Pocket change: Myanmar banks on mobile money

AFP, Yangon

CARRYING her wages in wads of cash across Myanmar was once a risky, onerous but unavoidable ritual for maid Khin Myint Oo.

But now she just pings off a text to move the money to her children back home as mobile banking sweeps into a country whose people have for decades been locked out of basic financial services.

Myanmar is spinning through a thrilling economic revival since shedding junta rule in 2011.

But with an embryonic banking system -- an estimated 90 percent of the population still do not have an account -- the country's new civilian leaders are banking on mobile money as a shortcut.

"People keep money in their homes in a box," explained Khin Myint Oo, who moved to Myanmar's biggest city Yangon to work as a housekeeper and support her children in northeastern Shan state.

With no bank branches nearby, the family faced two options: long trudges to the nearest teller or shipping stacks of tattered notes by bus.

With just some 1,500 branches in a largely rural country the size of France, experts say it will take years to build enough banks to reach the 51 million population.

Many also have bad memories of 50 years of military rule, when bank runs and currency collapses were frequent and painful.

But change is afoot.

Khin Myint Oo now wires home to her children in a matter of minutes using Wave Money, one of the first mobile banking firms to roll out services.

The company, a tie-up between a telco operator and a private bank, has built a network of 4,000 mum-and-pop shops around the country where clients can deposit and withdraw cash by phone.

Referred to as "human ATMS", these stores are far more accessible and numerous than bank branches. Wave constantly monitors their liquidity and dispatches agents to replenish shops running low on cash.

"The advantage is it now takes very little time to transfer money," Khin Myint Oo said from inside the apartment she cleans for $2 a day -- a sizeable raise from her days as a farmhand.

In one of its first moves since taking power in April, the government passed regulations allowing non-banks to enter the e-money market and offer services to the country's oceans of "unbanked".

"In terms of things you could do straight away that would improve people's lives ...this (policy) would float right to the very top," said Sean Turnell, an Australian economist advising the administration.

Mobile money began in Kenya a decade ago and is now used by nearly half the population.

Similar systems have since taken root across Sub-Saharan Africa and in other developing nations, providing millions of people with safe ways to move and manage their money.

Myanmar's promise as a frontier market is beginning to show especially as phone towers are erected.

Just four years ago only 10 percent of the population had a mobile phone -- now it is 60 percent, with most using smartphones.

AFP

Wave Money CEO Brad Jones poses in front of the company logo in Yangon.

"Myanmar was always the market that everyone would talk about in mobile money conferences because it was so untouched," said Wave Money CEO Brad Jones.

Yet unleashing the technology's full potential rests on overcoming an age-old obstacle: trust.

During its economic heyday under British colonial rule, Myanmar was home to the highest concentration of foreign-owned banks in Southeast Asia.

But its fortunes swiftly changed after a military clique grabbed power in 1962 and nationalised all banks, the first of many policies that sunk the nation into poverty.

Faith in the financial system tanked after a flurry of demonetisation decrees in the 1980s wiped out nearly two thirds of the cash in circulation, triggering bank runs and driving many people to convert any savings into gold.

"Getting people to trust ephemeral monetary value will be the first challenge. If people have any surplus at all they often buy gold and gem stones," said Turnell.

Changing this behaviour is a crucial step on the path out of poverty. Physical assets like gold cannot be cashed quickly, forcing the poor to turn to loan sharks in times of need.

Mobile money is Myanmar's best bet at swiftly linking its poor to safer, more regulated financial services, said Paul Luchtenburg from the UN's Capital Development Fund in Yangon.

"If it was only bank-led, it would take a long time because the banks are so busy just getting their house in order," he told AFP.

In Dala, a muddy suburb across the river from Yangon, those who want to save money have two options: take the boat to a bank in the city or bury it in the backyard.

Like much of the country, there are zero banks or ATMs in town.

Yet several shops have started offering mobile banking services.

"When this service becomes more popular, it will be so much more helpful to people than banks," said Zaw Zaw Oo, whose small convenience store is now part of Wave's network of "human ATMs".

Until then, they'll have to wait for the next ferry.

Oil jumps after surprise drop in US crude inventories

REUTERS, London

OIL prices jumped 2 percent on Wednesday after a surprisingly large drop in US crude inventories and as an oil services workers strike in Norway threatened to cut North Sea output.

Brent crude futures LCOc1 were up 91 cents at $46.79 per barrel by 1113 GMT, while West Texas Intermediate (WTI) crude futures CLc1 rose by 96 cents to $45.01 a barrel.

Oil took its cue from American Petroleum Institute (API) data which showed a 7.5 million barrel drop in US crude inventories to 507.2 million barrels, almost twice the fall expected by analysts.

"Oil's got its own pretty positive drivers at the moment. The API surprise draw overnight is obviously leading to the question of whether we are going to see the same in the official inventory today," CMC Markets strategist Jasper Lawler said.

Official storage data is due to be published by the US Energy Information Administration (EIA) later on Wednesday.

Adding to the upward price momentum was an oil service workers strike in Norway that could affect output from western Europe's biggest crude producing region.

Nevertheless, analysts said any gains could be tempered by caution ahead of the Federal Reserve's Federal Open Market Committee (FOMC) decision on interest rates later on Wednesday.

Economists do not expect a change in rates but any indication from the Fed on the outlook for economic growth could have an impact on the dollar, and in turn, on oil.

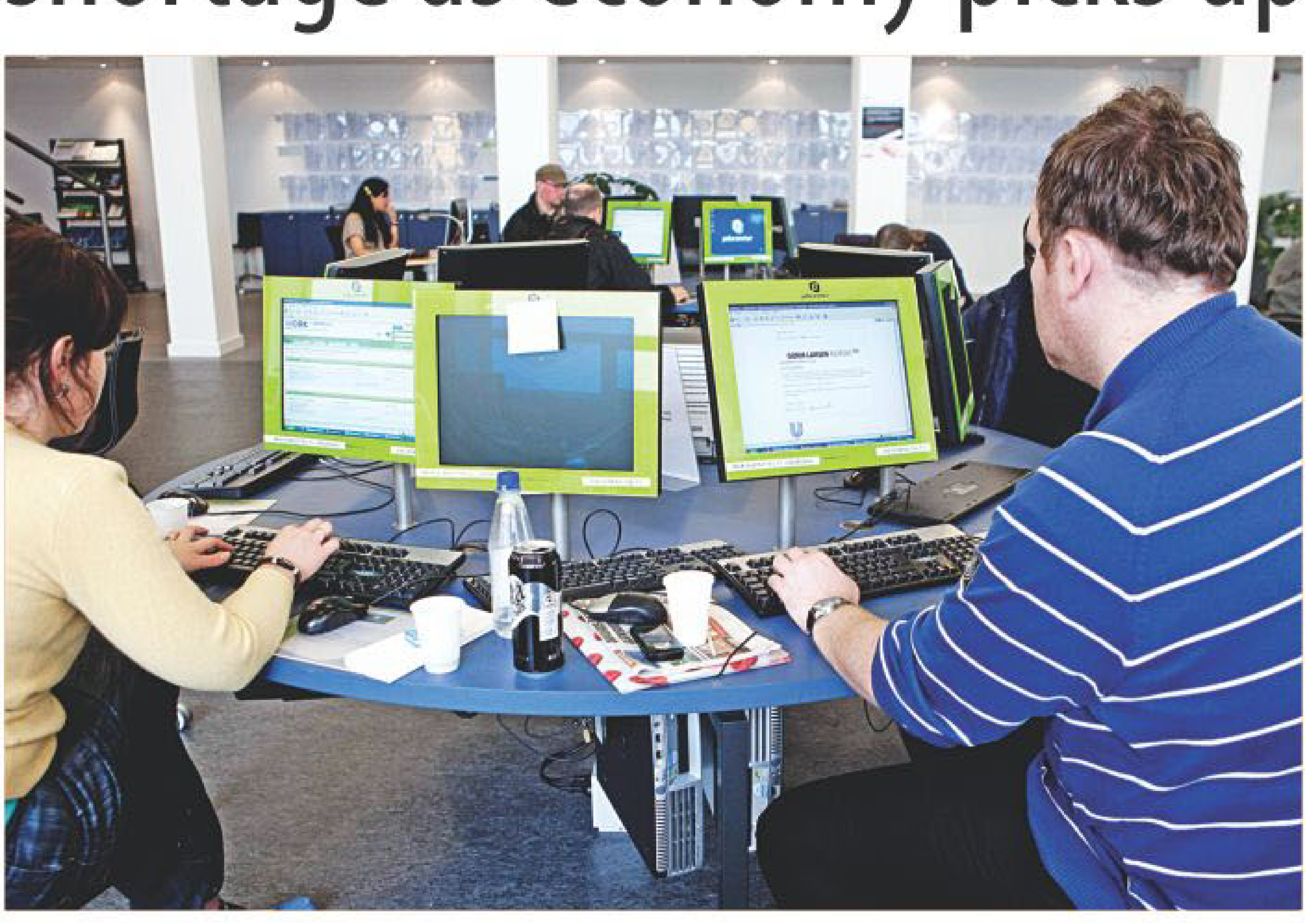
"I don't expect the Fed to do anything and I don't expect a 'hawkish hold' either. But a bit of dollar weakness should support the backdrop for oil," CMC's Lawler said.

"Wednesday has become 'Big Wednesday' for oil traders, with not only the FOMC but also the EIA crude inventory numbers out. Should they (EIA) follow the unexpected drawdown like the API and we get no FOMC rate hike, oil bulls may well have reason to be cheering after a tough couple of weeks," Singapore-based brokerage Oanda said.

Key for the market is next week's meeting in Algeria between producers from the Organization of the Petroleum Exporting Countries (OPEC) and Russia to discuss measures to rein in oversupply, including an output freeze at current levels, but analysts said they did not expect significant results.

"Even with a freeze - which would still mean OPEC production is at record levels - we will still be in an oversupplied market," said Matt Stanley, a fuel broker at Freight Investor Services (FIS) in Dubai.

Denmark eyes looming skills shortage as economy picks up


AFP/FILE

Danish people search for jobs at a job centre in Copenhagen.

AFP, Copenhagen

AFTER a lacklustre recovery from the 2008 financial crisis, Denmark's central bank has warned that the labour market faces a squeeze as unemployment falls, the population ages and young people shun vocational jobs.

At Technical Education Copenhagen, traineeships for another 20 to 30 lorry drivers could probably have been found if only people were interested in them, according to Anders Wendelboe, a head of education at the vocational training college.

In a country where work-life balance is highly valued, a wrongful perception that the job came with irregular working hours was putting some people off, he speculated.

"Young people today would like to have leisure time, they would like to have a family," he said.

A lack of skilled workers was also threatening growth at Teccon Form, a company in the western town of Holstebro making tools for injection moulding, employing around 20 people.

"There has probably been too much focus on having a university education," chief executive Michael Nederby lamented.

"There has been a slightly higher status around that, and we are fighting against that," he said, adding that he had been forced to raise salaries to compete with other employers.

Denmark's central bank last week warned that the country was technically at full employment and that the economy could be hit if the country did not find ways of growing its labour force.

"Unemployment has now reached its 'structural level' ... There are, so to speak, no labour reserves among the unemployed," it said in a quarterly report.

"There are already signs of pressures in the labour market. The clearest indications are reporting of labour shortages in both the construction and manufacturing sectors," it added.

Seasonally adjusted unemployment stood at 4.2 percent in July, according to data from Statistics Denmark based on the number of people on unemployment benefits and in labour market activation programmes.

The number rises to 6.2 percent under the so called ILO (International Labour Organization) measure, which is used to compare unemployment in different countries.

Denmark was badly hit by a burst property bubble during the 2008 financial crisis and growth has lagged the economies of neighbouring Sweden and Germany.

The country's central bank believes economic output will edge up 0.9 percent this year and 1.5 percent in 2017.

"The problem is the greatest among vocationally trained labour with technical skills, such as electricians, industry technicians and mechanics," said Steen Nielsen, head of labour market policy at the Confederation of Danish Industry.

US carrier Verizon starts taking orders for new Samsung Note 7 phones

REUTERS, Seoul

US carrier Verizon Communications Inc has begun taking orders for Samsung Electronics Co Ltd's new Galaxy Note 7 smartphones, after having stopped sales of the device earlier due to fire-prone batteries.

Samsung has recalled about 1 million Note 7 smartphones in the United States, offering to replace or refund the flagship phones. Their susceptibility to catching fire - with more than 100 cases reported across the globe - has damaged the image of the South Korean company.

Globally, the world's top smartphone maker has recalled at least 2.5 million handsets, in a major setback for the company that is looking to claw back market share from rivals, including Apple Inc that recently released its latest iPhones.

Samsung halted new sales ahead of the recall as it prepared replacement Note 7 devices with safe batteries.

The new Note 7 phones have been approved by the US Consumer Product Safety Commission for all purchases and exchanges, Verizon said on its website, adding it has the Samsung device available for sale starting Wednesday.

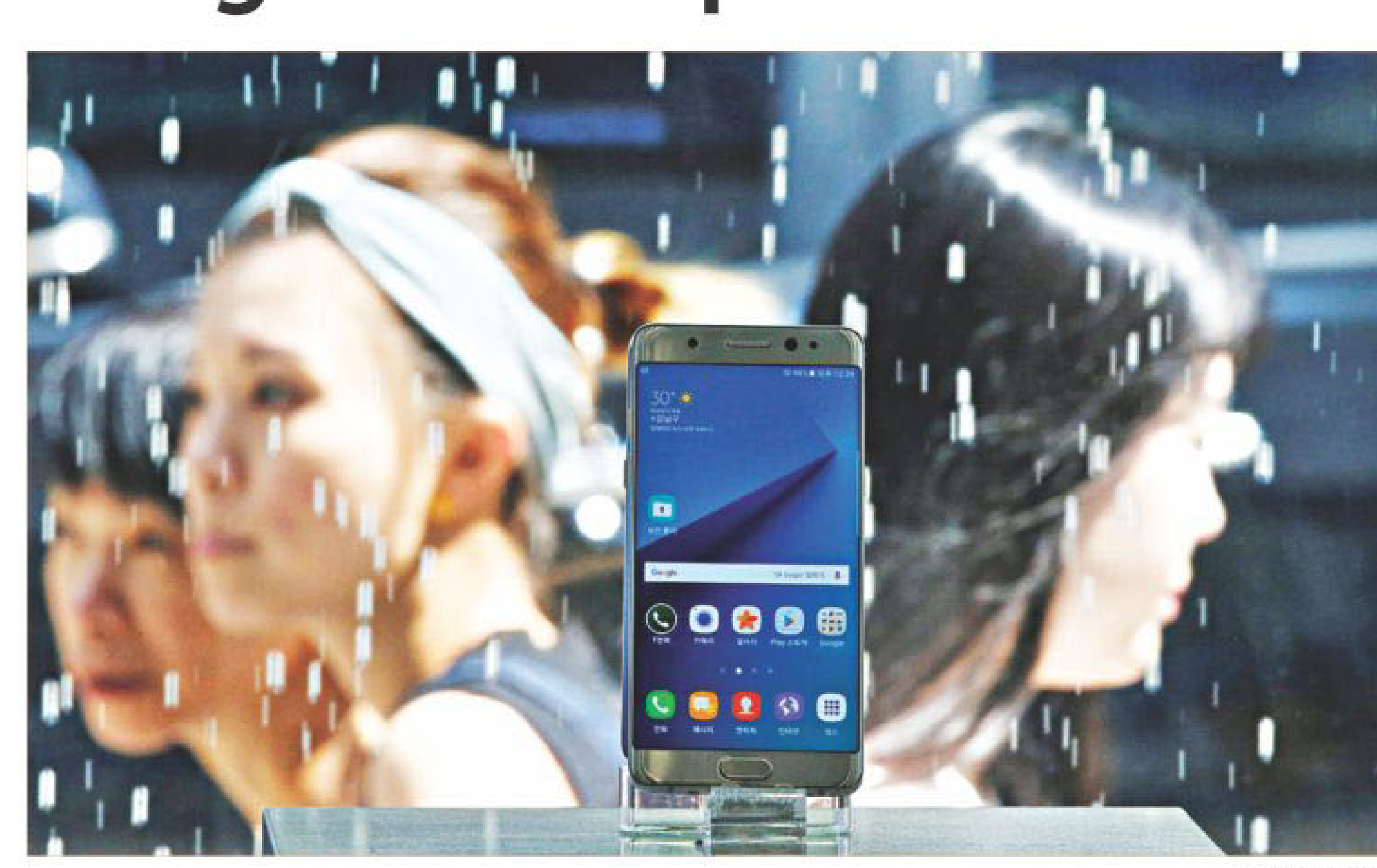
The largest US wireless carrier warned that initial quantities could be limited.

Samsung said in a statement on Tuesday that it had shipped more than 500,000 new Note 7s to US carriers and retailers and that affected users will be able to exchange their recalled phones starting by Wednesday at the latest. The statement did not specify when new sales would start.

Rival carrier Sprint Corp's website also showed the Note 7 available for order, providing a list of stores where customers can pick up a new handset by appointment.

Samsung did not immediately comment on the US sales plans.

The firm previously said it will resume new sales in South Korea starting Sept. 28 and that sales in Australia and Singapore would resume sometime in October.


REUTERS/FILE

A Samsung Galaxy Note 7 smartphone is displayed at a store in Seoul, South Korea.

Inditex outperforms rivals in first half, profit up 8pc

REUTERS, Madrid

INDITEX, the world's biggest clothing retailer, said on Wednesday its first half net profit rose 8 percent from a year ago, beating analysts' estimate and driven by strong sales as it focuses on flagship stores and its online business.

Inditex's solid earnings set it apart from European peers such as H&M and Next, which blamed unseasonable weather for below-forecast figures last week and have consistently lagged behind their Spanish rival.

Led by its mid-market chain Zara, Inditex has shifted its focus to larger stores in prime locations and online sales, with its highly automated production process allowing it to quickly respond to changing trends and weather.

Sales of items such as floral dresses and tops, jumpsuits and over-sized sweaters from its flagship brand, Zara, helped push total sales up 13 percent at constant exchange rates in the first weeks of the third quarter from Aug. 1 to Sept. 18, the company said.

About half of Inditex's sales is recorded in foreign currencies, making the company susceptible to fluctuations of the euro against a basket of 38 currencies.

Inditex's net profit was 1.26 billion euros ($1.40 billion), in the six months ended July 31, just above analysts' average estimate of 1.25 billion euros, according to a Reuters poll. Sales rose 11 percent in the period from a year earlier.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 7 percent to 2.11 billion euros, for the six months from February to July, slightly ahead of analysts' forecast of 2.10 billion euros.

Inditex's financial year runs from the beginning of February to the end of January.

Inditex is known for its fast turnover which allows its brands to react to trends immediately, reducing in-store markdowns and boosting profitability.

Unlike other brands that mostly source products from eastern Asia, Inditex keeps its manufacturing bases close to its distribution centre in Spain.