BRIDGING OUR SUCCESSES

The launch of the BBK Alumni Club

A.Karim Bucheery

BBK, Bahrain's pioneer in retail and commercial banking is pleased to announce the launch of the BBK Alumni Club, an initiative aimed at strengthening relationships and opening lines of communication between the bank and its former employees.

Commenting on the initiative, BBK Chief Executive A.Karim Bucheery said: "BBK's employees have always been an integral part of the bank's continuous success. They have been the pillars on which BBK has grown to become Bahrain's leading financial institution. We are certain that they will remain a valuable source of inspiration, guidance and advice to BBK and we are pleased to create the Alumni Club to reunite all the BBK family members".

In its journey of success, BBK has continuously invested in its number one asset; the employees, who have been nurtured, trained and developed to become leaders in the Banking and Financial industry. With a 45 years heritage, BBK has employed nearly 3500 employees, whilst achieving a 95% Bahrainisation. The bank has always enjoyed the one Family culture and takes pride of the high percentage of loyal employees who have completed 20, 30 and 40 years of service in the bank.

The Alumni club will bridge the gap between the bank and former employees through various activities organized by the club. The membership to the club is available to former employees in Bahrain, who meet the criteria of membership.

They have been contacted and invited to become members. Also, the possibility for registration has also been made available on the website www.bbkonline.com/alumni.

The formation of the BBK Alumni Club is another pioneering initiative from BBK as it is the first local bank to introduce an alumni club. It also represents an important milestone for BBK since it underscores the bank's appreciation of the invaluable role that former employees continue to play in the development and future successes of BBK and of the financial sector of the Kingdom of Bahrain as a whole.

7 main causes of fluctuations in exchange rates

Main causes of fluctuations in exchange rates of international payments are: 1. Trade Movements 2. Capital Movements 3. Stock Exchange Operations 4. Speculative Transactions 5. Banking Operations 6. Monetary Policy 7. Political Conditions!

The various theories of exchange rate determination, as we have seen, seek to explain only the equilibrium or normal long period exchange rates.

Market rates (or day-to-day rates) of exchange are, however, subject to fluctuations in response to the supply of and demand for international money transfers.

In fact, there are various factors which affect or influence the demand for and supply of foreign currency (or mutual demand for each other's currencies) which are ultimately responsible for the short-term fluctuations in the exchange rate.

Important among these are:

1. TRADE MOVEMENTS:

Any change in imports or exports will certainly cause a change in the rate of exchange. If imports exceed exports, the demand for foreign currency rises; hence the rate of exchange moves against the country. Conversely, if exports exceed imports, the demand for domestic currency rises and the rate of exchange moves in favour of the country.

2. CAPITAL MOVEMENTS:

International capital movements from one country for short periods to avail of the high rate of interest prevailing abroad or for long periods for the purpose of making long-term investment abroad. Any export or import of capital from one country to another will bring about a change in the rate of exchange.

3. STOCK EXCHANGE OPERATIONS:

These include granting of loans, payment of interest on foreign loans, repatriation of foreign capital, purchase and sale of foreign securities etc., which influence demand for foreign funds and through it the exchange rates.

For instance, when a loan is given by the home country to a foreign nation, the demand for foreign money increases and the rate of exchange tends to move unfavourably for the home country. But, when foreigners repay their loan, the demand for home currency exceeds its supply and the rate of exchange becomes favourable.

4. SPECULATIVE TRANSACTIONS:

These include transactions ranging from anticipation of seasonal movements in exchange rates to the extreme one, viz., flight of capital. In periods of political uncertainty, there is heavy speculation in foreign money. There is a scramble for purchasing certain currencies and some currencies are unloaded. Thus, speculative activities bring about wide fluctuations in exchange rates.

5. BANKING OPERATIONS:

Banks are the major dealers in foreign exchange. They sell drafts, transfer funds, issue letters of credit, accept foreign bills of exchange, take up arbitrage, etc. These operations influence the demand for and supply of foreign exchange, and hence the exchange rates.

6. MONETARY POLICY:

An expansionist monetary policy has generally an inflationary impact, while a constructionist policy tends to have a deflationary inflation. Inflation and deflation bring about a change in the internal value of money. This reflects in a similar change in the external value of money. Inflation means a rise in the domestic price level, fall in the internal purchasing power of money, and hence a fall in the exchange rate.

7. POLITICAL CONDITIONS:

Political stability of a country can help very much to maintain a high exchange rate for its currency; for it attracts foreign capital which causes the foreign exchange rate to move in its favour. Political instability, on the other hand, causes a panic flight of capital from the country hence the home currency depreciates in the eyes of foreigners and consequently, its exchange value falls.

–Smriti Chand