



External Relations Department

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IBA-SBP Consumer Confidence Survey - SBP inks agreement with IBA

The signing Ceremony of Consumer Confidence Survey between State Bank of Pakistan and Institute of Business Administration (IBA) was held at the State Bank of Pakistan, Karachi today. Governor State Bank Mr. Ashraf Mahmood Wathra and Director Institute of Business Administration (IBA) Dr Ishrat Hussain oversaw the signing of the agreement on behalf of their respective organizations.

It may be recalled here that in January 2012, SBP inaugurated the Centre for Survey Research (CSR), in collaboration with the IBA. This inauguration was followed by the launch in Jan 2014 of a dynamic web portal [<http://dsqx.sbp.org.pk/ccs/index.php>] at SBP's website containing the necessary information on the survey and the latest data. In this centre the teams from IBA and SBP meet every other month to collect data on households' views about various economic propositions.

Shedding light on the importance of the project for SBP and its stakeholders, the Governor stated that consumer confidence and inflation expectations reflect the confidence of households in the economy which in turn reflect the state of the economy."The expectations regarding inflation, interest rate, stock prices, and employment are important for policy formulation, which explains why many developed and developing countries are using consumer surveys for policymaking and research purposes," he added.

Referring to the flagship Annual, Quarterly Reports and Monetary Policy Statements, the Governor said "Increased attention to these concept developed therein reflect the maturing of the consumer confidence project." The Governor also acknowledged the value addition to the understanding of inflation in the country by the development of Administered Price Index (API) by the Pakistan Bureau of Statistics (PBS).

It is worthwhile to mention here that scientific and dependable evidence on the expectations channel in Pakistan has been rare. Being the Central Bank the SBP enhanced efforts to collect information on these expectations, in order to undertake meaningful research, which is well-supported by the first-hand knowledge of the prevailing situation in the country. Important results are available on CCS web portal in the working paper by Abbas, Beg and Choudhary (2014), 'Inflation Expectations and Economic Perceptions in a Developing Country.

The Governor also spoke on the choice of IBA as partner in this project and said that SBP wanted to partner with a reputable institution to ensure and address any possible Central Bank bias. "I am glad that we were able to collaborate with a reputable public institution like the IBA in the accomplishment of this task," said the Governor adding, "Today we will further solemnize this partnership."

Dr. Ishrat Hussain, Director IBA, in his address said that the renewed partnership between SBP and IBA showed that IBA's team was able to deliver the project up to the standard required by the Central Bank. He said that in a country like Pakistan project completion is a novelty because there is general lack of know-how about successful 'implementation' of projects. He said that this project is also a good example of an educational institution meeting the demands of a policy-making organization,



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which is too often busy in operational tasks. The project is also a good example of a bilateral institution building.

He added that world is moving fast and it was time to develop forward-looking indicators and we should benefit our policy decision with such indicators. He endorsed the Governor SBP view that consumer confidence index is a useful tool for forward looking monetary policy decisions making. Dr. Ishrat emphasized further cooperation between the two institutions for such research endeavors. He appreciated SBP for renewing their trust on IBA and termed SBP as an example of a public sector institution that continues to excel on the basis of the collective-wisdom and collective tutelage of its human capital, and not single personalities.

In the end, the Governor and IBA's Director hoped that this joint venture of SBP and IBA will go a long way in providing a reliable set of information regarding consumers' expectations in Pakistan besides greatly helping develop progressive policy-making in Pakistan. The ceremony was concluded by the Governor SBP and Dr Ishrat Husain exchanging the signed contract.