



**NBP**

# Newsline

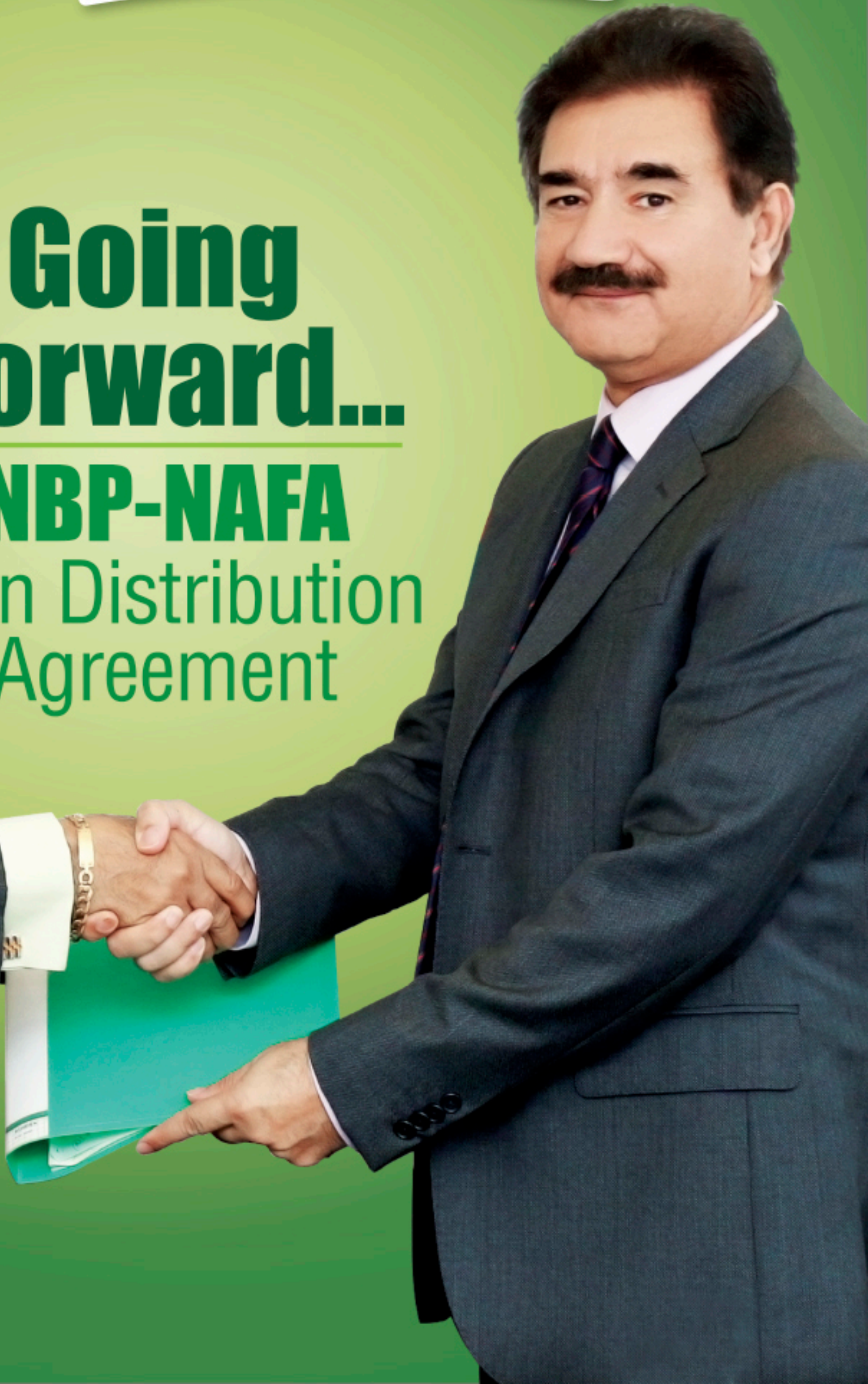
since 2006



## Going Forward...

### **NBP-NAFA**

### sign Distribution Agreement

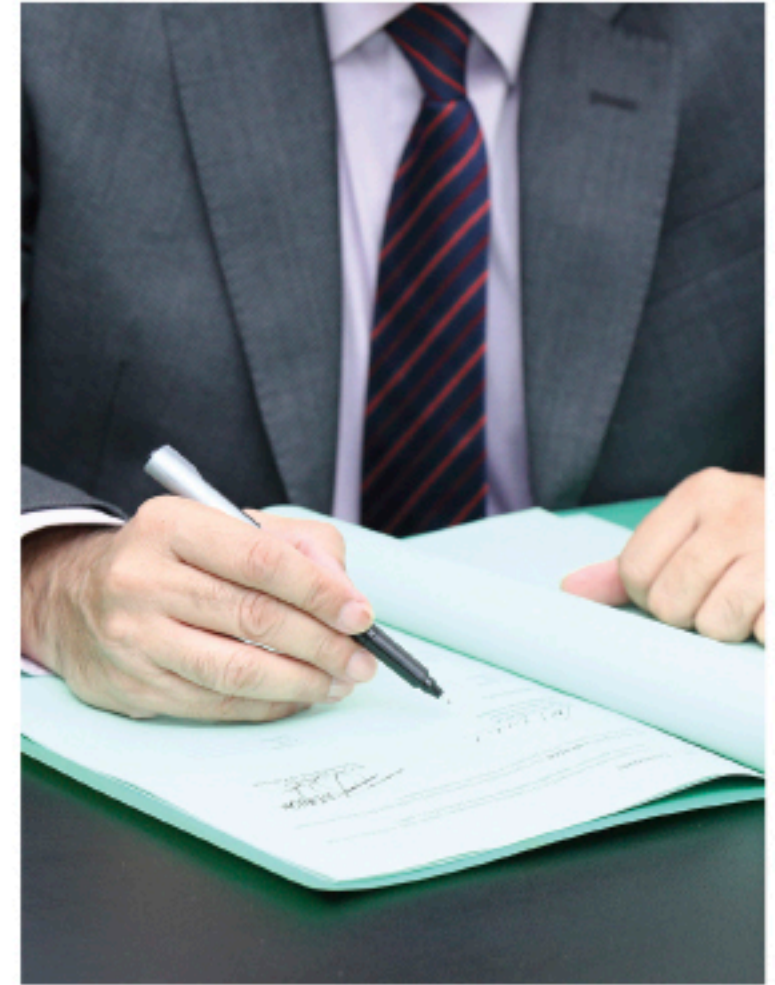




**Editorial Board**

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SEVP/Group Chief  
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Editor  
**Asra Adnan**



## Are you ready for change?

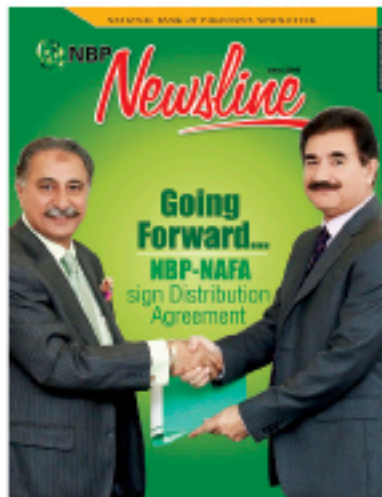


The world is changing, and companies in every industry have to change and adapt with it; to retain current customers, to acquire new ones, to generate new revenues, and to stay relevant.

This can be done by putting the right people in charge. Truly transformational ideas take a while to build and test and get traction, so don't throw all of your resources into one massive project. Start with some smaller projects where you don't have to be afraid of making mistakes. One should focus on learning from what others are doing. The most successful ideas are those that solve a real pain point or create an important gain for a customer.

In 2017 banks are more ambitious and focused. If the world around changes, banks have to adjust their business models to remain profitable; if banks want to remain stable, they have to care about risk management; and if bad loans are weighing down balance sheets, banks have to free themselves of those bad loans.

These are things which are easier said than done. I know that. Still, there is no way around them, and banks should start working on them now.



Concept Layout:  
**NBP Newsline**  
Creative Department

### Regret!

In our last issue # 50 qualification of **Muhammad Farhan Rafique**, Manager Import, NBP Main Branch Karachi was inadvertently mentioned. He is JAIBP Qualified from (IBP) in summer 2014.

**The Editor regrets the error**

The opinion expressed in the **Editor's Note** do not necessarily reflect the views of the National Bank of Pakistan

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Kindly notify us if there is any change of address.

The Editor has the right to edit any write-up sent for publication for clarity and space.





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**NBP Newslite** is published quarterly to keep our employees and others updated about the latest activities of the **National Bank of Pakistan**

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Contributions to **NBP Newslite**, may be sent to Mezzanine floor, Chapal Plaza, Hasrat Mohani Road, Karachi.



Signing Ceremony



# NAFA AGREEMENT





NAFA Fullerton Asset Management Ltd, a subsidiary of National Bank of Pakistan having 54 percent share, recently renewed the Distribution Agreement with NBP. It is a Public Limited Company incorporated under the Companies Ordinance 1984 also registered as Non-Banking Finance Company duly licensed as Assets Management Company. The first Distribution Agreement was signed in 2005 for a period of five years. Through this agreement, both institutions entered into an agreement where NBP was to act as the Distribution Company of NAFA in respect of units of Funds, to carry out distribution function under terms & condition set out in the agreement.

The agreement was renewed up to December 2015. Subsequently a fresh agreement has been renewed for a further period of five years under the signature of Mr. Mohsin Furqan Executive Vice President/ Divisional Head, Operation Group and Dr. Amjad Waheed, CFA/Chief Executive, NAFA, Mr. Javed Ashraf (SVP), Syed Khurram Hussain (SVP) and M. Arshad Khan (AVP), Operations Group, Head Office were also present at the signing ceremony.

The main sponsors of NAFA are National Bank of Pakistan and Fullerton Fund Management Group, Singapore. In accordance with the provisions of Distribution Agreement, NBP is facilitating the sale and redemption of investment units against various open-ended and closed-ended mutual funds managed by NAFA at its selected branches. NAFA is rated among the top four asset management companies in Pakistan based on its rating, quality of management, performance, and size of funds. Currently, NAFA is managing total assets of over Rs. 93 Billion (As of January 31, 2017), spread over 21 open-end mutual funds, 6 pension sub-funds and 164 investment advisory mandates.

NAFA has a large pool of products to meet varying needs of investors. NAFA products and National Bank of Pakistan distribution network linked together offer enormous opportunity of growth and earnings. Under the agreement, NBP provides space to place its representatives in its 200 Conventional and 56 Islamic Banking Branches throughout the Country. Time to Time this branch network will be enhanced with mutual understanding. NAFA pays space fee to NBP for the office space in its branches as specified in the agreement.

NBP will be entitled to receive load sharing at the rate of 50% upfront fee collected on subscription of NAFA Units in respect of Plan/Funds through all NBP Branches, where NBP has facilitated in marketing/sales of such units from such branches.◆





# A QUICK REWIND 2016

Time is flying, so we've devised a rapid fix - a round up of key events that took place in 2016 and prominent achievements for us to take pride.





## Centralized Trade Processing Center

Ex-President National Bank of Pakistan, Syed Iqbal Ashraf inaugurated the Centralized Trade Processing Center (TPC) at Clifton, Karachi. The occasion was graced by the senior management of the Bank. The objective of TPC is to provide dedicated centralized service and back office support to branches in relation to trade finance business.



NBP and Byco have signed a cash management (collections) agreement. This arrangement will enable all Byco dealers to deposit their payments in favor of Byco at any NBP branch across Pakistan with transfer of funds on real time basis, supported by an advanced MIS system.



## Signing Ceremony

National Bank of Pakistan and Industrial & Commercial Bank of China (ICBC), Pakistan signed MoU on bilateral cooperation in Karachi, on the celebration of ICBC's completion of five years in Pakistan.





## New NBP-Aitemad Branch

NBP-Islamic Banking Branch opening ceremony was held at Main Boulevard Gulberg Lahore. Mr. Kamran Masood Khan, Regional Head Islamic Banking Group Punjab, Mr. Khalid Mehmood, CEO, The Fuelers, Mr. Amin-ul-Azam, Head of NBP Islamic Banking Group, and Mr. Adeel Ali Mir, Branch Manager attended the ceremony.



## 'The Bank of the year Award'

National Bank of Pakistan won the globally recognized 'The Bank of the Year' Award. The awards presentation ceremony was organized in London by The Banker which is a flagship publication of the Financial Times Group of UK. The Banker selects only one winning bank from each of the 120 countries across the world. Over 1,000 entries were collected and judges selected winning banks based on which they believe have made the most progress over the past 12 months. From Pakistan, NBP has been chosen for the award for The year 2015.

## NBP organized a countrywide Customer Week Serve the Nation August 22-26, 2016

The Customer Week was launched to raise awareness of customer service in the Bank and to recognize our loyal customers. It is to uplift the morale of our dedicated staff and bring about improvement in the branch environment and ambiance. It also reflected on our commitment to our customers and that of staff towards customer satisfaction.

The interactions, gestures, greetings and positive attitude of the Regional Heads and the support of the RMT members and regional staff clearly exhibited that service culture is the force that will not only take us towards, business improvement, create a Sustainable Competitive Advantage over our competitors but also within NBP, protect and create an environment of an honorable and dignified work place.





# Basic

Training Course  
GBO/RMO  
Batch- 2016

Basic training course for newly inducted General Banking/Retail Marketing Officers was successfully held. The Program was inaugurated by the Divisional Head Learning & Management Development Division at Staff College Lahore .



## CSR Initiative "Special Persons"

NBP Sponsorship for 05 Students of Deaf Reach Schools in Lahore - Punjab

National Bank of Pakistan signed up a MoU with FESF to adopt 5 of their Students at Deaf Reach School in Lahore for a period of one year, belonging to a non-affording background. By sponsoring these students NBP will make a sizable difference in the lives of these needy students. A similar program under NBP CSR banner is already running in District Sukkur, where NBP had adopted 06 students for One year program.

Family Education Services Foundation (FESF) program was established in the year 1998 to provide academic and vocational education to deaf children and youth, particularly in the rural areas with little access to formal education or vocational training. Their major focus is on educational access for deaf female students. There are six deaf reach schools and training centers providing academic and vocational skills to over 1,000 deaf children and youths, in 3 provinces of Pakistan.



Syed Iqbal Ashraf, Ex-President National Bank of Pakistan inaugurated ATM facility in the precinct of National Press Club. National Press Club President Shakeel Anjum, Secretary Imran Dhillon and other bank officials including Mudassir H Khan and Farooq Hassan were also present on the occasion.

The NBP Ex-President said that NBP is committed to facilitate the people and provide them better services in urban and rural areas of the country, further adding that the bank has given ATM cards to the 0.25 million

## Modernizing Banking Infrastructure

pensioners all over the country to facilitate them in getting their pension in a respectful way. He said that the bank has installed the ATM on utility basis, including the urban and rural areas in all branches of the country. He said NBP has been giving services to the pensioners and is bearing the burden of all government institutions by giving them all financial facilities including deposits accounts and withdrawal of salaries.

## NBP INTER GROUP/DIVISIONS T20 CRICKET TOURNAMENT



Strategic Marketing Division, National Bank of Pakistan, successfully organized NBP Inter Group/Divisions T20 Cricket tournament in Karachi from 14th May, till 5th June, 2016 at NBP Cricket Ground, Clifton Karachi. Matches were played on Saturdays and Sundays. From the day of its announcement a positive and vibrant atmosphere was seen at the Head Office as each group and independent divisions were seen engaged in conducting trials and started playing friendly matches to select best possible team for the said tournament.





## National Bank of Pakistan Signed Call Center Services Contract with “Virtual World (TRG)”

National Bank of Pakistan and Virtual World (TRG) signed a 3 years contract for call center outsource services in Karachi. NBP and Virtual World (TRG) have already been working closely together since December 2012. The contract signed between NBP and Virtual World is an extension of the call center services already being provided by Virtual World. Both the companies have mutually agreed to provide exceptional call center services to NBP customers nationwide. The two companies have also agreed to work upon the expansion of the call center services to provide prioritized services to their customers.



### CSR Initiatives ‘Education’

To initiate academic excellence for Rural Development, NBP launched a scholarship Program for the less privileged children of Tehsil Pazza-Balochistan, in collaboration with District Education Officer Kohlu. A Scholarship to 252 students was offered by NBP for the children of 5 Govt. Primary & High Schools of Pazza, so that these children could bear their educational expenses.



## Managing Credit Together

The first ever off-site Regional Managers Credit Conference 2016 with the theme ‘Managing Credit Together for Tomorrow’ was organized by Credit Management Group with great objective of synergizing efforts of credit staff with business counterparts and to create harmony. It was a unique opportunity for NBP family to interact with senior management in a cool and serene setting of Nathiagali.



## National Bank of Pakistan and UnionPay International ink Debit & Prepaid Card Agreement

A signing ceremony was held between National Bank of Pakistan and UnionPay International, during the mega conference of Silk Road Forum in Urumqi, China. The agreement was signed in the presence of distinguished guests from Chinese Regulators, State Bank of Pakistan and senior management representatives of multiple partner countries of China Silk Road Forum.



# De ghuma ke...

**NBP will soon launch Bank's Women Cricket team in an effort to promote the game among females**

Women in Sports from Pakistan have excelled in a number of fields such as Hockey, Cricket, Table Tennis,, Squash, Cycling and other sports. The growing numbers of gyms and fitness centers help in meeting the training and keeping fit requirements for these dedicated athletes. In schools, as well, there are regular sports events where young girls take part in several athletic feats. The women that are making sports' headlines are referred here from time to time.

Despite challenges, our girls come out and play. The passion and the drive is unbelievable. These girls need proper training and most of all places where they can train and exercise their talent. There is a lot to do. The hurdles that Pakistani women face are numerous; chief among them is the cultural perception that girls should not be athletes. In some cases, even if it is acceptable for a girl or boy to join a soccer or cricket team, finding a safe setting for sports remains a concern. It has never been easy and simple for Pakistani women who play sports but yet they are sweating out and making a lot of efforts.



## NBP, Jubilee Life Insurance - join hands

National Bank of Pakistan (NBP), one of the largest banks in the country, has recently signed a Bancassurance agreement with Jubilee Life Insurance. The agreement was signed at a ceremony held on August 16 at NBP's head office to commemorate the partnership in the wake of the expanding market for Bancassurance. The agreement signing ceremony was attended by NBP SEVP/Group Chief, CRBG Mudassir H Khan and Jubilee Life Insurance Managing Director & CEO Javed Ahmed. Speaking on the occasion Khan said that NBP and Jubilee Life joined hands by entering into a Bancassurance agreement for selling life insurance products of Jubilee Life through NBP's branch network and introduce a cross sales culture throughout the organisation. Commenting on the occasion, Ahmed said that Jubilee Insurance is a global brand of Aga Khan Fund for Economic Development that offers diverse insurance solutions (life, health and general) in the Asian and East African markets.



## NBP Launches Its Corporate Branch in Lahore

National Bank of Pakistan launched its Corporate Branch in Lahore. Housed on M. M. Alam Road, NBP's Corporate Banking Centre is not only one of the largest banking centers of NBP, but is also the only one of its kind in Pakistan's banking industry. The launch of this Corporate Branch is a step towards the success of NBP's valued customers who maintain their trust with the Bank.







**P**repaid Reloadable cards can be used to pay bills, obtain cash at ATMs and make purchases everywhere, where UPI/MasterCard/VISA cards are accepted, including over the Internet. One of the best advantages of the Reloadable Prepaid Cards is that the modes of payments are being standardized and are taking a more uniform guise.

The Reloadable Prepaid Cards is thus a very good example of how the conventional notes and coins are being replaced with different transactional methods, like plastic money and digital cash technology. Prepaid Cards provides easy, convenient and secure ways to pay anytime and anywhere. For the bank, it provides income through fee based and non-fee based streams.

The product strategy is largely based on a flexible product design; fast track process and having a reasonable reach for acquisition, with the branch channel contributing significantly to the business.

The acquisition channels used are the Direct Sales team, Telemarketing and Branch Banking agents.

KYC checks are built-in to ensure minimum risk to the bank. Customer is also facilitated with respect to security concerns by having the facility of immediately blocking the card through the call center in case of the card being lost or stolen.

NBP Prepaid Card will have the standard features of local and international acceptance, ATM access, Utility Payments, personalization of the plastic, Call Center and authorization coverage of 24 hours x 7days, courier delivery of plastics and upcoming benefits in the form of value added offers like discounts and special promotions through tie-ups with merchants. ♦





**The Prepaid Reloadable card provides consumers with the prestige, convenience and safety of a branded card. It was designed for consumers who don't have bank accounts, have limited access to Credit and/or use check cashing services.**



## **Corpay Card (Pay Roll Card)**

- Payroll card customers shall be offered the option to receive salary in their accounts at the NBP Branches.
- NBP shall enter into written agreements with employers who are seeking to issue payroll cards to their employees. The terms and conditions, roles and responsibilities of employer and the Issuing Bank shall be clearly mentioned in the agreements.
- Payroll cards shall be issued to registered corporate entities only.
- Payroll cards shall not be issued without the consent of the employee.
- The name of the payroll customer shall be printed on the payroll card.
- Payroll customers shall not be charged for issuance of payroll cards.
- Payroll customers reserve the right to cancel the prepaid payroll card facility. The Procedures for receiving payroll through alternative means shall be provided to each payroll customer in a clear and conspicuous language.
- Payroll cards issued by NBP may be distributed by the employer. Verification of payroll customer's CNIC and activation of the payroll card however shall also be done by NBP.



Training



# Staff College Karachi

## NBP Organized a Training Program for NAB officials

This is the third time, when National Bank of Pakistan and National Accountability Bureau Joined hands to organize a five days training program on “Financial Crime Investigation” from November 7-11, 2016 at Staff College, Karachi NBP.







The program was conducted by NBP on the request of DG, NAB, Karachi. The opening ceremony was inaugurated by Lt.Col (R) Sirajul Naeem, DG, NAB, Karachi and Mr.Zaheer Baig EVP/Divisional Head, LMDD, NBP Karachi. There were thirty participants, high ranked officials of NAB including Additional Directors, Deputy Directors, Assistant Directors and Deputy Assistant Directors across Pakistan.

Once again, NBP extended its complete support in organizing such a momentous training Program for NAB officials. National Bank of Pakistan already has pride to organize different trainings for its employees and other institutions throughout the country. Further NBP has world class training center with state of the art training facilities and professional trainers from different areas of Operations having immense exposure and experience.

The objective of the training was investigation of fraud and forgeries related to banks and "Say No to Corruption". The closing ceremony of certificate distribution was held at NBP Staff College Karach and was graced by the presence of Syed Ahmed Iqbal Ashraf, Ex-President, NBP, Lt.Co I(R) Sirajul Naeem, DG, NAB, Karachi and other guests including Mr. Zahid Mahmood Chaudhry, SEVP/Group Chief, HRMG, Mr. Zaheer Baig EVP/divisional Head, LMDD, NBP.

Mr. Niaz Hussain Kori, VP, Director Staff College Karachi initiated the closing ceremony with welcome address and invited Lt.Col (R) Sirajul Naeem, DG, NAB, Karachi for address .He said that he obliged NBP to organize an operative training program for NAB's officials .He was also assured about the effectiveness of training outcomes that will assist investigation officers regarding their critical assignments with the well equipped knowledge and broader understanding of the subject.

At the end of the ceremony Syed Ahmed Iqbal Ashraf, Ex-President, NBP thanked NAB keeping trust and conviction on NBP to construct an absolute image of collaboration that would be helping the entire Banking industry in future. The Closing ceremony was concluded upon presenting certificates to the Participants as they also highly praised the efforts put in by Core Team and faculty of Staff College Karachi, LMDD, NBP. ♦





# NBP makes World Record by installing World's Highest ATM

**National Bank of Pakistan has installed the World's highest ATM at Khunjab Pass, near the China Border at the altitude of 15,397 feet above sea level.**

The highest ATM was launched jointly by President & Ex-CEO Syed Iqbal Ashraf and Lt. General Malik Zafar Iqbal COMD 10 Corps. Chief Minister Gilgit- Baltistan Mr. Hafizur Rehman, Force Commander Gilgit- Baltistan Mr. Saqib Mahmud Malik, NBP SEVP/Group Chief, Mr. Mudassar H. Khan, NBP SEVP/Group Chief CRBG, Mr. Shahid Saeed, SEVP & CIO, Mr. Azfar Jamal EVP/Head Payment Services, Mr. Muhammad Aasim Akhtar, EVP/Divisional Head Network Planning Service Quality and other officials of the bank and Civil Military officials were also present on the occasion.

The venue of newly world's highest ATM is on the route of China-Pakistan Economic Corridor and will be helpful for growing needs of tourists in the area and the increasing business activities.

Talking to media, Lt. General Malik Zafar Iqbal emphasized the Geo-economic challenges of 21st century, potential of Gilgit-Baltistan and its human resource particularly the youth. He accentuated for affording a completely secure and conducive environment for Gilgit-Baltistan, while remaining acutely cognizant and responsive to the multifarious threats posed to the motherland. While briefing media, he thanked the NBP's management for installing the ATM to meet the growing needs of tourists and businessmen.

Ex-President & CEO, National Bank of Pakistan, Syed Ahmed Iqbal Ashraf thanked the Pakistan Army and its leadership for assisting and helping to install the World's Highest ATM and for setting a new record for Pakistan. Talking at the ceremony, he said that this is a landmark for NBP and proud moment for Pakistan. Mr. Ashraf also thanked NBP team who made this ATM installation possible and making it a green energy project running on Solar and Wind Energy. ♦



# NBP and Master card *sign card* issuance agreement



Continuing its journey toward embracing the future of banking, National Bank of Pakistan (NBP) signed a card issuance agreement with Mastercard, a leading technology company in the global payments industry.

The agreement was signed between Mudassir H. Khan, SEVP/Group Chief, NBP, and Aurangzaib Khan, Area Head, Pakistan and Afghanistan, Mastercard, in the presence of senior executives from both organizations including Azfar Jamal – EVP/Head-Payment Services, Aasim Akhtar – EVP/Head of Network Planning & Service Quality, Shahid Razzak – SVP/Head of ATFT IT and Zohaib Ali Khan – VP/Head of Mobile Financial Services, from NBP, and Nabeel Ahmed, VP - Business Development, Mastercard.

Mudassir H. Khan expressed his appreciation for the commitment of the NBP team responsible for spearheading this partnership and emphasized that digital disruption was shaping the future of banking. He added

that NBP is cognizant of the changing banking needs of customers and has embarked upon a variety of technology initiatives aimed towards the provision of multiple delivery channels, and the agreement with Mastercard is part of the bank's mission to provide its customers with best-in-class products.

Speaking on the occasion, Azfar Jamal stated that the agreement with Mastercard was an important milestone for NBP, as it would provide the Bank's account holders with a wider choice of offerings based on their unique transactional requirements.

Aurangzaib Khan shared: "Mastercard's alliance with NBP, the largest government bank in Pakistan, is a great moment as we further enhance the consumer payment experience. As a key emerging market, we remain focused on driving the adoption of electronic payment solutions in Pakistan in our efforts toward a world beyond cash." ♦





# Functioning Legally...

**National Bank of Pakistan being one of the largest public financial institution in Pakistan, has absolute commitment to run its business in total compliance with the law of the land. Legal Department of NBP comes at the heart of fulfilling that commitment of 'the nation's bank.' In its role, Legal department aspires for excellence and has recently been undergoing thorough extensive restructuring in order to be transformed into a technically resourceful and service oriented department.**

**L**egal Department's fundamental responsibility is to manage the Legal Risks of the bank and to be able to do that efficiently; the department has got the services of a dynamic team of in-house lawyers and other relevant professionals. Having an expert team of in-house counsels enables the Legal department to respond to majority of the Legal issues promptly. However, there are also a good number of reputed lawyers inducted on the bank's panel, which are being assigned issues legal matters from time to time, based on their expertise.

Currently bank has large number of pending recovery (Litigated NPL) cases, in different courts all across Pakistan. The legal department has recently augmented the Bank's pursuit of the recoveries in these Litigated NPL cases by inducting specialist litigation team across Pakistan. This team shall ensure close technical monitoring of the cases proceedings in courts for their expedited disposals.

There is a specialized Advisory wing in Legal department which provides Legal advisory services to the concerned departments of the bank. Majority of the legal opinions are provided utilizing the in-house legal expertise, but in certain matters Legal department seeks the opinions from the external counsels as well. The advisory wing also draft/ vet Agreements/ Contracts of various business natures in order to optimize their Legal exposures on the bank.

Considering the importance of information technology to exponentially improve the surveillance and management of Legal affairs, the Legal department is working on complete digitization of the department by electronically mapping all the Legal division's Work-flows. In this regard a state of the art Legal Management System (LMS) is being envisaged after extensive research and a formal Business Requirement Document has been put up for the procurement of that system. This system will essentially provide the electronic interface to all concerned departments, for efficient and accountable management of all Legal scope of work.

At Legal department we believe in the team work and as a team we aspire to the highest level of service standards. We foster the culture of ownership and broad thinking to realize even the distant implications of our work. That is why we always strive to facilitate the concerned departments of the bank in legal related matters, by providing the most accurate and prompt response. ♦





## NBP Awards Customers for Sending Remittances Through Legal Channels

National Bank of Pakistan distributed prizes to its Remittance Customers who used NBP services to receive their remittance payments. The Prize Distribution Ceremony was held in a 5 star hotel in Lahore on November 30, 2016 where Motor Bikes, LCD TVs, Gold Bars, Laptop Computers and many other gifts were distributed to the lucky winners. This was the first of many Prize Distribution Ceremonies which took place in many of NBP's regions to award its loyal customers.

During the ceremony, the Head of Remittance Business at NBP, S. H. Irtiza Kazmi thanked the customers for receiving their Remittances from National Bank of Pakistan and emphasized the importance of sending Home Remittances through legal channels. He also said that with the help of PRI at State Bank of Pakistan, and hard work of the banks in Pakistan, the Remittances to Pakistan have risen to \$20 billion dollar in FY 2015-2016 and there was still room for growth. He also highlighted the steps that NBP has taken to facilitate its customers in Pakistan by creating relationships with banks and exchange companies across the globe so that the remittances can easily be received in Pakistan within minutes. He said that NBP is positioning itself to be the market leader in Remittance Business in the upcoming year. During the event, the top 3 remittance paying branches of NBP in Lahore were also awarded shields by NBP's Regional Head Lahore – Mr. Tariq Zafar Iqbal. Mr. Tariq Zafar Iqbal also thanked the customers and assured them of unmatched services at all NBP branches. ♦





# Big Data: Big Risk, Big Return !

How 'big' is Big Data? This question is often confronted with a flurry of statistics. 1 out of every 3 people on earth has access to mobile internet. 1 out of every 5 has an active Facebook account. By 2020, the amount of data generated by the world will be 44 times the data generated in 2009. Clearly, there is no debate about the volume of data we are generating. The current debate about how 'big' Big Data can get is centered on how well it can be used to predict future behavior.



## Big Data Analytics in Fintech

For financial service providers, like banks and microfinance institutions, Big Data's predictive power can open doors they have never walked through before. Armed with the right data and algorithms, financial service providers could assess clients in terms of their future potential, rather than their past behavior. Conceptually, this is a game changer. Traditional credit scores are calculated on the basis of previous credit re-payment behavior. A forward looking, data driven approach could be groundbreaking in markets where otherwise credit-worthy individuals do not have any traditional credit history. Research shows that in six largest emerging economies alone, leveraging Big Data may provide over half a billion individuals access to formal credit markets for the first time in their lives.

## Weighing Risk vs Return

Despite this potentially large pay off, there are many challenges to scaling predictive power. The biggest current challenge is pairing the strongest predictive algorithms with the right data sets. The most intuitive place for leveraging Big Data for financial inclusion would be traditional banks with rich historical data. However, banks are not designed to be agile, data-mining institutions. Much of their internal data remains scattered and inaccessible. This is a challenge that must be surmounted, as banks play a critical role in financial inclusion.

Fortunately, many players innovating with credit scoring algorithms are positioning themselves as partner organizations to traditional financial institutions. However, not all banks have the risk appetite to jump at customers with poor or no traditional credit scores. As a result, many banks are cautiously waiting for newer models to prove their business value. This conservative approach is not completely unjustified. This brings us to the second big challenge facing the financial inclusion industry – all of the Big Data players suffer from what is called a 'recency' bias. Most Big Data algorithms have only been in play post-2008. Traditional credit scoring, on the other hand, has withstood the test of time and matured through many credit cycles.

The profitability of Big Data analytics hinges on its ability to predict consumer behavior. Knowing the likelihood to default, for example, allows financial institutions to correctly price loans for non-traditional clients. In a changing macro environment, such as a credit boom and bust cycle, these predictions may not remain stable. As these models



scale and become more prominent, they will also attract a wider range of clientele with a different risk profile than the clients the algorithms were initially tested on.

These challenges together pose the Big Risk, Big Return conundrum holding back the data revolution for financial inclusion. What is at stake is an opportunity to finally build a sustainable financial ecosystem for the 2.5 billion individuals who are currently unbanked. In the past, the poor have simply been excluded from the mainstream financial system.

Their transactions were too small, the distances were too long, and, generally, it was just too costly to reach them. In the last few years, however, the digital revolution has changed the cost calculation radically, to the point where banks are starting to rethink all their presumptions. Mobile phones have become ubiquitous as today 85% of the world's population has access to one. For the first time, transaction costs are being cut dramatically, and distances are no longer insurmountable. At the same time, the global microfinance industry has

grown to serve hundreds of millions of the world's poor and their families. So, a safe, affordable place to save is vital, and access to appropriate credit, insurance, and payment mechanisms are arguably more critical for this class of client than any other.

In the developed world, many on the margins are rejected by banks, not because they have a bad credit history but because they have no credit history at all – or at least, none that was easily discernible. Big data can increasingly make the invisible visible, which will benefit everyone involved. By utilizing available data – from cell phones, social media connections, utility payments,

government statistics, and elsewhere much-needed financial services such as loans, savings vehicles, and insurance to new segments of customers could be extended.

There are plenty of reasons to be cautious, responsible, and measured in the use of big data, but that should not stop the potential for great progress. Privacy concerns, for example, are real, and there could be a healthy societal debate on what data is and is not appropriate to use for what purposes. But there is no question that banks can use the data that is increasingly available to rethink the way they deliver financial services for those who have been excluded in the past.

In the near future, customers will be able to receive better-tailored offers and products, while working with financiers who have a more thorough understanding of their needs and circumstances. And the competition to bring in more new customers will generate lower prices and better services for those at the base of the global economic pyramid. Surrounded by so much potential, it is hoped that technology, big data, and our experience with microfinance will have a transformational impact on the world's unbanked and financially excluded populations.

### Big Data in Pakistan

In the context of Pakistan's unbanked, telecom data and utility bill



**Research shows that in six largest emerging economies alone, leveraging Big Data may provide over half a billion individuals access to formal credit markets for the first time in their lives.**

payment could be used to rate potential borrowers upon the timely payments of their utility and telephone bills. A recent research shows that non-financial data such as utility and telecom payments could predict financial defaults. This could be because an individual under financial stress is likely to de-prioritize non-financial payments such as utility bills.

Another reliable source for measuring credit worthiness could be Over the Counter (OTC) transactions data, which currently dominate mobile money transactions in Pakistan. As per the State Bank of Pakistan, last year, 66.1 million OTC transactions were carried out amounting to \$ 2.15 billion. Approximately 50 percent of such OTC transactions are initiated by users sending regular remittance payments to friends and family through micro-remittance corridors. It is likely that these individuals earn in cash and then the money is spent in cash by their friends and family as well. In many cases these earnings are from the informal economy and these OTC transactions provide a crucial formal link that could be analyzed more carefully to sift out unbanked individuals with regular and stable remittance history.

The unbanked in Pakistan are devoid of an integral financial security service provided by modern banking through loans. On the other hand banks are unable to tap a market segment that could potentially payback loans. A probable disconnect seems to be the way in which credit worthiness is being measured at the moment. The availability of big data coupled with the rising sophistication in data sciences implies that this disconnect can be addressed through analysis of non-financial data in a manner that is beneficial for both the banks and borrowers ♦

*Courtesy: Absan Nisar*

*The writer is a Karachi based freelance columnist and is a banker by profession. He could be reached on Twitter @ReluctantAbsan*



# Learning & Management Initiatives



Learning & Management Development Division (LMDD) is proud to have hosted yet another successful Induction Course for newly inducted Trainee Officers consisting of total 125, held from Sept 5th to Oct 7th, 2016. The Induction Training of total 196 GBOs/RMOs has also completed successfully in three batches through Staff Colleges. LMDD capitalize on its tried and true system, based on over 5 decades of experience.

LMDD's training sessions are meticulously planned by our trainers and have been designed in a manner geared toward the maximization of efficiency. LMDD's goal is to best prepare the new inductees, for upcoming new roles and jobs at work place.

The recent training program comprised of both lectures and activities that have touched upon following subjects:

AML/CFT	Liability Products	Core Banking Application
Branch Operations	Trade Finance	Credit
SBP PR	Operational Risk	Managerial Leadership

LMDD appreciated the efforts of trainers on conducting smooth and effective training sessions and congratulated the TOs & GBOs/RMOs on their successful completion of training and wished them best of luck for their new roles and assignments in the years to come.

In the recent past, LMDD has imparted training to 125 trainee officers and 196 General Banking/ Risk management and Retail officers.

## LMDD Initiatives

- Beside regular courses and training programs, the Divisional Head-LMDD took the initiative to align the training programs according to the needs and requirements of various Groups. In order to achieve this Divisional Head-LMDD organized and conducted focused meeting sessions at the Head Office to get feedback from respective Group Chiefs. The LMDD has already started specific need based training programs as per each specific group needs.

- For achieving synergy and excellence, the policy regarding training is underway and will shortly be finalized & approved for the first time. ◆



### President NBP visits Staff College Islamabad (July 28, 2016)

The President, NBP on his visit to Staff College, Islamabad interacted with the Course participants and share his vision as to how they may bring change in the Organization through their fresh approach of customer handling & business development.

The President was of the view that the newly inducted GBOs/RMOs will prove to be the change agents in NBP.





## Education

# Corporate Social Responsibility



### Sponsorship Fundraising Event Umeed Bhari Sham

To generate funds for the orphan children's education, Read Foundation organized a fundraising event in Muzaffarabad in the name of Umeed Bhari Sham. NBP supported their cause by sponsoring the event. Renowned personalities from Urdu Literature attended the function.



### Quaid Ka Pakistan, Spelling Competition

To commemorate the birth anniversary of father of the nation on 25th December, NBP sponsored Quaid Ka Pakistan, a Speech Contest amongst the school students of Luminary Learning Circle Foundation.



### Sponsorship of Educational Expenses for IMKAAN Welfare Organization

NBP supported IMKAAN Welfare Organization for operating KHEL, a learning recreational Centre in Machera Colony Karachi, a remote area where children do not go to school due to lack of confidence and fear of punishment.



### Sponsorship MOVE Programmes

Through MOVE Programmes, volunteer force of students is built. It is a regular feature of NBP which is conducted at School Level across Pakistan. Students are provided learning environment under the supervision of FESF, Family Educational Services Foundation. In 2016, NBP sponsored MOVE Programme for the students of Sultan Bahoo Grammar School and Hope uplift Foundation School located in Lahore. Altogether, 65 students from both the schools participated in two MOVE Programmes in November and December.



### Donation to Sun Academy for Free education to Poor Students

National Bank sponsored the educational expenses of students belonging to low financial background studying at the Academy. The Sun Academy is located in Karachi and rendering high quality educational services with an aim to promote education at all levels. They are also developing their sports and students are actively participating.



### Scholarship for the Students of Sindh Madrassatul Islam

Sindh Madrassatul is a renowned and oldest university of Pakistan. Eminent Personalities in the field of education, sports, civil servants received their early education from this institution. Sindh Madrassatul Islam has a large enrollment of students who belong to low financial background. To facilitate such students, National Bank provided scholarship.



## Women & Child Welfare



### Donation to empower Orphan Girls residing in Saba Homes, Lahore

NBP provided donation to run the expenses of Saba Homes where a large number of orphan girls are residing and getting education; that includes academics and vocational training on different trades for becoming a productive member of the community.



### NBP sponsored Medical Camp

NBP in collaboration with AAB-The need of Life, conducted medical camps for women & children living in Lemo Goth, suburb of Karachi. The area was specified by AAB, after a survey of the area. Almost 500 women & children were provided medical treatment and medicines free of cost. Besides the Medical Camp, NBP also sponsored the uniforms including sweaters, shoes and blankets for the students of Minerva School, in Azam Goth, Gulshan-e-Iqbal Karachi. Both these ventures are in collaboration with AAB (The Need for Life), an NGO working in these areas.



### Installation of 15 Water Hand pumps in Sindh villages

To ease the difficulties of women living in villages, NBP in partnership with children health and education welfare foundation installed water hand pumps in a number of small villages around district Thatta.



### Donation Sewing Machines to (ABURO), Quetta

NBP donated embroidery, knitting and Zig Zac machines to the poor women, living in Adara-e-Behbood-e-Umar Rasida an old age home in Quetta. The machines were donated after completion of Vocational Training Programmes, encouraging them for independent respectable living.

## Health



### Three day General Medical Camp in Ziarat District, Balochistan

District Ziarat is surrounded by small villages where medical facilities are scarcely available. To overcome this anxiety, NBP setup a 3 day medical camp in association with Health Education Livelihood Promoters (HELP). More than 1000 patients have been treated with different medical complexities. Female doctors were available for female patients. Medicines were also provided in the camp after the checkup.





**NBP Donated 05 Infusion Pumps to upgrade NICVD Cardio Ward**

NBP upgraded Cardio ward of NICVD by providing them 5 Infusion Pumps as they were short of latest equipment, used to diagnose the patient's health disorders. These devices are equipped with latest technology and give instant and accurate result of the disease. The Administrator of the hospital thanked NBP for providing the urgently needed devices for the Patient's treatment.



**NBP Adopted Female Ward at Marie Adelaide Leprosy Centre**

A Female Ward has been adopted by National Bank in Marie Adelaide Leprosy Centre since long, thousands of women patients from all over Pakistan have been getting medical treatment / care for the last several years. The Centre is one of the oldest and renowned in Karachi, providing high standards of treatment to poor patients, men, women & children free of cost.

**Special Persons**



**Donation of Various Equipments Association for the Rehabilitation of Physically disabled**

Association for the rehabilitation of physically disabled is based in KPK. They manufacture equipment for persons with disabilities and give them free of cost. This great service to humanity is acknowledged by National Bank by donating various materials as per their requirements which will be used in making devices for the disabled.



**Donation of Wheel Chairs to Mach Development Foundation, Ghotki**

On 3rd December, Disable day is celebrated all over the world. The disable community living in Pakistan also takes part in locally organized functions. To facilitate them, on this occasion, National Bank provided wheelchairs to Mach Foundation, located in Ghotki for distribution of wheelchairs amongst the needy.



**Donation of Wheel Chairs/Tricycles to Karachi Independent Living Centre, Karachi**

Disable persons first priority is to obtain wheelchair in order to make commuting easy. National Bank has fulfilled their demand and supplied wheelchairs to persons with physical disabilities living in Independent Living Centre, Karachi on international Disability Day.





### NBP Traffic Rules Awareness Walk-2016

National Bank in collaboration with Sindh Traffic Police organized 2nd Traffic Rules Awareness Walk in 2016 which was attended by Govt. Dignitaries, Artists, National & International Sportsmen, NGOs, and general public. The Ex-President inaugurated the walk early morning which started from Mc Donald's Restaurant, Sea View, Clifton and concluded at NBP Sports Club. The refreshments were provided to participants during and after the walk. It achieved the purpose by drawing attention of thousands of people towards adherence to traffic rules.



### Sponsorship NAPA, National Academy of Performing Arts, Karachi

Performing Art (Music, dance & drama) is an integral feature of every culture. National Bank sponsored NAPA to organize events for young students in order to involve them into cultural activities to promote our tradition and cultural heritage. NAPA is run by renowned artists and working with sheer dedication for the revival of our cultural values.

- Sponsorship Fundraising Event "Charity Carnival & Bazaar" Organized by Professional Education Foundation
- Sponsorship 9th CSR Summit -2016 at Islamabad Organized by National Forum for Environment & Health
- Sponsorship Awareness Programme, Prevention of Oral Cancer Organized by Anti-Narcotics Welfare Organization
- Sponsorship 6th CSR Summit & Award Ceremony



### Farewell to Christopher Dlima, AVP, Strategic Marketing Division

Christopher Dlima retired on 14th December-2016 after spending 37 years in the Bank. We all admire him and wish him best of luck in his future endeavours.

Mr. Ovais Asad Khan giving cheque for MOVE program to Ms. Anita, FESF Coordinator in Pakistan





# SPORTS



**NBP CSR services Lauded by Top Government Dignitaries**  
National Bank has been acknowledged by Chief Minister and

Commissioner Karachi for its exemplary services in the fields of Corporate Social Responsibility and Sports. A large number of marginalized communities benefit every year, especially young boys & girls as they are getting an opportunity to choose career paths through the support rendered by NBP CSR Division.



**NBP Sponsored U-16 Hockey Tournament-2016**

National Bank sponsored Talent Hunt Hockey tournament in Karachi. Mr. Ovais Asad Khan, Divisional Head, Strategic Marketing Division inaugurated the tournament and encouraged/promised young talent for continuous support by the Bank.



**NBP Promotes Sporting Activities in KPK**  
National Bank sponsored various sports competitions (Gala) in KPK such as Football, squash, table tennis, in the year 2016 for the purpose of engaging youngsters into healthy sporting activities. Through such events, young talent is identified and gets encouragement to further improve their game to compete at top level. NBP provides a platform to talented sportsmen every year and as a result, players are produced who can contest at national and international levels.



**NBP Hockey Team, Runners up in National Hockey Championship**

National Bank Hockey Team was runner up in the National Hockey Championship-2016 held in Lahore. The decision came out in the penalty shootout, which made this match an exciting one.



**Fundraising Event for promoting education for underprivileged**

The Citizen Foundation organized Golf Tournament in Karachi in order to generate funds for developing schools in remote areas and villages for the underprivileged Children. National Bank participated in the event and assisted the cause initiated by TCF.



