

Aga Khan Economic Planning Board

Economic Advisory – June 2020

Given the prevailing environment, the Aga Khan Economic Planning Board (AKEPB) for the UAE would like to apprise the Jamat of the following:

Financial Planning

- Avoid making new commitments until the global economic outlook is clearer.
- Be cautious before making any short-term and speculative investments.
- If you are sending funds to your home country for your family, ensure you save a small amount for an emergency fund locally.
- Have enough money to cover three to six months of basic living expenses, to protect you against emergencies such as losing your job or falling ill, or possibly both. Your emergency funds should be accessible - so you can access them quickly.
- Maintain savings as a financial cushion against unexpected job or business loss. Now is a good time for families to create budgets if they do not have one or to review existing budgets to plan for the coming months. Tracking all your expenses for a month can help you see where you can save a little extra.

Debt Management

- If you do have debt, start by paying off liabilities that charge the highest interest first, such as your credit card. Once you have cleared that, move onto the next most expensive, and then the next, while remembering to make minimum monthly payments on any other types of credit you have. By paying your debt down, your monthly obligations will also fall, allowing you to put a bigger chunk of your income towards savings.

Documentation

- Ensure important documents such as wills, powers of attorney, insurance and medical papers are up to date and accessible. Always keep your legal status updated by ensuring that your passports and residence visas are valid.
- Periodically update your personal information with your home embassy. Several countries have an online facility to register and update your personal data.

General

- Build good working relationships with colleagues and ensure that you are seen positively. This will make recruiters far more likely to put you forward for a job.
- Focus on learning the English language as it is, without a doubt, the universal language. It gives you access to a broader range of information, connections and opportunities. Further, learning the regional language of Arabic is also important.
- Improve your job skills and technical knowledge in this time period. Work on online platforms (like LinkedIn) as this can reduce the risk of being made redundant; your improved skills add more value to your existing employer. It also positions you for stronger roles. Upgrade your skill set to remain relevant and adaptable in today's digital world where artificial intelligence is taking up a number of jobs performed by humans.
- Revisit your old CV, review it and update it so that you are prepared for all circumstances.
- Read newspapers regularly to be aware of the continuously changing local, regional and global environment.
- Having health insurance could be critical in the weeks ahead. We advise you to ensure you have adequate coverage for yourselves and your dependents.
- Speak to your landlord and seek rent waivers (1 to 3 months); where renewals are due, negotiate on contracts.

Businesses

- Adhere to local compliance rules, especially when conducting financial and asset related transactions and do not circumvent any requirements as per the law.
- Monitor and maintain full records of all business and personal transactions and keep all supporting documentation in place and readily available. Businesses are highly encouraged to maintain the discipline of having annual financial statements audited.
- Business owners should focus on cashflow as a priority and be financially prudent.
- Check with suppliers to see if they will accept more flexible payment terms.
- Ensure that at all times your business financial commitments are independent of your personal finances and financial assets. Accordingly, please ensure that you have properly executed business documentation in place at all times.
- Lower interest rates could constitute favourable news for those carrying debt on lines of credit, mortgages and floating rate loans. It will help ease the interest burden. Please speak to your bank to ensure that you are taking advantage of this.
- Products from abroad may experience supply shortages and higher prices. If you are involved in trade, please consider disruptions in supply and if possible, explore diversifying suppliers.
- Those involved in vulnerable sectors currently experiencing a slowdown should prepare for a reduced demand for their services for the foreseeable future.

AKEPB is monitoring the situation closely and will continue to keep the Jamat informed of any further developments.