Branchless Banking: 167 mn transactions worth Rs. 746.6 bn conducted in April - June 2017

All indicators of Branchless Banking (BB) posted a significant growth and the value of transactions reached Rs. 746 bn at the end of April-June 2017 quarter. According to State Bank of Pakistan (SBP) the BB transactions increased by 19 pc and 32 pc in volume and value, respectively over the preceding quarter owing to the rise in social welfare payments and customer oriented transactions. Overall, 167 mn transactions amounting to Rs. 746.6 bn were conducted during the April-June of 2017 compared to 140 mn of Rs. 564.4 bn in Jan-March of 2017. Out of total transactions, a total of 5.4 mn transactions worth Rs. 272 bn were conducted by agents for liquidity management purposes. These agent-related transactions constitute 3.2 pc and 36.5 pc in total BB transactions in terms of volume and value respectively. The BB deposits witnessed a sizeable rise of 95 pc over the preceding quarter by rising from Rs. 7.9 bn to Rs. 15.4 bn. Gender wise BB Accounts represent 20.8 pc female accounts and 79.2 pc male accounts. The total number of female accounts at the end of Apr-Jun 2017 remained 5.7 mn, out of the total 27.3 mn BB accounts.

Next Phase of CPEC

The two-day Joint Cooperation Committee (JCC) meeting of the China-Pakistan Economic Corridor (CPEC) sets the stage for the second phase of the multibillion-dollar cooperation between the two nations. It attempts to formalize the future roadmap for industrial and economic collaboration involving special economic zones along the CPEC stretch in Pakistan and adopt a Long Term Plan (LTP) 2030. The main focus of the seventh JCC will remain special economic/industrial zones even though all the five joint working groups (JWGs) — Gwadar, energy, transport infrastructure, special economic zones and planning — would meet on the first day (today) to remove any irritant and suggest the way forward. The key projects expected to formally become part of the CPEC are $8 bn Main Line-I (the 1,875 km railway line from Karachi to Lahore to Peshawar) and $3.5 bn Karachi
Circular Railway. The financial appraisal of these new projects has been completed and their future course of action will be approved.

Renault Signs New Agreement
French automaker Renault is making another attempt to assemble and distribute its vehicles in Pakistan in partnership with Al-Futtaim, a Gulf-based business house. Groupe Renault and Al-Futtaim have signed definitive agreements to assemble vehicles in a new plant in Karachi, a statement said recently. However, the transaction remains subject to a number of conditions mainly relating to regulatory approvals. The two parties expect that the plant will be built starting the first quarter of 2018. Car sales will begin in 2019 and be ramped up in 2020. The companies did not reveal the amount of expected investment. They did not state the number of vehicles that the plant will roll out every year.

**INTERNATIONAL ARENA**

EU-Mercosur Free-trade Pact Supporters Push for Deal
Advocates for a free trade pact between the EU and the Mercosur states in South America, under negotiation for nearly 20 years, are seeking to press for the current and secure a deal by the end of the year. Both EU and Mercosur intend to reinforce cross-Atlantic ties between the EU and Latin America. With the free trade deal with Canada provisionally entering into force in September and an agreement in principle reached with Japan in July, the EU is now trying to reach a deal with the Mercosur states: Argentina, Brazil, Paraguay and Uruguay. Given the size of the Brazilian and Argentine economies, the deal is estimated to be worth four times as much as the deal with Japan for the EU and would represent an important victory for advocates of multilateral trade deals. An EU-Mercosur deal will be a political symbol and the announcement of concrete decisions was needed to counter the growing protectionist trend and public opinion against trade deals. The EU has previously signaled it is ready to make concessions with Mercosur on beef and ethanol in exchange for more market share for its cars in order to reach a deal. (Note: MERcado COMún del SUR. Customs union of four countries: Argentina, Brazil, Paraguay, and Uruguay).

Hong Kong Overtakes Singapore in Race to Attract Talent
Hong Kong topped Singapore in a tight race for the best of Asia’s talent, according to 2017 rankings released Tuesday by the Switzerland-based Institute for Management Development. Singapore scored 75.63 versus 77.9 for its regional rival, while both took a big lead against 10 others in Asia, the data show. Switzerland took top prize in the overall ranking of 63 economies worldwide, with Hong Kong and Singapore at Nos. 12 and 13. The IMD assesses the ability of a country or territory to develop, attract and retain talent, and measures benchmarks such as health infrastructure, apprenticeships and student mobility, as well as less quantitative indicators, like quality of life and worker motivation.

**KALEIDOSCOPE**

Ten Most Densely-Populated Countries in the World

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>people per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macao</td>
<td>55,301</td>
</tr>
<tr>
<td>Monaco</td>
<td>49,236</td>
</tr>
<tr>
<td>Singapore</td>
<td>19,935</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>17,156</td>
</tr>
<tr>
<td>Gibraltar</td>
<td>11,054</td>
</tr>
<tr>
<td>Bahrain</td>
<td>5,038</td>
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<tr>
<td>Vatican</td>
<td>4,709</td>
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<tr>
<td>Malta</td>
<td>3,504</td>
</tr>
<tr>
<td>Bermuda</td>
<td>3,248</td>
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<tr>
<td>Bangladesh</td>
<td>2,892</td>
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</tbody>
</table>
NAFTA Talks Open Amid Inflexibility Complaint
A key round of talks to update the NAFTA trade pact formally opened recently, but within hours Canada was complaining about inflexibility by the United States, which is demanding big changes, a union leader said. Canada and Mexico went into the talks prepared to address US demands that they had previously dismissed as unworkable, officials said. But it was reported that the US side was not soft on matters. It was remarked that the talks would end in failure. There is relatively little time left to thrash out a deal under the current schedule. Negotiators met in Mexico City for the fifth of seven planned rounds that are due to wrap up by the end of March to avoid affecting Mexico’s presidential election.

Japan Reports 40% Trade Surplus Drop
Japan’s October trade surplus shrank 40.7 pc from a year earlier as growth in exports were eclipsed by higher costs of importing crude oil and petroleum products, the government reported recently. The world’s third-largest economy logged a surplus of 285.4 bn yen ($2.5 bn), down from a 481.2-bn-yen surplus a year earlier, according to data from the finance ministry. The latest figure was modestly lower than market expectations of a 330-bn-yen surplus, but still the fifth consecutive month of booking a black figure.

Bits & Bobs
Uber collected more than 850,000 signatures of support, the mayor of London agreed to allow the popular ride-sharing program.

A Career and Gender Disconnect: According to a 2014 survey of graduates from Harvard Business School, more than half of male respondents expected their careers to take precedence over those of their wives, whereas female respondents expected more equality in their careers.

Too Big and Failing: When companies initiate large-scale information technology projects, 17 pc go so badly that they threaten the organization’s existence, according to research by McKinsey and the University of Oxford.

Tencent Holdings Ltd.
Tencent Holdings Ltd. has surpassed Facebook Inc. in market value, becoming the first Chinese technology company to join the ranks of the world’s five largest corporations. Investors piled into the Chinese social networking giant, extending this year’s rally to 127 pc and boosting its market value by some $ 292 bn as of Tuesday’s close. That year-long surge has made founder Ma Huateng, the mainland’s second-richest man and lifted the entire Hong Kong bourse. The operator of the ubiquitous WeChat messaging service is now valued at $ 523 bn, a whisker above Facebook’s $ 522 bn on Monday.

Alibaba Comes to Pakistan
Pakistan’s IT industry has massive growth potential and even greater investment prospects. In light of this, e-commerce giant Alibaba, one of the world’s largest online retailers, with a total market value of $ 380 bn, has recently signed an MoU with our Ministry of Commerce. This development is aimed at promoting exports from SMEs and may potentially lead to an investment of approximately $ 400 mn in Pakistan’s e-commerce sector — investment at the moment stands at well north of $ 120 mn. Furthermore, this agreement entails the provision of training for SMEs with respect to using e-commerce platforms, along with promoting mobile financial services and

QUOTABLE QUOTE
Education is the most powerful weapon which you can use to change the world.
- Nelson Mandela
online payment services. On the face of it, Alibaba’s entry seems full of benefits. However, it would be wise to consider both the potential benefits, as well as the drawbacks which may arise as a result of the company’s entry into Pakistan.

**Get Ready for The New Disrupters**

Ginni Rometty, CEO IBM, had gathered 100 CEOs of companies in Interconnect 2017 Conference. The discussion focused around the future business transformation programs being made by their companies. Here are some of the points:

Rometty suggested that the next wave of technology, unlike the previous ones, is going to provide an edge to the established companies over the latest technology-based startups. She believed this is the time to act for the existing companies. They can go on the offensive. They can be the disrupters, instead of the disrupted when it comes to new technology. The first phase of the digital revolution favored a small number of big ecommerce companies that benefited from the network effect. The next phase is not about the network alone, but also about knowledge. That will depend on a company’s internally-generated data, as well as its know-how. Those who use it wisely, with the help of latest intelligent computer programs will win.

IBM’s Jon Iwata summarized the insights:

- The group believes their companies’ core expertise is more important and more relevant than ever. Technology enables that expertise.
- Data has become their most powerful asset (although turning that data into intelligence is still a critical challenge).
- Almost all of them are either building, or participating in, platforms which are vital to their future.

The biggest problem is not technology, but rather creating a culture that can embrace and adapt to technological change. Culture is the number one hurdle. Culture moves in one straight line while technology moves at extremely rapid pace.

**LIMELIGHT**

- FDI Surged by 74 pc year-on-year to $ 940 m in the first four months of this fiscal year with Chinese inflows remaining on top

- Sales of locally produced automobiles (Cars, vans, light commercial vehicles and jeeps) jumped by 32 pc to 83,809 units in July–October, according to the Pakistan Automotive Manufacturers Association (PAMA).


- E-Commerce Era: E-commerce market size in Pakistan is Rs. 9bn and expected to increase 3 times by 2020.

- Feeding an estimated 185 mn population of livestock is a big challenge, due to the fact that the contribution of livestock in the country’s GDP is higher than that of large-scale manufacturing, livestock feeding needs serious attention.

- Fodder and food crops residues meet about 55 pc of livestock feeding, the remaining 45pc requirement is met through a number of sources, including forage and open-field grazing, by-products of cereals, post-harvest leftovers of food crops like roots and stalks, oilcakes, prepared animal food, animal protein.