Pakistan secures further $1.2b loan from IMF

AFP, *Islamabad*

Pakistan on Tuesday welcomed the release of a further $1.2 billion in loans from the International Monetary Fund to help its economic recovery and reforms programme, calling it evidence of "hard work" undertaken after two years of financial crisis.

The IMF approved the funds at a Washington meeting Monday, bringing the total amount provided under two loan facilities -- a bailout fund and a climate sustainability fund -- to $3.3 billion.

"Pakistan's reform implementation... has helped preserve macroeconomic stability in the face of several recent shocks" such as devastating flooding last summer, the fund's deputy managing director Nigel Clarke said in a statement.

Economic growth is projected to rise to 3.2 percent in the fiscal year to June 2026, after an estimated 3.0 percent last year.

Pakistan nearly defaulted on its massive debt in 2023 before securing the IMF bailout

Inflation meanwhile is set to average 6.3 percent this fiscal year, a huge drop from the 23.4 percent average in the year to June 2024.

But Clarke also called for further overhauls and privatisations of state-owned firms, and continued investment in climate projects to reduce "vulnerability to extreme weather events".

New efforts to combat endemic corruption are also needed, Clarke said, while welcoming a recent government-commissioned report on fraud as a "welcome step in accelerating government reforms".

In a statement, Prime Minister Shehbaz Sharif called the new loans "proof that Pakistan is implementing the necessary steps for economic stability and growth".

"Bringing the country back from the brink of default and putting it on the path of stability and development was a difficult phase, for which everyone made sacrifices."

Pakistan nearly defaulted on its massive debt in 2023 before securing the IMF bailout, called the Extended Fund Facility, that is to total $7 billion in the coming years.

New bank coming for small entrepreneurs

STAR BUSINESS REPORT

The government has taken an initiative to set up a new "Microcredit Bank" aimed at helping small entrepreneurs secure capital on easier terms.

To this end, the Financial Institutions Division (FID) under the finance ministry has drafted the Microcredit Bank Ordinance-2025 and published it on the division's website.

According to the draft, the proposed bank will run as a social institution. Dividend payments to investors will not cross the amount they invest, which indicates that profit will not be the main objective.

The bank is expected to have an authorised capital of Tk 300 crore. This is the maximum sum a company may raise by issuing shares.

The initial paid-up capital, which refers to money received from shareholders for shares issued, will be Tk 100 crore. Borrower-shareholders will provide at least 60 percent of this amount, with the rest coming from other shareholders.

Both individuals and institutions will be able to become shareholders if they meet the conditions.

The authorised capital will be divided into three crore ordinary shares with a face value of Tk 100 each, according to the draft.

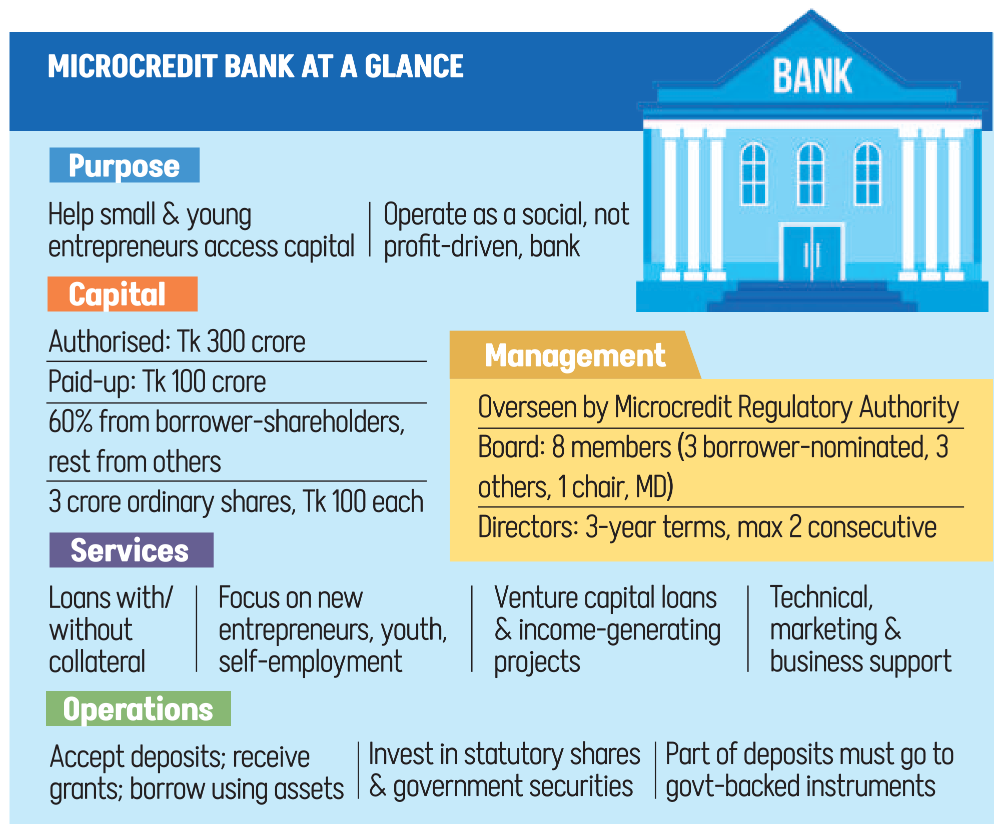
It says that a separate division under the Microcredit Regulatory Authority (MRA) will issue licences and oversee operations. A chief executive will lead this division.

In May this year, Chief Adviser Prof Muhammad Yunus proposed the creation of a dedicated microcredit bank based on the social business model. He said it would differ from conventional banks.

Speaking at the inauguration of the MRA building in the capital's Agargaon, he called for a fresh approach to microfinance and said microcredit organisations should move away from NGO-style activities and develop into a full-fledged bank regulated by the MRA or another authority.

The chief adviser said the bank would operate as a social business and prevent owners from extracting profit. It would also provide venture capital loans to young entrepreneurs.

He referred to Grameen Bank, which he founded and for which he jointly received the 2006 Nobel Peace Prize, as an example. He said its microcredit model is built on trust rather than collateral.



The draft of the Microcredit Bank Ordinance proposes a board of directors with eight members. Borrower-shareholders will nominate three directors, and other shareholders will nominate another three. These six will elect a chairperson. The managing director will sit on the board as well.

A director may serve for up to three years and may serve two consecutive terms. A three-fourths majority of the full board may cancel any nomination.

In such cases, the managing director will not hold voting rights. The board may increase paid-up capital from time to time, provided it notifies the regulatory authority in advance.

Under the draft, the bank may offer loans with or without collateral, either in cash or other forms, for a wide range of economic activities. Priority will be given to new entrepreneurs.

The focus will be on self-employment, poverty reduction and helping people improve their quality of life. The bank will offer technical and administrative support to new entrepreneurs, sometimes for a fee, and will undertake income-generating projects on their behalf.

Borrowers will qualify for insurance benefits under existing laws. Support will include business management, marketing and technical guidance, along with help to start or expand ventures.

For operational purposes, the bank will accept deposits from borrowers and other individuals. It may also receive local or foreign assistance and grants if these comply with the law. The bank may take out loans using its assets or other collateral. It may buy shares of statutory organisations and invest in government securities.

The draft says the bank will invest part of its deposits in government-backed instruments, subject to approval from the licensing authority, to ensure financial stability.

It will conduct audits through the listed auditors in line with existing standards. The audited report must also state whether adequate measures were taken to protect the interests of borrowers, as required in the draft.

EU launches antitrust probe into Google's data use for AI

AFP, *Brussels*

The EU announced Tuesday it had opened a probe to assess whether Google breached antitrust rules by using content put online by media and other publishers to train and provide AI services without appropriate compensation.

The European Commission said the investigation would look into concerns that the US tech giant might be distorting competition by imposing unfair terms and conditions on publishers and content creators, or by granting itself privileged access to their output.

"A free and democratic society depends on diverse media, open access to information, and a vibrant creative landscape," the European Union's competition chief, Teresa Ribera, said.

"AI is bringing remarkable innovation and many benefits for people and businesses across Europe, but this progress cannot come at the expense of the principles at the heart of our societies".

The commission, the European Union's antitrust regulator, said the probe would focus on two issues.

It would look into whether Google used YouTube videos to train its generative AI models without adequately paying the creators who post the clips online -- and without offering them the possibility to refuse such use of their content.

"Google does not remunerate YouTube content creators for their content, nor does (it) allow them to upload their content on YouTube without allowing Google to use such data," the commission said.

"At the same time, rival developers of AI models are barred by YouTube policies from using YouTube content to train their own AI models."

The probe would also check whether the firm used online content from other sites, such as newspaper websites, to provide generative AI-powered services, again with no compensation or possibility to opt-out.

This relates in particular to Google's AI-generated summaries that pop-up in response to a user's search query and to the firm's "AI Mode" -- a search tab similar to a chatbot which answers users' questions, the commission said.

"We are investigating whether Google may have imposed unfair terms and conditions on publishers and content creators, while placing rival AI models developers at a disadvantage, in breach of EU competition rules," Ribera said.

There is no deadline for the commission to complete its investigation and the opening of a probe does not prejudge its outcome. The company, however, risks a hefty fine.

Banking in the 2030s

PARVEZ MURSHED

Banking is going through a rapid global transformation unlike anything seen before. Large international banks are shifting from retail banking to wealth management. In recent years, large global banks such as Citi and HSBC have exited retail banking in many markets and focused instead on wealth management and private banking in major wealth hubs, including Hong Kong, Singapore, the UAE, the UK and the US.

Their attention is now on clients at the top tier of the wealth pyramid, offering curated services such as wealth and investment advice and legacy planning. These are delivered through experienced bankers and mobile apps. They are also earning higher fee income by acting as sales agents for structured investment products issued by other banks and financial institutions. Although banks hold vast amounts of data on consumer spending patterns, they rarely use this data to offer tailored solutions. This remains a clear opportunity for banks to differentiate themselves by personalising services based on client spending behaviour.

Global banks are also moving into the field of digital currencies. Domestic payments in most countries are already digital to varying degrees. The challenge lies in cross-border payments, which are affected by differing regulations and time zones. Tokenised money could reshape this space, whether through central bank digital currencies, stablecoins, or bank-issued tokenised deposits. This presents an opportunity for our central bank and local banks to work with counterparts abroad to speed up the inflow of remittances.

The UAE recently introduced the "Jisr" platform, bringing together Emirati and Chinese banks to carry out the first cross-border payment between the UAE and China using digital currencies issued by central banks. As the UAE is one of the largest sources of remittances for Bangladesh, this is a significant opportunity. Interlinking instant payment systems across borders, as the UAE has done with China, could transform cross-border transfers.

Global banks are already deploying generative AI and investing in agentic AI. Many banking processes remain highly manual despite years of technology investment. Client onboarding and AML or KYC checks are examples. AI can pre-fill account opening forms, and clients can complete the rest on their device. Connectivity with NID and NBR servers can allow real-time identity verification and automated collection of tax documents.

Credit appraisal and portfolio reviews are also heavily manual. With AI, banks can automate credit scoring for retail and small business clients. Instead of rushing to assess portfolios during adverse or black swan events, banks can use AI to receive early warnings about deteriorating conditions in a client's environment. Another potential area is sales and client relationship management. While many banks use CRM platforms to track clients, AI can enhance this data by identifying cross-selling opportunities and highlighting promising prospective clients.

In future, clients will rely on their own AI agents to engage with banks and support financial and investment decisions. Banks that prepare for these emerging global trends and invest in them now will lead the market in the next decade.

The writer worked as a senior executive at global banks in Bangladesh and Singapore

Trump says US will allow sale of Nvidia AI chips to China

AFP, *Washington*

President Donald Trump said Monday he had reached an agreement with President Xi Jinping to allow US chip giant Nvidia to export advanced artificial intelligence chips to China.

The announcement marked a significant shift in US export policy for advanced AI chips, which Joe Biden's administration had heavily restricted over national security concerns about Chinese military applications.

Democrats in Congress quickly dismissed the shift as a huge mistake that will help the Chinese military and economy.

In a post on his Truth Social platform, Trump said he had informed Xi that Washington would permit Nvidia to ship its H200 products to "approved customers in China, and other countries, under conditions that allow for continued strong National Security."

"President Xi responded positively! $25% will be paid to the United States of America," Trump wrote, without providing details on how the payment mechanism would work.

Trump criticized his predecessor's approach, saying it "forced our Great Companies to spend BILLIONS OF DOLLARS building 'degraded' products that nobody wanted, a terrible idea that slowed Innovation, and hurt the American Worker."

This referred to the Biden administration's requirement for chip companies to create modified, less powerful versions specifically for the Chinese market.

These chips had reduced capabilities -- lower processing speeds, for example -- to comply with export control regulations.

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Bitcoin's 2025 rollercoaster may end on a low

REUTERS

With a series of record highs and crushing sell-offs, 2025 has been a rollercoaster ride for bitcoin, the world's largest cryptocurrency, which is at risk of ending the year with its first annual decline since 2022.

The world's main stock benchmarks have also had a turbulent year, repeatedly hitting record peaks and then pulling back as worries over tariffs, interest rates and a possible AI bubble whipsawed markets. While equities are mostly up year-to-date, bitcoin's overall correlation with share prices has strengthened markedly this year.

Analysts say bitcoin's gyrations increasingly tracked stock market sentiment as traditional retail and institutional investors jumped into cryptocurrencies, which next year may be even more closely tethered to factors driving stocks and other risk assets, such as monetary policy shifts and nervousness over the lofty valuations of AI-related stocks.

"Crypto reacting to broader equities has been a consistent theme in 2025," said Jasper De Maere, desk strategist at crypto algorithmic trading firm Wintermute.

Bitcoin was hovering around $89,000 on Monday.

After soaring earlier this year with the election of crypto-friendly US President Donald Trump, cryptocurrencies - along with stocks - plummeted in April on his tariff announcements, but quickly rebounded. Bitcoin went on to hit an all-time peak above $126,000 in early October.

But just days later, on October 10, the market plunged again when Trump announced a new tariff on Chinese imports and threatened export controls on critical software. That sparked more than $19 billion worth of liquidations across leveraged crypto market positions, the largest liquidation in crypto history.

Representations of cryptocurrency bitcoin are seen in this illustration taken on November 25, 2024. PHOTO: REUTERS

Bitcoin has struggled to regain its footing ever since and in November experienced its biggest monthly drop since mid-2021, although options market bearishness has ebbed a little in recent weeks, according to options platform Derive.xyz.

Traders as of late last week had assigned a 15 percent probability that bitcoin will finish the year below $80,000, compared with the 20 percent probability they had assigned just a few weeks ago.

That's still a blow for crypto bulls, including Michael Saylor's Strategy, the world's biggest bitcoin hoarding company, which had projected as recently as October 30 that the token would hit $150,000 this year. Analysts at Standard Chartered last year forecast bitcoin would hit $200,000 by the end of 2025, due in part to flows into bitcoin exchange-traded funds.

In a change of tune, Strategy CEO Phong Le warned on a podcast last month of a possible "bitcoin winter." In October, Standard Chartered forecast bitcoin would fall below $100,000 but said that may be the last time it will hit that low, according to media reports.

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