Big US banks to take on tech rivals with instant payments

REUTERS, *New York*

Depositors at some of the largest US banks are finally going to get the chance to do something quick and simple: send money to another person's account instantaneously by mobile phone.

The idea has been in the works for at least five years, and in the meantime, Silicon Valley has made incursions into the industry's role as a payment intermediary. But now, big banks including JPMorgan Chase & Co, Bank of America Corp , Wells Fargo & Co and US Bancorp are starting to plug into a system they jointly own, called clearXchange, that will allow each others' customers to transfer money in a flash when they split a dinner check, rent payment or vacation bill.

"What we are doing now is delivering payments in real time, which is what our customers have asked for," Mary Harman, managing director for payments at Bank of America, said in an interview. The bank is one of two that have started rolling out the system to customers.

While technology companies like PayPal Holdings and Facebook Inc already offer snazzy payment apps that appeal to young consumers, the banking industry has a crucial advantage because it controls how quickly money actually moves between bank accounts. Individuals transferred some $200 billion to one another using mobile phones and computers last year, according to Javelin Strategy & Research.

Bank executives and analysts who closely track payment systems say that if clearXchange is fast, functional and user-friendly, banks can make up for lost ground.

Bank of America plans to announce on Wednesday that its customers can transfer funds instantly through clearXchange with customers of US Bancorp, which said last week that it was plugged into the speediest part of the network. JPMorgan Chase & Co and Capital One Financial Corp representatives told Reuters they plan to offer the service later this year.

Analysts expect Wells Fargo & Co and PNC Financial Services Group Inc to do the same. Their representatives declined to comment.

REUTERS/FILE

Pedestrians walk past a branch office of Chase Bank in lower Manhattan.

Those six banks are among the seven largest by deposits in the United States. Regional bank BB&T Corp is also one of the seven owners of the network, but is not ready to announce its plans, a spokesman said.

Citigroup, which has the fourth most US deposits, has not joined clearXchange. A spokeswoman declined to say why. Citigroup uses an older network called Popmoney, which is owned by Fiserv Inc, for person-to-person payments.

Today, if a customer wants to transfer cash to another person digitally - whether on an app like Paypal's Venmo, or through an individual bank's payment transfer system, like Chase's QuickPay - it usually takes one to three days for money to move to an account at another institution. On clearXchange, the cash can move instantaneously with the tap of a finger.

The initiative is particularly important for banks as their customer base shifts from a generation that cashed paper checks and got mortgages by walking into a branch, to one that goes online first to transact and borrow. It's important for banks to cater to 18-to-34-year-old Americans in the so-called Millennial generation as they enter their prime years for borrowing and saving.

But adapting to these behavioral changes was a low priority for US banks after the financial crisis, as they grappled with losses, fines, new regulations and slow revenue growth. In short order, financial technology startups filled the void - not just in payments, but in areas ranging from student loans to financial planning. If banks don't catch up quickly, they may end up losing some young customers altogether, analysts said.

"There is a short window of opportunity for the banks," said Michael Moeser, director of payments for Javelin.

For clearXchange to be successful, it needs to reach a critical mass of participants so that depositors will be able to transfer funds among most of their friends, relatives and colleagues. Until more banks connect to provide immediate service, the network has little value.

Any US bank or credit union can participate in clearXchange, and its owners hope many more will. The network says its members represent two-thirds of US deposits.

Banks in other parts of the world are making similar moves. In the U.K., for instance, there is an app called Paym that allows individuals to transfer up to 250 pounds ($355) to another user's bank account. Nordic countries are leading the way toward a cashless society, with mobile payment apps Swish in Sweden and MobilePay in Denmark.

Analysts expect the mobile banking market to keep growing as consumers become more aware of apps, and as the technology improves.

Venmo, which launched in 2012, handled $7.5 billion of person-to-person payments last year. In January, the company moved $1 billion between individuals - up tenfold in two years, said Bill Ready, PayPal's global head of product and engineering, who brought Venmo to PayPal as part of a 2013 deal.

Those figures track well below the $22 billion of cash swapped digitally by Bank of America customers last year, or the $20 billion Chase QuickPay handled. But Venmo is growing rapidly, and its popularity has come almost entirely by word of mouth, as friends ask friends to sign up, said Ready. Facebook's Messenger app offers a similar service.

While these apps send immediate alerts that money is on the way, they still rely on banks to make sure cash is available and move it. And, unlike banks, they have no control over the speed at which that occurs.

"As a Bank of America customer, when I hit send, a couple of seconds later the US Bank customer will see the money in their account," said Bank of America's Harman.

Even so, Ready, the senior PayPal executive, said he is skeptical clearXchange will be a success. "The banks have a hard time working with one another," he said, adding that it would be difficult for them to "recreate the viral nature of Venmo."

UK seeking to ease banking barriers with Iran

REUTERS, *London*

Britain is working with its European partners to help ease the impact of banking restrictions on trade with Iran, Business Secretary Sajid Javid said on Wednesday, adding that the UK had signed a deal to simplify the financing of exports.

International sanctions, including banking restrictions, imposed against Iran ended in January under a deal with world powers in which Tehran agreed to curb its nuclear programme.

But US measures including a ban on dollar trading and a freeze on US banks engaging in trade remain in place. This has left non-US banks and insurers wary of processing transactions with Iran, fearing they may still fall foul of the existing measures and a lack of clarity on what they are able to do.

Javid told a conference in London that issues around cash and credit were "quite significant" but that Britain was working with other European nations and the banking industry to try to tackle them or provide clarity on how the guidelines work.

"For many firms it's not actually clear what you can or cannot do according to, let's say, US rules. That's why one of the things that as a minimum has to be done quite quickly is to bring some clarity," he said.

Britain's export agency and its Iranian counterpart signed a memorandum of understanding on Wednesday, Javid said. "The two organisations have committed to promoting the financing of contracts and projects involving exports between our nations," he said.

The deal will see UK Export Finance (UKEF) and the Export Guarantee Fund of Iran, the Iranian state-owned credit insurance company, work together to identify opportunities for trade in capital goods, equipment and services, Britain's business ministry said.

UKEF, which provides guarantees to banks and insurance to support British exporters, suspended cover to Iran in 2012 after the imposition of tougher financial sanctions. That cover was restored after the conclusion of the nuclear deal with Iran.

Other European Union countries including Italy, France and Germany have already struck billions of dollars worth of deals and many within Britain's business community complain that the country has been slower to respond.

Shrugging aside such concerns, Javid said "It's never too late". He added that he would lead a British trade mission to Iran later this year, possibly as early as May.

Aminul Islam, managing director (current charge) of Bank Asia, presents an Uttorio (stole) to Atiur Rahman, governor of Bangladesh Bank, at the closing ceremony of CAMLCO Conference 2016 at the Palace Resort in Habiganj on Sunday.

BANK ASIA

MICROSOFT ENTERPRISE

Rupali Chowdhury, managing director of Berger Paints Bangladesh; Sonia Bashir Kabir, managing director of Microsoft Bangladesh, and Lahiru Munindradasa, managing director of Tech One Global, pose at the signing of a deal. Tech One will provide a manageable volume licensing programme that gives Berger the flexibility to buy the software licences under one agreement.

Samsung to launch phone upgrade scheme in South Korea

REUTERS, *Seoul*

Tech giant Samsung Electronics on Wednesday said it will launch a phone upgrade programme in South Korea this week that will allow subscribers to switch to a new premium handset every 12 months.

Customers seeking to buy one of two Galaxy S7 models that go on sale starting Friday could sign up for the programme on a 24-month instalment plan offered through Samsung Card Co Ltd, Samsung Electronics said in a statement.

Subscribers would pay a monthly fee of 7,700 won ($6.35) in addition to the cost of the device. They can upgrade to a new Galaxy S or Galaxy Note smartphone after 12 months under the plan in exchange for the original device they purchased.

Some analysts have said such schemes will be necessary for Samsung and other phone makers to counter slowing global market growth by coaxing consumers to replace their handsets more quickly. Rival Apple Inc launched a similar programme in the United States last year.

The Galaxy S7s offer incremental upgrades, leading some analysts to predict sales in the first year will be weaker than last year's Galaxy S6s.

Samsung has launched an upgrade programme in the United Kingdom but did not immediately comment on whether any would be offered in other markets.

PARTEX CABLES

Shaibal Ghosh, chief executive officer of Partex Star Group, and Zulfiqar Ahmed, managing director of Unitrend Ltd, sign an agreement at the corporate office of Partex Star Group. Unitrend will serve as communication partner and marketing consultant for Partex Cables.

Zara owner's profits soar on higher sales, expansion

AFP, *Arteixo, Spain*

Spanish global clothing giant Inditex, owner of the Zara brand, reported Wednesday a sharp jump in profits in 2015 due to higher sales and its international expansion efforts.

The group said in a statement that net profit rose by 15 percent to 2.88 billion euros ($3.2 billion) for the full year period until the end of January.

The result was slightly better than expected by analysts polled by financial services firm Factset who had forecast an average net profit of 2.85 billion euros.

Sales rose by more than 15 percent to 20.9 billion euros, boosted by growth in all the regions in which the group is present, it said.

Inditex, which competes with Sweden's H&M as the world's top ready-to-wear clothing retailer, continued its expansion, opening a net 330 stores in 2015.

A Zara store that opened in Honolulu in Hawaii during the last three months of the group's financial year marked its 7,000th, it said in the statement.

The company said it had expanded its online presence especially in Asia, with Internet shopping sites now in 29 markets.

"The investments carried out in head offices and logistics platforms, and in upgrading the company's technology have continued to translate into significant job creation and enabled Inditex to attract talent all over the world," group chairman Pablo Isla said in the statement.

Inditex created over 15,800 new jobs over the year, 4,120 of which were in Spain, as the eurozone's fourth biggest economy slowly recovers from an economic crisis.

It said the board would propose a dividend of 0.60 euros per share.

India rushes to roll out more commuter railways as cities swell

REUTERS, *New Delhi*

India's congested cities are awarding new rail projects at a record rate, creating a boon for companies such as Siemens to Larsen & Toubro Ltd in a sector forecast to offer $5.8 billion worth of orders next year.

India currently has about 300 km (186 miles) of operational metro track laid across seven cities in a country with an urban population of 400 million, a network that is smaller than the size of London's Tube network which serves a city of nearly nine million.

In a bid to boost public transport, Prime Minister Narendra Modi's government last week said it would boost the budget to expand the Delhi metro by almost a third on the previous year, as well as provide more funding for other state authorities.

Analysts at Axis Capital estimate India will award construction of 650 kms of track worth 2 trillion rupees ($30 billion) over the next three to five years. Annual metro rail-related orders in India have totalled about 200 billion rupees in each of the last three years.

Even if some of those projects remain on paper, the potential for manufacturers and engineering firms like Germany's Siemens, France's Alstom SA and locals like BEML Ltd and Larsen & Toubro Ltd is too big to ignore.

"The way metro rail boomed in China is about to happen in India," said Tilak Raj Seth, the head of Siemens India's transport business, which is supplying signalling and electricification for projects in Delhi and Chennai.

Bombardier India's unit, part of the Canadian group, has a backlog of 160 metro coaches and forecasts demand for another 3,000 by 2021.

Alstom India Ltd is on course to double the revenue earned from metro projects to 200 million euros ($220 million) this financial year and is targeting 1 billion euros a year by 2021, its managing director said.

"What India completed (in laid tracks) in the last 20 years, I would expect that we will complete that in the next 2-3 years," managing director Bharat Salhotra told Reuters.

He said Alstom would spend 25-30 million euros over the next few years to expand its Indian factories, after winning orders to supply carriages for the cities of Jaipur and Kochi.

India's rush to build more metros is a late one: booming populations and rising car ownership have created traffic-choked cities, slowing movement of goods and people in the places where most of India's future economic growth will be made.

China has built metro rail networks in about 25 cities spanning more than 2,000 kilometres, largely in the last two decades, while India has barely managed 300 kilometres, most of it in Delhi, in 13 years.

It's a rate of construction India needs to quickly up as its urban areas are expected to become home to an additional 200 million people by 2030.

As well as the projects in 19 cities completed or approved, at least eight more cities including Patna and Agra, have drawn up plans - although experts caution at least some of the schemes will remain on paper.

Other cities have struggled. Mumbai, the second most densely populated city on earth, has managed to build just 11 kilometres of track in a decade, after problems acquiring land and contractual disputes.