

# Nemat Shafik: High-flyer parachuted in by the Bank of England

By Sam Fleming

An ability to stay calm in a crisis will prove useful in Threadneedle Street, writes Sam Fleming



**I**t must have ranked as one of the most jarring job inductions ever. In early 2011, just weeks after taking up a plum post in Washington, [Nemat Shafik](#) found herself watching television coverage of her boss being led away in handcuffs after being yanked off an Air France flight.

The boss in question was [Dominique Strauss-Kahn](#), then International Monetary Fund chief. His arrest on allegations of sexual assault catapulted Ms Shafik into the heart of the eurozone crisis as she was forced to immediately stand in for the disgraced Frenchman at a high-stakes summit at the height of the Greek debt talks.

Colleagues say Ms Shafik – known by her childhood nickname Minouche – took her baptism of fire as IMF deputy managing director in her stride, thanks to a lightning-fast ability to master a brief and an innate coolness in a crisis.

She will need those qualities in abundance later this year, when she swaps Washington for London and joins the [Bank of England](#), an institution in the midst of its own period of upheaval. In the newly created post of deputy governor for markets and banking, Ms Shafik will be responsible for tackling a foreign-exchange scandal, which has triggered an internal probe into claims that officials turned a blind eye to market-rigging.

As well as [reforming the BoE](#)'s sometimes troubled relations with City of London bankers, she will help set interest rates, mastermind plans for an eventual exit from £375bn of quantitative easing, and represent the institution on a host of international bodies – all during a sweeping institutional [overhaul ordered by governor Mark Carney](#).

**“It will be a tough job at the BoE but she has the analytics and personality to handle it brilliantly,” says Alessandro Leipold, a former IMF official who knows her well.**

[Ms Shafik's role](#) at the heart of Europe's leading financial centre will mark a sharp change of direction for a woman who spent much of her career fighting poverty in the field of development economics – first at the World Bank as its youngest ever vice-president, and later at the UK's Department for International Development, where she rose to be the most senior official in 2008. With little financial markets experience, she faces a steep learning curve.

But those who know her say that Ms Shafik combines charm with granite-hard ambition. In the words of Sir Suma Chakrabarti, her former boss at Dfid and now head of the European Bank for Reconstruction and Development, “there is steel inside the velvet glove”.

The appointment of another non-British born official to a top post, alongside Canadian-born Mr Carney, testifies to the City's global pulling power – even when xenophobia is growing in the country's politics. Ms Shafik, 51, holds both UK and US passports but she was born in Alexandria and her mother still lives in Cairo. Her father – a scientist – and mother fled Egypt for the US in the 1960s during General Gamal Abdel Nasser's wave of nationalisations, and the family returned when she was a teenager. While she chose to do her undergraduate economics and politics degree in the US, at Amherst, her Egyptian background was formative. “When you live in a poor country, you're surrounded by poverty, and so that natural interest in why some people have and other people don't is always there,” she has said.

Her academic and professional career has led her to criss-cross the Atlantic. But friends say she comes across as more European than American, and that her move

to the BoE was in part a response to her family's wish to return to the UK. At the IMF she liked to keep in touch with Britain, downloading *Today*, BBC radio's flagship news programme, every morning.

Ms Shafik's postgraduate studies in the UK in the 1980s – first at the London School of Economics then at Oxford – brought her into a network of future high-flyers such as Sir Suma, Sir Jeremy Heywood, now the cabinet secretary, and Jonathan Portes, now director of the National Institute of Economic and Social Research. Nightlife included clubbing at a jazz and funk venue called Sol Y Sombra in London's West End.

In 1990 Ms Shafik joined the World Bank in Washington, where she met her first husband, Mohamed El-Erian, an IMF staffer. She and Mr El-Erian, until January Bill Gross's heir apparent at [bond giant Pimco](#), were part of the capital's in-crowd. One person who knew them says that, like Bill Clinton, she was able to make someone feel they were the most important person in the room.

Ms Shafik married her second husband, Raffael Jovine, in 2002. The couple now have twins, and she is stepmother to his other three children. In 2004 she returned to Britain to work under Sir Suma at Dfid. The department, whose budget was radically expanded by Tony Blair's Labour administration, was a magnet for bright young civil servants eager to make a difference.

Mr Portes recalls that Ms Shafik found the move from the informal culture of Dfid, where the security guard was on first-name terms with the top official, to the more hierarchical IMF a jolt. "When she arrived at the IMF she had a terrible fight getting people to call her Minouche rather than Ms Shafik," he says.

Alongside Christine Lagarde, who succeeded Mr Strauss-Kahn, she has played a role in attempting to reform an institution with a reputation as starchy and male-dominated. This will stand her in good stead in the marble halls of the BoE, where Mr Carney has described the paucity of senior women on key committees as "striking". She will be the first female member of the MPC for four years and only the second woman to serve as deputy governor.

One person who knows Ms Shafik well questions whether the BoE's top brass realise just what a "formidable operator" they are about to get. Mr Carney may only be eight months into his five-year term, but it will not be that long before the battle to be the next governor commences.