

BANKING ON KNOWLEDGE

Davos dynamics: From talk to action?



By Dr R Seetharaman

In the 47th World Economic Forum (WEF) annual meeting concluded in Davos, Switzerland, last week, world leaders and the private sector showed cautious optimism about the global economic outlook for 2017.

China promoted open and free trade and warned against protectionism, while setting out the country's plan to make its 6.7% growth rate sustainable.

British Prime Minister Theresa May revealed her government's vision for a more global Britain after the conclusion of Brexit negotiations. Britain is a fresh advocate for free markets, free trade and globalisation.

According to IMF January 2017 forecast, global growth for 2016 is now estimated at 3.1%. Economic activity in both advanced economies and emerging and developing economies is forecast to



accelerate in 2017-18, with global growth projected to be 3.4% and 3.6%, respectively.

We need to anticipate what policy shifts in America could do to the world's eco-

nomical outlook. There are risks associated with political uncertainty, trade frictions and adverse effects of a rising dollar.

There are 3.6bn people around the world aspiring to have better income, food on the table twice a day, or once a day.

To turn our back on globalisation, or helping development, is definitely a wrong approach. To say that globalisation is not good because it destroys jobs is a very short cut for something that needs far deeper understanding. We're entering a new stage of international global relations where national policies will shape how globalisation eventually develops.

According to the Digital Transformation Initiative analysis undertaken by the World Economic Forum and Accenture, as much as 60% of the \$100tn value from digital economy at stake in the next decade will likely accrue to the society instead of business.

Digital solutions could also improve access to financial services for underfunded small businesses, creating \$410bn of value to society and almost 5mn jobs. Digital will play a bigger role protecting the environment and improving the well-being of communities. For example, by addressing the UN Sustainable Development Goals that combat poverty, inequality and climate change, new technologies could unlock \$9tn of economic benefits.

The digital economy is the single most important driver of innovation, competitiveness and growth. Giving people the tools to help them thrive in the digital economy is certainly part of the answer. But a well-conceived skills and training agenda, a reimagining of the workplace and a change of mindset are essential, too. Today, there are 2.5bn internet users worldwide and 2.3bn people active on social media.

Given the exceptional adoption rates

of smartphones, it won't be long before the number of internet users exceeds 3.7bn, over half the world's population.

Banks today are dealing with startups in a number of ways, including partnerships.

These small companies may have innovative technology and creative talent, but they generally don't have the technical and business expertise, data, and go-to-market access necessary to scale their operations.

Startups face challenging hurdles when it comes to developing their products and growth strategy, because they also have to think about issues such as content sourcing, marketing, and sales reach. They also need platforms and ecosystems if they hope to scale their businesses and gain a foothold in the capital markets sector. Partnering benefits each side gives banks access to technology they might have difficulty developing on their own.

It is also time to rethink corporate governance – the ecosystem of core values, norms and pressures that drive corporate behaviour. Executives, boards and investors – all stakeholders, including governments – can help create a long-term response by paying closer attention to the social and political implications of their actions.

There is hope that all signatories must stick to the 2015 Paris deal to limit global temperature increases to well below 2 degrees Celsius.

The year 2017 presents a real opportunity for countries to rise to the challenge of responsible climate leadership. As the Davos meeting got over, it needs to be seen whether the practical solutions which emerged from such discussions be implemented to have a real impact on citizens worldwide.

■ Dr R Seetharaman is Group CEO of Doha Bank.