



Mohammed Monir Mouda, managing director and CEO of Islami Bank Bangladesh, virtually addressed its Business Development Conference yesterday. Deputy managing directors Abu Reza Mid Yeahia and Md Mostafizur Rahman Siddiquee and senior executive vice presidents Mohammad Jamal Uddin Mazumder, Salim Anwar, Muhammad Sayeed Ullah and G M Mohammad Gias Uddin Quader also attended the conference.

## Nokia plans to raise full-year outlook, citing strong quarter

REUTERS, Stockholm

Finland's Nokia said on Tuesday it planned to raise its full-year outlook as business picked up pace in the second quarter, sending the telecom equipment maker's shares up more than 6 per cent.

The company, which will provide the new outlook on July 29 while reporting second-quarter results, had earlier projected 2021 net sales of 20.6 billion to 21.8 billion euros (\$24.4-\$25.85 billion).

Nokia had been struggling against Nordic rival Ericsson as product missteps in the early stages of 5G hampered growth and led to changes in its top management.

But under the management of Pekka Lundmark, Nokia has been regaining lost ground by making changes in its operating model, cutting costs, laying off thousands of employees and forging new partnerships with technology and telecom companies.

"Our first half performance has shown evidence of this in good cost control and also benefited from strength in a number of our end markets," CEO Lundmark said in a statement.

A spokeswoman declined to give further details.

Nokia, which in April posted better-than-expected quarterly results,

had also forecast operating margin of between 7 per cent and 10 per cent.

"The market is already close to the top of the guidance in both revenue and margin," said OP analyst Kimmo Stenvall.

"Nokia has just hosted a capital markets day and issued long-term targets/guidance and now had two very strong quarters."



## US to warn its companies of risks of operating in Hong Kong

REUTERS

The US government will this week warn companies of increasing risks of operating in Hong Kong and also update a previously issued warning on Xinjiang, the Financial Times reported on Tuesday.

The report said that US companies face threats including the Chinese government's ability to gain access to data that foreign companies store in Hong Kong.

The risks also included the new law that allows Beijing to impose sanctions against individuals or entities involved in making or implementing discriminatory measures against Chinese citizens or entities, the FT said, citing three people familiar with the matter.

On Tuesday, the United States will update a warning that former President Donald Trump's administration issued on Xinjiang last year, FT said, adding that it will stress on the legal risks that companies face unless they ensure that their supply

chains are not implicated in forced labour in Xinjiang.

This warning is "typical political manipulation and double standards" by Washington, Chinese foreign ministry spokesman Zhao Lijian told a press briefing in Beijing on Tuesday.

He said the rights of foreign investors in Hong Kong are clearly protected by Hong Kong's laws, including the Basic Law, its mini constitution.

The FT report also said that the United States will impose more sanctions this week in response to China's crackdown on pro-democracy protests in Hong Kong and alleged human rights abuses in Xinjiang.

China dismisses accusations of genocide and forced labor in Xinjiang and says its policies are necessary to stamp out separatists and religious extremists who plotted attacks and stirred up tension between mostly Muslim ethnic Uyghurs and Han, China's largest ethnic group.



US President Joe Biden meets with his Attorney General Merrick Garland, law enforcement officials, and community leaders to discuss gun violence reduction strategies at the White House in Washington, US on July 12.

REUTERS/FILE

## Digital rivals? Central bank e-cash plans prompt lenders to wade in

REUTERS, London

As central banks dabble with digital currencies, commercial lenders are ramping up efforts to influence policy and technical plans, according to more than half a dozen industry executives and public filings.

Worried that the explosion in cryptocurrencies could weaken their grasp on the economy, monetary policymakers from Washington to Beijing are exploring issuing their own central bank digital currencies, or CBDCs.

Although a widely used digital dollar, euro or yuan may still be years away, such projects threaten to disrupt the financial services industry - galvanizing banks into action.

"CBDCs start a debate on the very essence of money that could have a big impact in almost everything we do, from securities processing to settlement," said Swen Werner, managing director for digital assets at State Street.

Depending on the design, CBDCs might see central banks and tech players compete in the retail banking space while giving incumbents opportunities to cut costs and improve services.

Unlike cryptocurrencies which are typically run by private actors, or the electronic money used in billions of transactions daily that is mostly created by commercial banks, some CBDCs would be equivalent to cash, issued and backed by central banks.

State Street, Goldman Sachs Group Inc, JPMorgan, Societe Generale and HSBC are among banks keen to shape and benefit from CBDC technology.

Lenders are funding research, teaming up with tech companies and central banks on pilot projects, and stepping up lobbying, according to executives and public

records. They are also working on the issue through trade groups like the European Banking Federation (EBF) and the US Chamber of Commerce, and via private talks with policymakers.

The implications of CBDCs are "concerning", the EBF said in an email, adding: "Given the potentially far-reaching impact of the digital euro, the EBF is keen to see a more structured dialogue with the European Central Bank and the European banks to work closely together on this project."

use CBDCs for wholesale cross-border payments, currently a lengthy process involving multiple intermediaries. Citi and JPMorgan are among banks involved in a similar effort in Singapore.

Ultimately, such projects could allow companies to safely make payments across jurisdictions in real time.

HSBC CEO Noel Quinn told Reuters in May that CBDCs could simplify global payments, cut costs and boost transparency. HSBC is talking to governments including Britain, China and Canada about

a blockchain-based system that would streamline settlement between financial institutions.

And in a first, Goldman Sachs said last month it had settled a repo trade on JPMorgan's private blockchain network.

Incumbents are concerned, though, about a prospective retail CBDC, with digital coins issued directly to consumers.

Advocates say that could allow millions of people shut out of the financial system to receive, spend and save money via a digital wallet.

Retail CBDCs could improve government services and reduce fraud. Pandemic aid, for example, could have been issued faster and more cheaply as a retail CBDC useable only for eligible expenditures.

But such a model risks cannibalizing banks' deposit bases, a key source of cheap funding, and related fees. Morgan Stanley said last month a digital euro could suck up 8 per cent of euro zone banks' customer deposits.

The Bank of England has also warned that a major shift to digital currencies, including CBDCs, would push up funding costs and raise the interest rates banks charge.

"If central banks position themselves in competition on the money people can hold, it could mean less deposits with commercial banks," said Isabelle Martz, deputy director of retail payments at Societe Generale.

"It could have an impact on the ability to finance the economy."

The EBF has urged central banks to avoid CBDCs that would compete with deposits by serving as savings and investment instruments. The US Chamber of Commerce has also warned against crowding out private sector innovation.

But that scenario is seen as extreme, and central bankers have said they want to preserve the role of commercial banks.



The headquarters of the European Central Bank (ECB) in Frankfurt, Germany.

REUTERS/FILE

CBDCs could take one of two basic forms, wholesale or retail. Wholesale digital coins could be used to make payments between banks or other entities with central bank accounts, using distributed ledger technology to make the process simpler and cheaper.

HSBC and Standard Chartered are already working with central banks in Hong Kong, Thailand and the United Arab Emirates to

their digital cash initiatives, he said.

CBDCs could also make settling securities trades - which can take days, with several parties involved - more efficient, said executives. A CBDC could be programmed with instructions to deliver the security instantly upon receipt of the digital cash.

London-based Fnality, a startup backed by 15 financial firms, is awaiting regulatory approval for

## France fines Google 500m euros over copyright row

REUTERS, Paris

France's antitrust watchdog slapped a 500 million euro (\$593 million) fine on Alphabet's Google on Tuesday for failing to comply with the regulator's orders on how to conduct talks with the country's news publishers in a row over copyright.

The fine comes amid increasing international pressure on online platforms such as Google and Facebook to share more revenue with news outlets.

The US tech group must now come up with proposals within the next two months on how it would compensate news agencies and other publishers for the use of their news. If it does not do that, the company would face additional fines of up to 900,000 euros per day.

Google said it was very disappointed with the decision but would comply.

"Our objective remains the same: we want to turn the page with a definitive agreement. We will take the French Competition Authority's feedback into consideration and adapt our offers," the US tech giant said.

A Google spokesperson added: "We have acted in good faith throughout the entire process. The

fine ignores our efforts to reach an agreement, and the reality of how news works on our platforms."

News publishers APiG, SEPM and AFP accuse the tech company of having failed to hold talks in good faith with them to find common ground for the remuneration of news content online, under a recent European Union directive that creates so-called "neighbouring rights".

The case itself focused on whether Google breached temporary orders issued by the antitrust authority, which demanded such talks take place within three months with any news publishers that ask for them.

"When the authority decrees an obligation for a company, it must comply scrupulously, both in the spirit and letter (of the decision). Here, this was unfortunately not

the case," the antitrust body's chief, Isabelle de Silva, said in a statement. She also said the regulator considered that Google had not acted in good faith in its negotiations with the publishers.

APiG, which represents most major French print news publishers including Le Figaro and Le Monde, remains one of the plaintiffs, even though it signed a framework agreement with Google earlier this year, sources have told Reuters. This framework deal has been put on hold pending the antitrust decision, the sources said.

The framework agreement, which many other French media outlets criticised, was one of the highest-profile deals under Google's "News Showcase" programme to provide compensation for news snippets used in search results, and the first of its kind in Europe.

Google agreed to pay \$76 million over three years to a group of 121 French news publishers to end the copyright row, documents seen by Reuters showed.

It followed months of bargaining between Google, French publishers and news agencies over how to apply the revamped EU copyright rules, which allow publishers to demand a fee from online platforms showing extracts of their news.



A sign is seen at the entrance to the Google retail store in the Chelsea neighborhood of New York City, US on June 17.

REUTERS/FILE

## US output surging amid pandemic due to digitisation: Goldman

REUTERS

The Covid-19 pandemic has prompted businesses to rapidly digitize their operations, leading to a surge in productivity in the United States, Goldman Sachs analysts said.

Since the health crisis began, annualized growth in output per hour has risen 3.1 per cent, a big jump from the 1.4 per cent growth recorded in the previous business cycle, the analysts said.

"Stronger productivity growth has been one of the silver linings of the pandemic," economist Jan Hatzius wrote in a note dated Monday. "Higher-frequency measures indicate further gains in the middle of the year."

The gains are more evident in the information technology sector, followed by professional services, product development and retail sector, the note said.

Industries which have been able to carry on with virtual meetings and reduce expenditure on in-person facilities like travel and entertainment have seen improvements despite the partial re-openings, the analysts said.

Rapid vaccinations have opened parts of the economy this year, but economist Hatzius believes the reopening of offices and the face-to-face economy should not be linked to a pause or reversal of the trend as gains from workplace digitization are sustainable.



A man wearing a mask works on his laptop as the state of Texas prepares to lift its mask mandate and reopen businesses to full capacity during the coronavirus disease pandemic in Houston, Texas, US on March 9.

REUTERS/FILE