

International Business News



Protestor shouts slogans in front of the Greek parliament in Athens yesterday, during a demonstration called by two main workers unions against the government's austerity measures. Thousands of demonstrators gathered in Greece to protest against a controversial, debt-dictated pension reform proposal that includes cuts, higher contributions and tougher retirement rules.

Wal-Mart to create 500,000 jobs worldwide

AFP, New York

Wal-Mart said Friday it would create 500,000 around the world in the coming years as part of a strategy to transform the world's largest retailer into a more global company.

Mike Duke, president and chief executive of Wal-Mart Stores, told shareholders the company needed to serve customers worldwide as a local store, share its best practices and make better use of its global supply chain.

Employee talent will be key to making that strategy work, he said at the company's annual shareholder meeting, according to a company statement.

"Just over the next five years, we'll create 500,000 jobs around the world. We need to recruit the best talent and identify the best talent in our ranks. Then we need to develop leaders and help them become global citizens," he said.

Duke did not provide details on where the hiring will occur.

The retailer has more than 8,400 retail units in 15 countries and employs more than two million people.

British house prices slip further in May: survey

AFP, London

British house prices dropped 0.4 percent in May from the level the previous month, data from a top home-loans provider showed on Friday.

"House prices fell by 0.4 percent in May. This followed April's 0.1-percent decline," said Halifax housing economist Martin Ellis in a statement.

"The mixed pattern of monthly price rises and falls so far this year is consistent with a slowing market and is in line with our view that house prices will be flat during 2010 as a whole," he added.

Halifax, part of state-controlled Lloyds Banking Group (LBG), said the average house price in Britain stood at 167,570 pounds (201,431 euros, 245,450 dollars).

IHS Global Insight economist Howard Archer said that the British housing market would struggle to make gains in the remainder of 2010.

"The second successive drop in house prices reported by the Halifax further stokes our relative pessimism over the housing market and reinforces our belief that house prices will find it very difficult to make significant gains over the rest of this year," Archer said.

China UnionPay hits back at Visa in cards row

AFP, Shanghai

Chinese card issuer UnionPay hit out at Visa on Friday after the US giant told banks to stop using the Chinese firm's system to process overseas transactions on cards bearing both firms' logos.

State media reported that Visa was stepping up enforcement of its rules that ban member banks outside China from using UnionPay channels, under threat of heavy fines.

UnionPay, established in 2002, has been expanding its global network in recent years to grab market share from established rivals such as MasterCard and Visa, which have no access to China's lucrative domestic bank card sector.

According to UnionPay, international transactions handled by its system are exempt from currency conversion fees of between one and two percent, making its cards more attractive to a growing number of Chinese travellers.

Eurozone banks park record amount of cash with ECB

AFP, Frankfurt

Eurozone banks have parked a record amount of cash in the European Central Bank's overnight deposit facility, figures showed on Thursday, underscoring spreading interbank tensions.

The total amount of 320.37 billion euros (\$394.60 billion) beat the previous record of 316.41 billion euros set one day earlier.

The amount demonstrates that commercial banks would rather place excess funds with the ECB and earn interest of 0.25 percent rather than loan them to peers at higher rates.

Banks normally exchange surplus cash with each other on interbank money markets to help fund regular operations, but have again become wary of each other's ability to repay loans.

"People are getting nervous," ING senior economist Carsten Brzeski told AFP.

COLUMN

Eyes on green banking

MAMUN RASHID

A green bank is a bank that promotes environmental and social responsibility but operates as a traditional community bank and provides excellent services to investors and clients. Its progressive approach to the community and the earth sets it apart from other banks.

It is more about focusing on 'mother planet and its sustainability', shifting from a traditional approach on 'profit' or even 'people'. Green banking is not just another corporate social responsibility (CSR) activity.

As more consumers look at whether their lifestyle is sustainable, different areas of their lives come under scrutiny. Green banking is a general term, which can cover a multitude of areas from a bank being environmentally friendly to how and also where their money is invested.

Green banking, which considers all the social and environmental factors, is also called 'ethical banking'. Ethical banks started with the aim of protecting the environment. These banks are like normal banks that aim to protect the environment and are controlled by the same authorities.

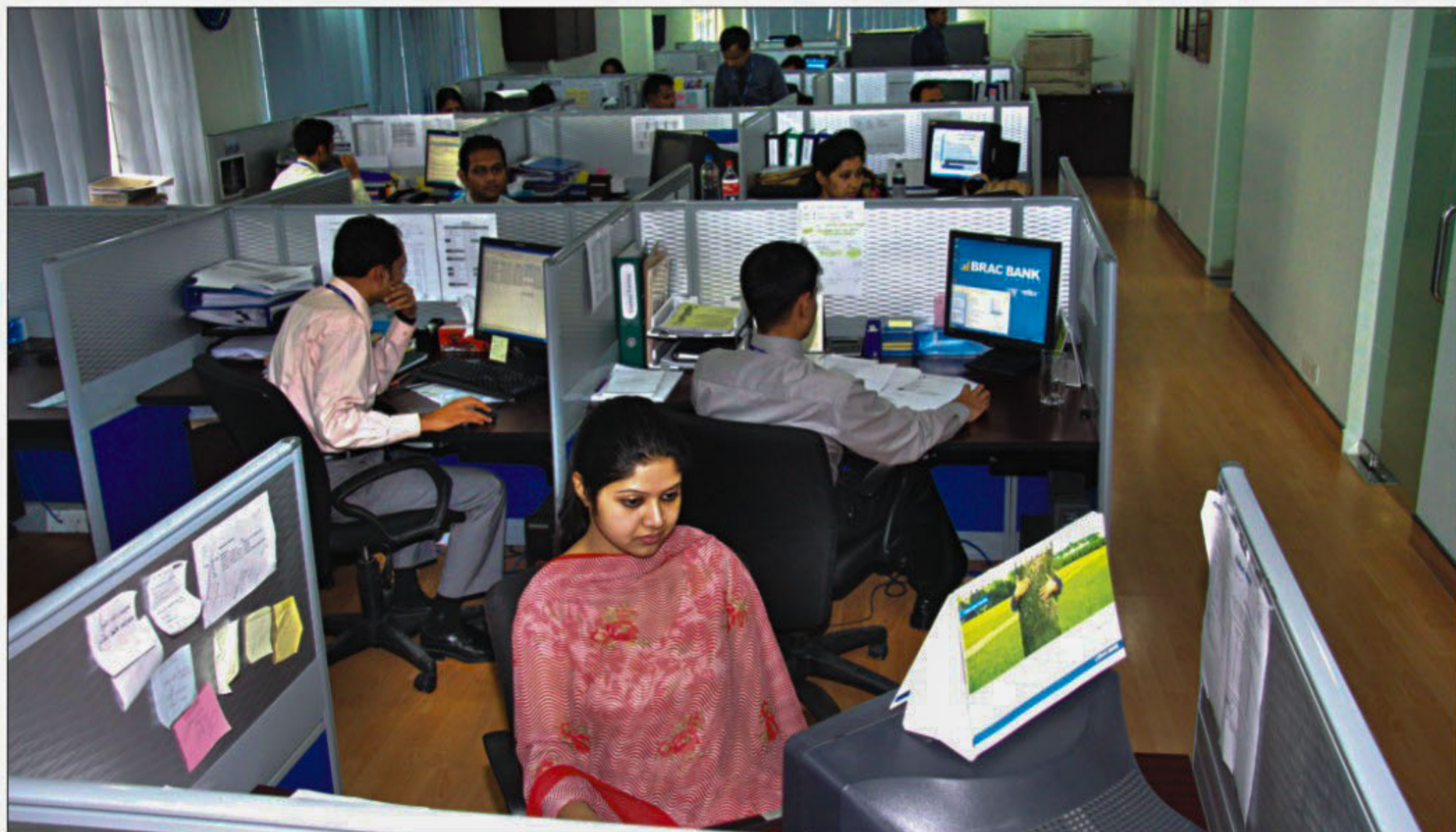
Green banking, compared to normal banking, gives more weight to environmental factors. Its aim is to provide good environmental and social business practices. It checks all the factors before considering a loan -- whether the project is environment-friendly and has any implications for future. One would be awarded a loan only when all environmental safety standards are followed.

Basically, ethical banking avoids as much as paper work as possible -- from go-green credit cards and go-green mortgages to all transactions done online.

It creates awareness around business people about environmental and social responsibility, enabling them to adopt environment friendly business practices, and follows environmental standards for lending. When a person is awarded a loan, the interest is less than normal banks because ethical banks give more importance to environment-friendly factors -- they do not operate with high interest rates.

Overall, green banking is a good way for people to be aware of global warming. Each businessman will contribute to the environment and make this earth a better place.

In March 2009, Congressman Chris Van



Officials are seen at a BRAC Bank branch. BRAC Bank has become the regional winner for Asian Emerging Markets Sustainable Bank of the Year, announced by The Financial Times of London.

Hollen introduced a Green Bank Act with the aim of establishing a green bank under the ownership of the US government. Its objective was to offer financial support to efforts to increase efficient energy usage, and reduce carbon emissions and environmental pollution resulting from energy creation.

In addition, it is envisaged that this institution is going to work towards reducing the country's dependence on foreign energy sources, fighting climate change and creating additional jobs through the provision of healthier energy generation facilities.

The Congressman proposed establishing the green bank with an initial capital of \$10 billion to be raised by a US Treasury 'Green Bonds' issue, with a maximum of \$50 billion in bonds outstanding at any one time.

Although some analysts have criticised the idea of financing this Green Bank through additional bond issues during the current financial crisis, the proposal has been broadly welcomed by a group of invest-

tors, energy industry experts and manufacturers, under the banner -- Coalition for Green Bank. Supporters of the scheme argue that the country's present economic difficulties provide additional reasons for this initiative, since the prospects of private capital investment to create new energy capacity have greatly diminished.

Sustainable investment, also known as socially responsible investment (SRI), has grown enormously in the past decade.

Bank Technology News has recently given Citi top honours in its first ranking of 'America's Greenest Banks'. The award highlighted the accomplishments of Citi's Sustainable Operations and Technology programme, which includes dozens of initiatives aimed at shrinking environmental footprints and controlling costs.

In just one example, Citi updated computer hardware across the 1,000+ Citibank branches in North America, reducing energy costs by 15 percent a year, while improving

the speed with which it services customers.

The Financial Times of London announced the Sustainable Banking Awards last Thursday. UK's Cooperative Bank won the 'Sustainable Bank of the Year' award and only HSBC, among large global banks, was a runner-up in any category.

The good news is, BRAC Bank Ltd from Bangladesh became the regional winner for 'Asian Emerging Markets Sustainable Bank of the Year'.

As mentioned, there is a growing awareness among banks and financial institutions to protect the environment and thereby, save 'mother planet'. Big banks are committing big funds on a sustainable basis in responsible banking. They are shifting forward from 'profit' to 'people' and now more importantly, to create a better future for all. The sooner this philosophy of 'green banking' is embraced, the better it is for all.

The writer is a banker and economic analyst. He can be reached at mamun1960@gmail.com

GLOBAL ECONOMY

G20 scraps plans for universal bank tax

REUTERS, Busan, South Korea

The world's top economies scrapped plans for a universal global bank tax on Saturday, giving countries plenty of wiggle room over how to make banks pay for their bailouts in future.

Finance ministers from the Group of 20 countries ended a two-day meeting to review progress on a string of initiatives agreed last year to make the financial system safer and protect taxpayers from having to pay for bank rescues again.

Attempts to introduce a global bank levy were finally ditched in the face of opposition from Japan, Canada and Brazil whose banks needed no public aid during the worst financial crisis since the 1930s.

"There is no agreement to proceed with an ex ante bank tax," said Canadian Finance Minister, Jim Flaherty.

The G20 said it recognised there was a range of policy approaches and that it will approve a set of principles later this month in Toronto on how to protect taxpayers.

British Finance Minister George Osborne reiterated his pledge to introduce a UK bank tax regardless of what other countries do and will spell out his plans in a budget report on June 22.

"Different countries will do different things but to have it under the umbrella of the G20 is going to be helpful," Osborne told reporters.

Britain was forced to shore up the banking sector and rescue several individual firms.

The meeting did not agree any new regulation or alter deadlines for implementing steps agreed last year.

But ministers sought to keep plans for tough new Basel III bank capital and liquidity rules on course for implementation by the end of 2012 despite deep-seated concerns among several countries.

"We are on track to deliver the proposals at the Seoul summit in November. Ministers are fully engaged in finding the right compromises," Financial Stability Board Chairman, Mario Draghi, told reporters.

Several finance ministers signalled that a lengthy phase-in for Basel III beyond 2012 was now inevitable.

Draghi, who oversees implementation of the G20's financial reform pledges, said



G20 finance ministers attend the G20 Finance and Central Bank Governors meeting photo session in Busan on Friday. First row left to right, Germany's Finance Minister Wolfgang Schauble, Brazil's Finance Minister Guido Mantega, third left, US Secretary of the Treasury Timothy Geithner, fifth from left, EU's Elena Salgado, Finance Minister of Spain, sixth from left, South Korea's Finance Minister Yoon Jeung-Hyun, eighth from left, France's Finance Minister Christine Lagarde, ninth from left, Canada's Minister of Finance James Flaherty, 11th from left, United Kingdom's Chancellor of the Exchequer George Osborne, 13th from left; second row from left, Italy's Minister of Economy and Finance Giulio Tremonti, left, China's Minister of Finance Xie Xuren, fifth from left, Saudi Arabia's Finance Minister Ibrahim Al-Assaf, sixth from left; third row from left, South Africa's Finance Minister Pravin Gordhan, left, India's Finance Minister Pranab Mukherjee, fifth from left, Indonesia's Finance Minister Agus Martowardojo, sixth from left, Australia's Treasurer Wayne Swann, seventh from left, Argentina's Ministry of Economy Amado Boudou, eighth from left, fourth row from left; Russia's Deputy Finance Minister Dmitry Pankin, left.

Basel was not expected to take full effect by that deadline.

"The key thing is to start the implementation in 2012. Then we will kind of find out what are the most appropriate transition times," Draghi said.

Banks warn that piling on tougher requirements too soon will force them to raise fresh capital at the expense of being able to lend to aid economic recovery.

Draghi said two percentage points of higher capital requirements would halve the probability of systemic risk.

Osborne said there was "some room for variation" over a tougher definition of bank capital but "everyone understands this is the absolute central part of creating a safer and better regulated global banking system."

The G20 also agreed to speed up introduction of measures to improve transparency, regulation and supervision of hedge funds, credit rating agencies, bank pay and off-exchange traded derivatives.

"We are also committed to improve the functioning and transparency of commodities markets," the G20 statement said.

Some policymakers have accused speculators of abusing commodities markets.

Draghi played down expectations that the G20 will usher in a slew of additional measures beyond what it agreed last year.

"We have a priority, it's to move forward on Basel III," Draghi said.

Despite the failure to make headway on a universal bank levy and slippage in full Basel III roll-out, policymakers noted that the United States is expected within

weeks to approve the most sweeping reform of financial rules since the 1930s that will introduce the bulk of G20 reform pledges.

The European Union is also well advanced in adopting new rules on supervision and hedge funds, with a draft law on derivatives regulation due next month.

Elena Salgado, economy minister of EU president Spain said more EU regulation was needed for credit ratings agencies, which lacked transparency and accountability.

"To have a European credit ratings agency is another issue; perhaps it would be good, but it's something that cannot be done from one day to the next," Salgado told Reuters.