory steps into a single, accessible document, the checklists are expected to significantly reduce processing times, minimize incomplete or deficient applications, and streamline the licensing process for both applicants and the regulator.

To further institutionalize stakeholder facilitation, SECP has introduced additional channels for complaint registration and resolution across all Company Registration Offices (CROs). These include a dedicated landline helpline (051-9195307, available during business hours) and an online complaint portal (<https://xs.secp.gov.pk>, accessible

24/7). These measures aim to improve accessibility, ensure timely grievance redressal, and strengthen stakeholder engagement. The initiative underscores SECP's commitment to transparency, service delivery, and regulatory responsiveness. <https://shorturl.at/tMi7F>

B. International News

AAOIFI Accounting Board holds its 42nd meeting and Approves FAS 51 'Participatory Ventures' in Principle

The Accounting Board (AAB / the board) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) held its 42nd meeting on April 22–23, 2025, at AAOIFI's head office in the Kingdom of Bahrain. The board approved, in principle, the issuance of AAOIFI Financial Accounting Standard (FAS) 51 'Participatory Ventures'. The objective of FAS 51 'Participatory Ventures' is to prescribe the principles of accounting and financial reporting for the participatory ventures.

Mr Hamad Al Oqab, Chairman of the AAB, at this occasion stated, "The new standard is now also addressing the financial reporting requirements for the working partner and the venture itself, in addition to the earlier standard's requirements applicable only to the investor, and these are better aligned with the new framework and the generally accepted accounting principles". He particularly applauded the contribution of the board members, working group members and the secretariat team.

The board further discussed the need to revise FAS 26 'Investment in Real Estate', and resolved, in principle, to withdraw the standard on the premise that generally accepted accounting principles adequately cover the accounting treatment for property investments. The board decided to issue a statement, in due course, to officially withdraw the standard and to provide relevant guidance on the applicability of generally accepted accounting principles in the specific context of Islamic financial institutions. Till the time of issuance of such statement the current standard shall remain in effect.

The board also discussed the public consultation comments on the FAS Discussion Paper (FAS-DP) 01/2024 'Accounting and Financial Reporting Approach for Tawarruq and Commodity Murabaha', along with the draft of the proposed FAS on 'Tawarruq and Commodity Murabaha'. It was agreed that further consultation with the industry is needed including input from Shari'ah experts and market practitioners, and the convention of a round table that brings together various stakeholders to elaborate on the same before a final decision is made in this respect. The board also reviewed and approved its plan for the current year and evaluated the progress made in the development of current standards and the projects. <https://shorturl.at/Odwhh>

Digitalization Can Reduce Persistent Inequality in Asia and the Pacific – ADB Report

Digitalization can be a powerful tool to help reduce persistent economic inequality in Asia and the Pacific—but to harness its potential, governments need to narrow ‘digital gaps’, including gaps in infrastructure, access, and skills, according to a new report by the Asian Development Bank (ADB).

Although developing Asia and the Pacific has outpaced other regions in digital development in recent decades, the benefits have not been shared equally. For instance, across the region the percentage of residents using the internet is 13 percentage points higher in urban areas than in rural areas, according to *Asian Development Policy Report 2025: Harnessing Digital Transformation for Good*, released on May 6, 2025. Mobile internet download speeds are also 38 percent faster in urban areas than in rural areas. Previous studies have also found that many of Asia and the Pacific’s developing economies lag in terms of digital inclusion and have generally low digital skill levels.

At the same time, despite rapid development and growth, economic inequality persists in the region. Developing Asia’s population-weighted average Gini coefficient—a measure of domestic inequality—was 6 percent higher in 2022 than in 1990. As of last year, 18.9 percent of the region’s population was classified as poor, defined as living on less than \$3.65 a day.

“Developing Asia and the Pacific’s rapid digital transformation puts the region in a position to reap significant benefits,” said ADB Chief Economist Mr Albert Park. “Governments that promote inclusive, sustainable digitalization have an opportunity to not only boost overall productivity and innovation but also reduce economic inequality at the same time.”

Digitalization can alleviate inequality by widening access to basic services such as personal finance and education, or by helping small business owners overcome barriers such as lack of access to financing or business networks. Digital transformation can also help accelerate the shift to low-carbon development and make communities in the region more resilient to extreme weather and disasters, for example by supporting modeling and analytics to improve disaster risk management and forecast climate patterns to identify solutions such as climate-resistant crops.

The report recommends that governments in developing Asia and the Pacific adopt national digital strategies that integrate inclusion and sustainability objectives, and enact locally tailored policies that promote these objectives. Governments should also engage with the private sector, civil society organizations, and local and international communities. <https://tinyurl.com/nhaejcyu>

SELF & BUSINESS MANAGEMENT TIPS



Empathy is a Core Leadership Skill

Many leaders dismiss empathy as an optional, ‘touchy-feely’ skill. But failing to demonstrate it can lead to low morale, poor retention, and a culture where people withhold ideas and concerns. If you want to drive better results, use these strategies to make empathy part of how you lead—consistently and clearly.

Start with a Shared Definition. Without agreement on what empathy actually is, your team will default to assumptions. Collectively define empathetic behaviors—for example, perspective-taking and respectful disagreement—and be specific about how they show up in your culture.

Be Other-Focused. Empathy means making space for others to feel heard, not filling the silence with your own experiences. Be present. Listen deeply. Ask open-ended questions. Resist the urge to rescue or relate.

Balance Support with Structure. Understand individual circumstances without sacrificing team needs. Use empathy to gather perspectives, co-create solutions, and adjust expectations—while maintaining accountability for team and individual goals.

Protect Your Energy. Empathy does not mean overextending. Set boundaries, model emotional regulation, and avoid ‘empathic distress’ by facilitating—not absorbing—others’ emotions.

Choose words that connect. Avoid dismissive phrases like “At least...” or “I know how you feel.” Instead, validate experiences, acknowledge emotions, and offer curiosity without judgment.

(This tip is adapted from *Empathy Is a Non-Negotiable Leadership Skill. Here’s How to Practice It* by Palena Neale – HBR.)

SNIPS

Diamonds’ Losing Luster

The \$82 billion diamond industry has ground to a halt because of Trump’s tariffs since the US is the world’s largest diamond consumer, but it has to import the precious stones as it has no mines of its own, reports the Financial Times.