

Domestic Economic Roundup

Key Money & Banking Indicators:

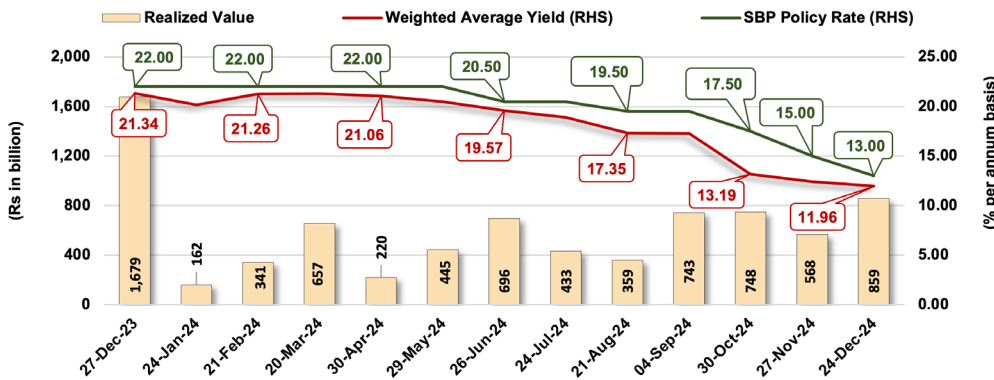
	Stocks at End - June 2024	Flows		Monetary Impact Since 1st July to	
		FY23	FY24	13-Dec-24	15-Dec-23
Total Deposits with Banks	26,665.8	2,593.0	4,921.0	-1,013.8	1,123.1
Broad Money (M2)	35,881.8	4,175.1	4,938.8	-846.9	620.1
Govt. Sector Borrowings (Net)	31,078.8	4,100.4	7,366.1	-2,248.5	2,612.7
Credit to Private Sector	8,866.9	45.9	512.9	1,470.3	141.3

(Rs in billion)

<https://tinyurl.com/bdfssvdx>

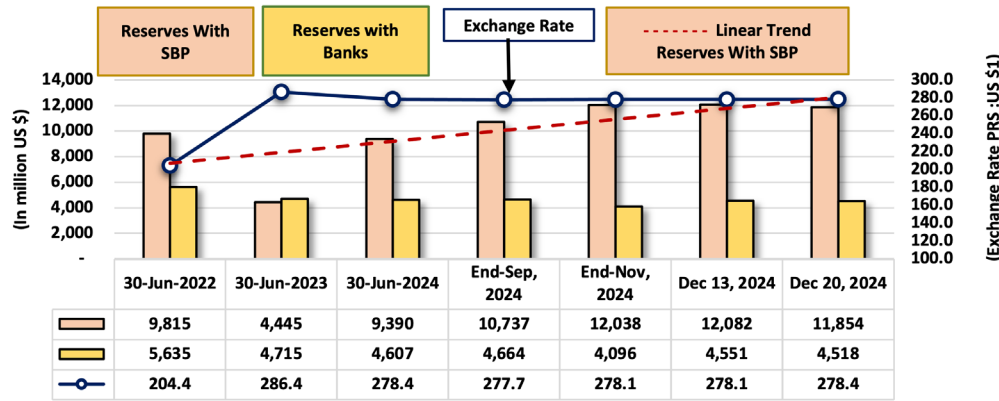
MTBs Acceptance (Auction+ Non-Competitive Bids)

MTB's: <https://shorturl.at/gkxk3>
SBP Policy: <https://shorturl.at/gkzG>



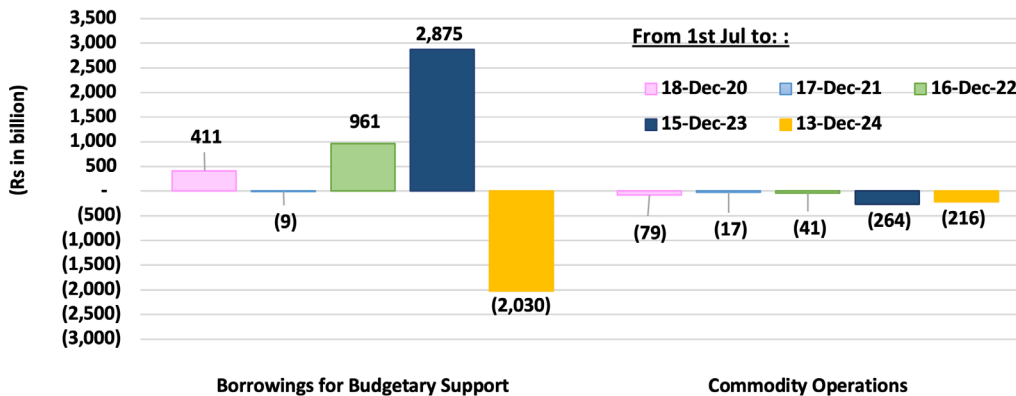
Forex Reserves and Exchange Rates as on

<https://shorturl.at/dxNU7> | <https://shorturl.at/aJM22>



Government Sector Borrowings (Net)

<https://shorturl.at/AFS7>



Markets at a Glance

Rates taken till Friday, December 27, 2024

SBP POLICY RATE

13%

Effective from December 17, 2024

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

KIBOR (3 MONTHS)

	Bid%	Offer%
Change Starting	12.00	12.25
Change Ending	11.94	12.19
Change	-0.06	-0.06

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

*Rates on Thursday, December 26, 2024

FOREX RATES*

	GBP	EURO	USD
Change Starting	PKR 348.09	PKR 289.06	PKR 278.42
Change Ending	PKR 348.98	PKR 290.15	PKR 278.47
Change	+0.89	+1.09	+0.05

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	109,513
Change Ending	111,351
Change	+1,838

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

GOLD RATES

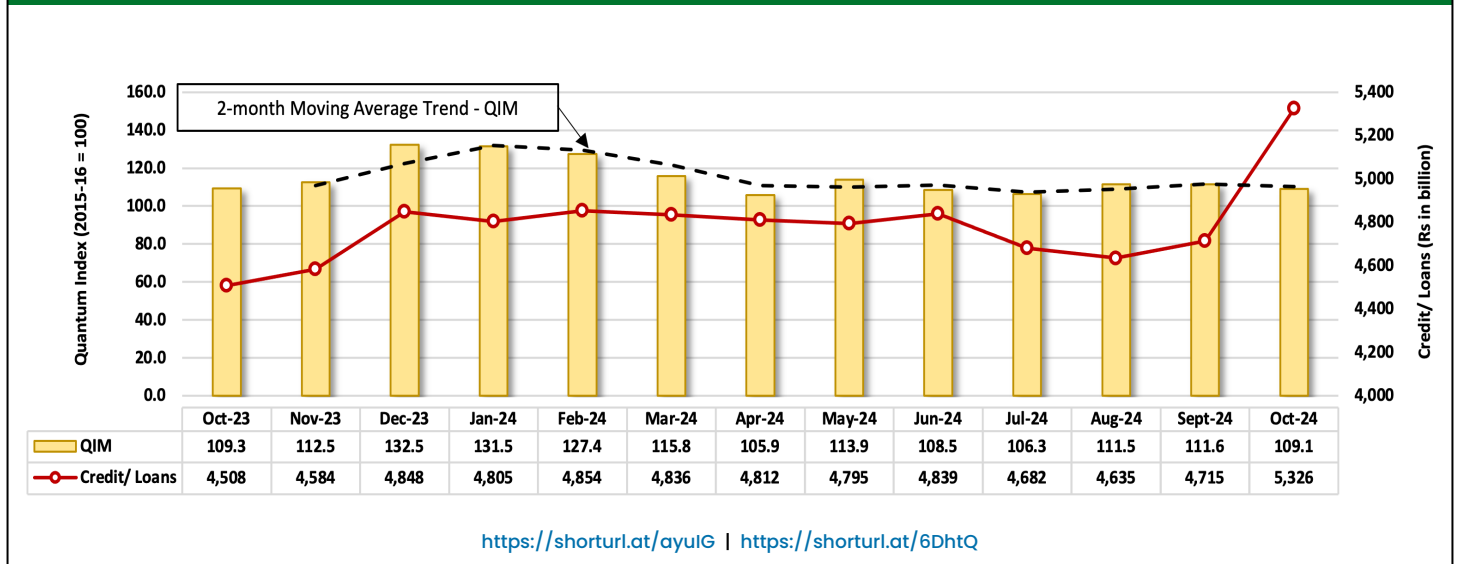
	10 GM, 24K
Change Starting	PKR 231,725
Change Ending	PKR 235,206
Change	+3,481

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

Quantum Index Numbers of Large Scale Manufacturing Industries-LSMI (2015-16 = 100)

Jul-October 2024-25		% age Growth in 2023-24	Monthly Indices and Growth				
Index for			Index for			% age Growth	
2024-25	2023-24	2024-25	Oct-24	Oct-23	Sept-24	MOM	YOY
109.63	110.33	-0.64	109.10	109.08	111.60	-2.24	0.02

Quantum Index of Manufacturing (QIM) Vs. Outstanding Credit/ Loans to Manufacturing



CPI Inflation	Annual Average			Year-on-Year		
	FY22	FY23	FY24	Nov 2023	Oct 2024	Nov 2024
National CPI	12.1	29.2	23.4	29.2	7.2	4.9
Food (Urban)	13.4	37.6	22.1	29.8	2.7	1.7
NFNE (Urban)	8.1	16.2	16.1	30.9	14.2	7.8

<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 15, 2023	June 30, 2024	Dec 13, 2024
6,909.9	7,572.5	9,148.7	8,648.2	9,153.1	9,336.7

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

Central Banks' Gallery

State Bank of Pakistan



SBP Releases its First Quarterly Review of Payment Systems for FY25

The State Bank of Pakistan (SBP) has released its Quarterly Payment Systems Review for Q1 FY25, highlighting significant strides in Pakistan's journey toward a cashless and digitally inclusive economy. Covering the period from July to September 2024, the report mentions robust growth in digital payment adoption, infrastructure development, and a gradual shift away from cash and paper-based instruments.

Retail payments in Pakistan during Q1 FY25 grew by 8 percent in volume to 1,951 million with value of PKR 136 trillion. Payments through digital channels witnessed a quarterly growth of 9 percent by both volume and value reaching to 1,699 million amounting to PKR 36 trillion. Digital channels are now handling 87 percent of retail payments by volume, showcasing the public growing trust in digital payments. Mobile banking apps provided by Banks, MFBs, BBs and EMLs played a pivotal role in this growth, with 1,301 million transactions amounting to PKR 19 trillion being carried out through these apps during the quarter, reflecting a 11 percent rise in volume and 14 percent in value. The collective number of mobile banking app users grew by 4 percent, reaching 96.5 million from 93.0 million in previous quarter.

E-commerce is also emerging as an integral component of Pakistan's digital payments, with a 29 percent increase in online e-commerce payments. Of the 118 million online e-commerce payments during the quarter, 91 percent were conducted through digital wallets, signifying a shift from traditional card-based systems. Complementing this growth, the number of Point-of-Sale (POS) terminals expanded to 132,224, enabling 83 million transactions worth PKR 429 billion. Furthermore, the ATM network grew to 19,170 units, facilitating 243 million transactions worth PKR 3.9 trillion, maintaining its key role as a cash withdrawal channel.

Efforts to include underserved segments have gained further momentum, with branchless banking agents playing a critical role in extending financial services especially in rural and remote areas. Over 693,178 agents processed 28 million bill payments/mobile top-ups and 75 million cash deposit and withdrawal transactions during the quarter. Retail merchants accepting digital payments witnessed a 16 percent growth, driven by branchless banking initiatives that enable payments through mobile wallets, QR codes, and other digital tools. These developments underscore the importance of alternative financial channels in bridging economic disparities across regions.

The report also highlights the success of the Raast instant payment system, which processed 197 million transactions worth PKR 4.7 trillion, further enhancing the efficiency of instant payments for individuals and businesses alike. Pakistan's payment ecosystem continues to thrive due to the combined efforts of banks, finTechs, payment service providers, and regulators. This collaborative approach has fostered innovation, accessibility, and a greater sense of financial inclusion across the country.

The SBP remains committed to driving a sustainable and inclusive financial future, ensuring that digital innovation continues to empower individuals and businesses. The progress highlighted in this review reflects the nation's potential to transition toward a fully digital economy while fostering trust and reliability in financial services. For details: <https://shorturl.at/RQcER> | <https://shorturl.at/fiXof>

Central Bank of the Republic of Türkiye



MPC Decides to Reduce the Policy Rate from 50 percent to 47.5 percent

The Monetary Policy Committee (the Committee) has decided to reduce the policy rate (the one-week repo auction rate) from 50 percent to 47.5 percent. The Committee has also decided to adjust the monetary policy operational framework by setting the Central Bank overnight borrowing and lending rates 150 basis points below and above the one-week repo auction rate, respectively.

The underlying trend of inflation was essentially flat in November 2024. Leading indicators point to a decline in the underlying trend in December. Indicators for the last quarter suggest that domestic demand, standing at disinflationary levels, continues to slow down. While core goods inflation remains low, the improvement in services inflation has become more apparent. Unprocessed food inflation appears to have moderated in December after an elevated course in the previous two months. While inflation expectations and pricing behavior tend to improve, they continue to pose risks to the disinflation process.

The decisiveness regarding tight monetary stance is bringing down the underlying trend of monthly inflation and strengthening the disinflation process through moderation in domestic demand, real appreciation in Turkish lira, and improvement in inflation expectations. Going forward, increased coordination of fiscal policy will also contribute significantly to this process. The tight monetary stance will be maintained until a significant and sustained decline in the underlying trend of monthly inflation is observed and inflation expectations converge to the projected forecast range. Accordingly, the level of the policy rate will be determined in a way to ensure the tightness required by the projected disinflation path, taking into account both realized and expected inflation. The Committee will make its

decisions prudently on a meeting-by-meeting basis with a focus on the inflation outlook. Monetary policy tools will be used effectively in case a significant and persistent deterioration in inflation is foreseen.

In case of unanticipated developments in credit and deposit markets, monetary transmission mechanism will be supported via additional macroprudential measures. Liquidity conditions are closely monitored and assessed with respect to prospective developments. Sterilization tools will continue to be implemented effectively.

Taking into account the lagged effects of monetary tightening, the Committee will make its policy decisions so as to create the monetary and financial conditions necessary to ensure a decline in the underlying trend of inflation and to reach the 5 percent inflation target in the medium term.

Indicators of inflation and underlying trend of inflation will be closely monitored, and the Committee will decisively use all the tools at its disposal in line with its main objective of price stability.

The Committee will make its decisions in a predictable, data-driven and transparent framework.

The summary of the Monetary Policy Committee Meeting will be released within five working days.

<https://shorturl.at/fFmXh>

CPI Inflation:

YoY (November 2024)	47.09%	MoM (November 2024)	2.24%
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<https://shorturl.at/JOYS8>

Central Bank of the UAE



CBUAE and ADSC sign MoU to Support Community Fitness and Sports Initiatives

The Central Bank of the UAE (CBUAE) signed a Memorandum of Understanding (MoU) with the Abu Dhabi Sports Council (ADSC) to strengthen bilateral ties and enhance cooperation in areas of mutual interest, and organize community events and initiatives related to physical fitness and sports.

The MoU was signed by H.E. Ebrahim Obaid Ebrahim Alzaabi, Assistant Governor of Monetary Policy and Financial Stability at the CBUAE, and H.E. Aref Hamad Al-Awani, Secretary-General at ADSC, in the presence of senior officials from both parties.

As part of the MoU, the CBUAE and ADSC will enhance their joint relationship by establishing a framework for organizing community initiatives related to physical fitness and sports and designing sports programs that support their strategic goals. The two parties will also participate in awareness activities and conduct knowledge exchange workshops to achieve common goals. <https://shorturl.at/2bMhU>

Financial Institutions' Gallery



Meezan Bank and Arif Habib Limited Launch Instant Top-up Service for Investors

Meezan Bank, Pakistan's leading Islamic bank, and Arif Habib Limited, a leader in investment banking, have recently partnered to enhance the investor experience in Pakistan. The collaboration is marked by a Memorandum of Understanding (MoU) and the launch of an innovative Instant Top-up Service for investors. Mr Shahid Ali Habib, CEO of Arif Habib Limited, and Syed Amir Ali, Deputy Chief Executive Officer of Meezan Bank signed the agreement, with senior management from both organizations in attendance.

The new service allows Meezan Bank customers to instantly top up their Arif Habib Limited investment accounts via the Bank's Alternate Distribution Channels, including Meezan Mobile App, Internet Banking, and ATMs. Previously, investors had to manually transfer funds and provide proof of deposit. The Instant Top-up Service automates this process, saving time and reducing complexit

By eliminating manual deposits and proof requirements, the service offers a faster, more efficient way for investors to manage their funds.

Syed Amir Ali, Deputy Chief Executive Officer of Meezan Bank, commented that the Instant Top-up Service is part of Meezan Bank's strategy to digitalize and streamline financial transactions, strengthening its position as a leader in Shariah-compliant banking. Through our partnership with Arif Habib, we are helping drive the evolution of digital banking in Pakistan, providing a faster, more efficient way to top up investment accounts, and improving the overall experience for investors.

Mr Shahid Ali Habib, Chief Executive Officer of Arif Habib Limited, said that we are pleased to announce our strategic partnership with Meezan Bank to enable swift and secure digital payments for our clients. This collaboration reflects our commitment to delivering seamless and efficient financial solutions, ensuring our customers can conduct transactions with greater ease. At AHL, we continuously strive to integrate cutting-edge technologies that streamline our services and enrich customer experience. This partnership marks a significant step in our journey to drive the digital transformation of Pakistan's financial landscape. <https://rb.gy/zgIk0d>

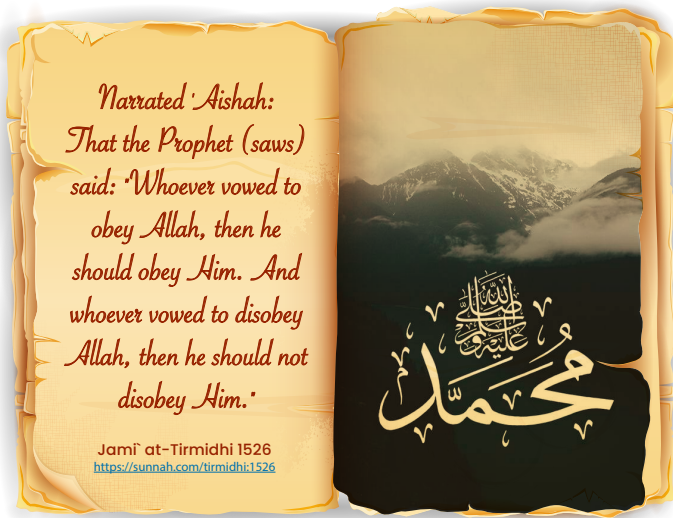
FinTech News/ Views

Alibaba.com Launches Trade Assurance Service in Pakistan to Boost SME Confidence

Alibaba.com, a global leader in business-to-business (B2B) e-commerce, has launched its Trade Assurance service in Pakistan, aimed at empowering small and medium-sized enterprises (SMEs) to trade with greater confidence. This makes Pakistan one of the select markets globally where the platform has introduced this valuable service for suppliers.

The announcement was made at the 2025 Alibaba.com Pakistan Supplier Export Summit, held in Sialkot, a hub of industrial excellence. During the event, Alibaba.com highlighted growth opportunities and emerging trends in the global apparel industry, which is projected to reach \$1.79 trillion in 2024, with a compound annual growth rate (CAGR) of 2.81 percent from 2024 to 2028.

<https://rb.gy/yj25nh>



Careem Collaborates with PSO to Support Captains with Exclusive Discounts and Services

Careem, the region's leading ride-hailing platform, has announced a strategic partnership with Pakistan State Oil (PSO) to offer Careem Captains exclusive benefits aimed at simplifying and enhancing their driving experience.

Under this collaboration, Careem Captains will gain access to discounted high-quality engine oils from PSO, along with a complimentary top wash service with every oil change. This initiative underscores Careem's unwavering commitment to supporting its Captains by prioritizing their needs and providing solutions that make their lives easier.

This partnership with PSO reflects our mission to simplify and improve the lives of people, including our Captains who are the backbone of our platform, said focal person at Careem that by offering meaningful benefits, we aim to support their success and ensure a seamless driving experience.

The partnership builds on Careem's efforts to recognize and empower its Captains, further cementing its dedication to providing innovative solutions that contribute to their personal and professional growth. <https://rb.gy/s3f4nn>

General Economic Horizon

A. Domestic News

Daewoo Express, Saudi Pak Consortium to Finance Rs 2,000 million, for EV and Euro III Intercity Buses

Daewoo Pakistan Express Bus Service Limited (Daewoo Express) has signed a landmark agreement with a consortium of Development Financial Institutions (DFIs), led by Saudi-Pak Industrial and Agricultural Investment Company Limited, to secure a 05-year lease financing facility worth Rs 2,000 million. The funding will facilitate the procurement of Electric Vehicles (EV) and Euro III intercity buses from Golden Dragon, China, marking a significant step towards sustainable and climate-resilient transportation solutions in Pakistan.

The signing ceremony, held at a local hotel on December 26, 2024, was attended by representatives from the DFIs, Daewoo Express, and key stakeholders. The DFIs in the consortium include Pak-China Investment Company Limited, Pak-Libya Holding Pvt Limited, and Pak-Oman Investment Company Limited. JS Bank acted as the Account Bank, while Mohsin Tayebaly & Co served as the Transaction Legal Counsel.

Mr Faisal Ahmed Siddiqui, CEO of Daewoo Express, highlighted the company's commitment to environmental sustainability during the event. Daewoo Express has been at the forefront of Pakistan's transport sector for over 25 years, operating a fleet of more than 1,000 buses across intercity and intra-city routes, he said.

SNIPS

Delisting from the London Stock Exchange

A total of 88 companies have delisted or transferred their primary listing from the London Stock Exchange, with only 18 taking their place, marking the biggest net outflow of companies from the main market since 2009, according to the London Stock Exchange Group.

He outlined the company's ambitious 5-year strategy, emphasizing plans to replace a significant portion of its current fleet with environmentally friendly EVs and Euro III buses. This transition will not only enhance fleet efficiency but also support Pakistan's long-term environmental goals, Mr Siddiqui stated.

Expressing gratitude to the DFIs, he added, We deeply appreciate the collaboration that has made this transaction possible, and we are committed to leveraging this opportunity to contribute to a greener future.

<https://rb.gy/nqaxa>

B. International News

IFC Partners with Leading Local Banks in Pakistan to Boost Domestic Tyre Production

International Finance Corporation (IFC) and a consortium of local banks, including HBL, Meezan Bank, Bank Alfalah and Habib Metropolitan Bank, are providing up to \$50.2 million-equivalent in financing to support Armstrong ZE Pvt. Ltd. in developing a greenfield tyre manufacturing facility in Gharo town, Sindh to boost local tyre production. The project will introduce a locally manufactured international brand to Pakistan, which will improve consumer access to quality, affordable tyres, while strengthening local supply chains, creating jobs and boosting private sector-led growth.

The financing comprises a \$25 million loan from IFC alongside an up to \$25.2 million equivalent investment in Pakistani rupees from local banks. The project is expected to create over 1,800 direct and indirect jobs and help increase the competitiveness of the sector through technology and know-how transfers.

The number of registered vehicles in Pakistan has grown steadily over the last decade, reaching approximately 30 million vehicles in 2023, including 23 million two-wheelers. However, local tyre manufacturing remains constrained due to a lack of technical expertise and technology and a substantial informal market, making the country heavily dependent on imports. Reducing these imports will also help improve Pakistan's foreign currency reserves.

SNIPS

Increase in Tourism Emissions

Researchers at the University of Queensland found that between 2009 and the start of the Covid-19 pandemic in 2020, global emissions from tourism grew by an average of 3.5 percent a year, double the rate of emissions in general, states the Economist.



Armstrong ZE is deeply honored to have earned the trust and support of IFC and our partner banks; HBL, Meezan Bank, Bank Alfalah and Habib Metropolitan Bank. Their investment in this transformative project is not just a financial endorsement but also a strong vote of confidence in our vision, capabilities, and potential to shape the future of tyre manufacturing, said Mr Azim Yusufzai, Chairman of Armstrong ZE. Together, we aim to foster innovation, create employment opportunities, and contribute to sustainable development in our communities and beyond. This collaboration marks a monumental step forward in advancing our mission to deliver world-class, sustainable, and innovative tyre solutions to the Pakistani market.

IFC will also be supporting Armstrong through its Responsible Investing Support in Emerging Economies (RISE) advisory program, which will strengthen Armstrong's climate risk management, resource efficiency, and environmental and social processes.

IFC is committed to improving Pakistan's value-added manufacturing capacity by partnering with strong companies that can scale up production, said Mr Khawaja Aftab Ahmed, IFC's Regional Director for the Middle East, Pakistan, and Afghanistan. This investment exemplifies this commitment and will help improve consumer access to tyres while spurring the economy through job creation, increased productivity, and reduced reliance on imports.

The project will utilize the company's long-standing experience in the tyre industry, through its UAE-based company, Zafco Group Holding, which operates as a global importer and exporter of tyres, batteries, and lubricants, with a presence in over 85 countries, as well as Zafar Enterprises, a leading tyre distributor in Pakistan.

IFC has invested approximately \$13 billion in Pakistan since 1956, supporting diverse sectors such as renewable energy, financial inclusion, infrastructure development, agribusiness, manufacturing, housing, healthcare, and trade, among others. <https://shorturl.at/X79fE>

SELF & BUSINESS MANAGEMENT TIPS



The 3 Types of Learning Leaders

While most leaders know they need to champion learning, they often assume that there is a single right way to do it that will serve all of their company's needs. But that is simply not the case. There are, in fact, three distinct ways to lead learning in your organization—as a custodian, a challenger, or a connector—all of which can be successful in the right context.

- **Custodians** believe that learning must serve the needs of the organization first and foremost. They can bring alignment and strengthen culture in periods of flux—for example, following the launch of a new strategy or after a period of fast growth.
- **Challengers** think individuals have an intrinsic right to grow and that learning must support their development. Challengers shine when the organization is stuck and needs to innovate.
- **Connectors** integrate both approaches and emphasize bringing people together to learn from one another. Connectors can help in siloed organizations that need to boost collaboration.

Understanding these three approaches and the differing goals they serve can help you select, develop, partner with, and be a better “leader of learning” for your company.

(This tip is adapted from *Three Ways to Lead Learning*, by Gianpiero Petriglieri. – HBR.)

Turn Hope into a Competitive Advantage

Hope is not just a feel-good emotion; it is a powerful leadership tool for driving success. Unlike passive optimism, hope combines willpower—the drive to get the outcome you are hoping for—and way-power—charting a clear path to follow—making it a strategic force in workplaces that want to thrive. Here is how to cultivate hope and turn it into a competitive advantage.

Set shared goals. Unite your team by grounding goals in shared values. When people recognize their common purpose, they are more engaged and motivated. For example, Patagonia's mission, “We are in business to save our home planet,” resonates deeply with its employees. What is your organization's unifying mission?

Empower autonomy. Hope thrives when people feel like they have control over their future. Delegate meaningful tasks, loosen managerial constraints, or introduce initiatives that allow employees to explore their own ideas. Focus on what people can control, like building skills or achieving milestones, to foster hope at the individual level.

Celebrate progress. Small wins matter. Recognize and celebrate accomplishments, no matter how incremental. Highlighting achievements reinforces a sense of agency and creates a positive feedback loop that fuels hope for future success.

(This tip is adapted from *The Strategic Power of Hope*, by Jamil Zaki. – HBR.)



We wish
 our readers a
Happy New Year!