NBK is leading in cutting-edge payment solutions: Al-Othman

Bank launched payment solutions through Fitbit, Garmin Smartwatches

KUWAIT: As part of its efforts to provide cutting-edge payment solutions to its customers, NBK is committed to developing the technological infrastructure required to operate these innovative services, thanks to the progress achieved in implementing its digital transformation strategy and working closely with international companies that provide these services. In addition to the bank's leadership in providing digital banking services locally and regionally, and its strong relationships with these institutions, subject to the regulatory instructions and technical requirements set by the Central Bank of Kuwait for providing these services.

NBK was the first bank to introduce top-notch digital payment services through smart devices such as smartwatches, fitness trackers and stickers early this year, the latest of which was Fitbit Pay and Garmin Pay using smartwatches supporting this feature.

Commenting on this subject, Mohammed Al-Othman, General Manager of Consumer Banking, National Bank of Kuwait, said: "We are committed to offering cutting-edge digital payment solutions to our customers to be the first to use them in Kuwait. The latest of these solutions were Fitbit Pay and Garmin Pay service, which reflect our leadership in providing digital banking services that would enrich our customers' banking experience."

NBK to offer advanced digital services

"We are well prepared to provide more pioneering digital payment services, thanks to our proactive efforts in implementing digital transformation strategy, which established our strong foundations of technological infrastructure required to provide these services," he added. Al-Othman praised the efforts of the Central Bank of Kuwait in supporting the banking sector in providing progressive digital banking services in general, especially the advanced digital payment solutions to the Kuwaiti market by providing the appropriate regulatory and supervisory environment.

Al-Othman continued: "We will spare no effort to carry on the diligent endeavors we have already started to provide leading-edge digital banking services and payment solutions to our customers. I also confirm that we are working to provide more advanced digital payment solutions in the near future, in light of our huge capabilities and inventive technological infrastructure, which make us ready to provide these services to our customers in Kuwait and the region, once they are provided in Kuwait."

Al-Othman affirmed that Consumer Banking Group sets the digital transformation and technological advancement as the basis of new banking services and products offered to customers, which we will continue to focus on during the coming period, as significant steps have already been taken, especially with regard to digital platforms and applications used by our customers.

Mohammed Al-Othman

Al-Othman indicated that NBK continues to serve its customers under the current exceptional circumstances through its e-channels and various digital services, in addition to the new services provided, the latest of which was the mobile branch that witnessed unprecedented response from customers.

During the first months of this year, the Consumer Banking Group launched several advanced payment solutions to minimize the use of cash, most notably the Fitbit Pay and Garmin Pay service.

Fitbit Pay allows NBK Customers to make seamless payments in a safe, convenient way using supported Fitbit smartwatch models. Similarly, NBK Customers can use Garmin Pay service to make contactless payments using their Garmin smartwatches at any NFC-enabled POS terminals, as they can activate it by entering their credit card details to the Garmin smartwatch, and use it to make payments quickly and easily.

It's worth mentioning that NBK was awarded the "Best Consumer Digital Bank" and the "Best in Mobile Banking" in Kuwait by "Global Finance" Magazine for 2019. NBK continues to consolidate its leading position through its largest local banking network in Kuwait, with 68 branches all over the country, in addition to a large POS network topping 13,500 devices, including over 11,700 NFC-enabled devices. Besides, the bank owns the largest ATM network in Kuwait, with 327 ATMs, including over 100 CDMs.

NBK Money Market Report

Risk appetite returns as markets reopen

KUWAIT: Risk appetite slowly returned to markets last week as economies around the world began to ease coronavirus restrictions and return to work. In the US, most states have begun a phased reopening, and consumers are cautiously venturing out of quarantine. In the UK, Prime Minister Boris Johnson said Britain will reopen thousands of shops, department stores and shopping centers next month. Some stores could be opened as early as June 1 if they are able to meet the government's COVID-19 secure guidelines.

Spain, which has some of Europe's strictest lockdowns, urged foreign tourists to return from July as it eases restrictions. Spain's Foreign Minister tweeted "The worst is behind us" and "In July we will gradually open Spain to international tourists, lift the quarantine, and ensure the highest standards of health safety."

The story is the same with multiple other countries setting the guidelines for reopening their economies. The resulting optimism lead to a broad-based decline in the safe-haven US dollar and a push towards other majors such as the euro and sterling pound. On the other hand, Stock markets across the globe were higher, commodity markets rallied, and US Treasury prices fell. The S&P 500 index rose above the 3,000 level for the first time since March 5, as more US companies joined the race to test coronavirus vaccine candidates on humans and enroll its first participants. The rally however, was capped off the end of the week after US-China tensions came back into focus. Worries about the effect of a US response to China's proposed security law for Hong Kong kept risk appetite in check. President Donald Trump said the US was working on a strong response to China's planned national security legislation for Hong Kong and it would be announced before the end of the week.

China responded with a warning that it would retaliate against any new imposed measures. The Chinese yuan eased to a near nine-month low against the dollar over fears of a deterioration in US-China relations.

Mixed economic data

US consumer confidence nudged up in May, suggesting consumers may be feeling that the worst of the coronavirus-driven economic slump was likely in the past as the country starts to reopen. While below expectations, the Conference Board said its consumer confidence index edged up to a reading of 86.6 this month from a downwardly revised 85.7 in April.

The Core PCE price index to fell 0.4 percent in April while Personal Spending plunged -13.6 percent to a six-decade low. The drop in the US Federal Reserve's preferred inflation gauge took the annual core PCE rate to 1.0 percent from 1.7 percent. Finally, real gross domestic product decreased at an annual rate of 5.0 percent in the first quarter of 2020, according to the "second" estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2019, real GDP increased 2.1 percent.

The figures did little to affect markets as the downturn was widely expected by economists and the Fed. Forecasters believe growth will rebound sharply in the third quarter with the Congressional Budget Office predicting GDP will rise at an annual rate of 21.5 percent.

EU proposes new stimulus

The euro has struggled since falling in March, when investors rushed for the safety of dollars amid increased volatility in global financial markets. Last week, we saw the euro rebound as risk appetite steadily returned to markets and as the European Commission unveiled a new 750 billion euro stimulus package.

Brexit

While the British pound also saw gains against the US dollar, the currency and economy still seem hampered by the now four-year ongoing Brexit process. While some strides were made this week regarding rights of fishing waters, Britain is still a long way from agreeing on a trade deal with the European Union.

Regional trade increases in China

While the downturn of global trade has taken its toll on China, the trade relationship between China and the Association of Southeast Asian Nations members remains resilient despite the COVID-19 pandemic. China said that there was a 6.1 percent growth of China-ASEAN trade in goods in the first quarter of 2020 with a value exceeding $140 billion. The ASEAN became China's largest trading partner for the first time, surpassing both the European Union and the United States.

Japan in a severe situation

Bank of Japan Governor Haruhiko Kuroda stressed the effects of the coronavirus on Japan this week. Kuroda stated that uncertainty remains extremely high for the economic outlook and the situation in Japan to remains in a "severe" state. Nonetheless, he mentioned the BoJ is ready to act by further expand lending programs, cut interest rates and ramping up purchases of exchange-traded funds.

Volatility in oil markets

Oil prices moved in a volatile manner last week as they adjusted to market developments. Prices initially rose, supported by growing confidence that producers are following through on commitments to cut supplies and as fuel demand picks up with coronavirus restrictions easing. However, prices plunged lower again over the renewed US-China tensions. The fall, due to fears over effected future demand, even overshadowed the latest news on cooperation between OPEC and allies to curb supply. Russian President Vladimir Putin and Saudi Crown Prince Mohammed bin Salman agreed during a telephone call on further "close coordination" on oil output restrictions.

Kuwait

Kuwaiti dinar at 0.30865

The USDKWD closed at 0.30865 on Thursday.

DORTMUND: Used cars of German car maker Volkswagen (VW) are for sale at a car dealer in Dortmund, western German.—AFP

Volkswagen to invest $2.2bn in Chinese electric vehicle sector

BEIJING: Volkswagen said it will invest around 2 billion euros ($2.2 billion) in two Chinese companies in the electric vehicle sector, calling it "the world's biggest market". The German car giant said it will take a 50 percent stake in JAG—the parent company of state-owned JAC Motors—and increase its holding in the JAC Volkswagen joint venture from 50 percent to 75 percent for around 1 billion euros.

The group said in a statement that "by gaining management control, Volkswagen is paving the way for more electric models and infrastructure". It will also buy a 26 percent share of Chinese battery supplier Gotion High-Tech for 1.1 billion euros.

China, which accounts for 40 percent of Volkswagen's sales, has become the world's largest auto market in recent years, with Beijing repeatedly pledging to support the electric vehicle industry. Volkswagen said it expects to sell around 1.5 million new energy vehicles in the country annually by 2025.

China's industry ministry said in December the country should seek to ensure one in four of all vehicles sold in 2025 were either hybrids or fully-electric vehicles. And Beijing decided in late March to extend the tax exemption for the purchase of electric vehicles by two years.

Car sales in China began to slide in 2018 and plunged further when the coronavirus pandemic paralyzed the economy, but they have rebounded as the country appears to have brought the virus under control.

The JAG investment is the first time the German carmaker will take "a strategic role in a state-owned company", Volkswagen China CEO Stephan Woellenstein said in a statement. China typically requires foreign automakers to forge joint ventures with domestic firms when establishing manufacturing plants, which means sharing profits and technology with local partners.

But Beijing announced in 2018 that it would end a previous 50 percent cap on foreign auto firms' ownership of new energy vehicle joint ventures with local companies, while US electric car manufacturer Tesla opened a wholly-owned Shanghai factory last year.

Volkswagen does not intend to "throw away" its electric car venture with JAC, which launched in 2017, because of the advantage of having a "Chinese partner who understands the country", Woellenstein told reporters in a conference call Friday.

Car trouble

The lifting of coronavirus lockdowns in China has given the stuttering auto industry a jumpstart, with sales rising for the first time in two years as buyers return as the health crisis eases and restrictions on travel and businesses are lifted.

Sales rose 4.4 percent year-on-year in April, according to figures from the China Association of Automobile Manufacturers, driven by strong demand for commercial vehicles, which soared more than 30 percent. Woellenstein said May sales in the country could meet last year's level for the same month, and that the carmaker is currently "more optimistic" about the Chinese market's recovery.

However, the global car industry faces an existential crisis from the coronavirus pandemic, which has caused sales to plunge as governments forced citizens to stay at home to slow the spread of the virus.

The Volkswagen announcement came as French automaker announced 15,000 job losses worldwide, and a day after Japanese automaker Nissan reported a huge $6.2 billion annual net loss. Nissan, already battling weak demand as well as the fallout from the arrest of former boss Carlos Ghosn, said the global outbreak had hit all aspects of its business.

Nissan said it will shut its Barcelona plant and slash production. – AFP

LatAm airlines face long haul to recovery

MEXICO CITY: Latin America's beleaguered airlines will take up to three years to recover losses due to the coronavirus pandemic, and in the meantime desperately need government help, according to experts surveying the damage to the industry. The International Air Transport Association (IATA) estimates it will take at least that time for the region's airlines to inch back to their pre-pandemic level for domestic and regional flights. Long-haul services to the United States and Europe will take until 2024 to come back, it says. "It's a long-range view: it will not be short term. It will take a lot of work," said Peter Cerda, IATA vice president for the Americas. Evidence of the severity of the crisis came last week when the region's two largest airlines, Chilean-Brazilian LATAM and Colombia's Avianca, filed for bankruptcy in the United States. With countries across the region in lockdown, flight activity has plummeted 93 percent from around 200,000 a day, with losses in revenue estimated at $18 billion. Cerda says that figure is likely to increase. The IATA official says the impact to the industry is even worse than the aftermath of the September 11, 2001 attacks on the United States.

"We are going to have airlines that are not going to be able to recover, that will have to shut down their operations for good," he said. After almost three months of lockdowns and restrictions on movement across the region, airlines have run out of cash and government support is "urgent," he says.

'Not a rescue'

"What we are asking for is not a financial rescue. It's support, immediate relief that allows the industry to sustain operations," said Cerda. Airlines are seeking tax relief and credit guarantees from governments. Globally, government aid to the airline sector stands at $123 billion, including $300 million from Latin America, according to IATA."Airports and airlines as well as governments are all losing out at this juncture," because of the lack of connectivity across the continent, says Fernando Gomez Suarez, an aviation industry analyst in Mexico. Governments are conscious of the broader effects and Chile is considering a bailout for LATAM, seeing the airline as vital to the economy, and seeking to preserve 10,000 direct jobs as well as the livelihood of up to 200,000 people the government says are dependent on the airline indirectly.—AFP

Huge protests over Renault job cuts

MAUBEUGE, France: Thousands of workers rallied Saturday outside the Renault factory in northern France to protest the automaker's decision to cut 15,000 jobs worldwide, including 4,600 in France.

Unions said 8,000 people took part in the protest at the Maubeuge subsidiary over the cuts designed to help Renault steer out of a cash crunch exacerbated by the coronavirus pandemic. The plant, which employs around 2,100 people, has been stopped since Friday.

Under the new plan, Maubeuge-based production of electric Kangoo utility vehicles is set to move to Douai, 70 kilometres (45 miles) away, much to the consternation of workers. "It's an earthquake that is taking place. We want to keep our company here," Jerome Delvaux, a union member, told AFP. "This demonstration today is very important, even if it is a first step, to show the government and Renault that workers and residents of this area are committed to this company and that we have support," Delvaux added.

"We need these jobs, otherwise it's a whole territory that will die," he said. The company will target savings of more than two billion euros ($2.2 billion) over three years and turn its focus to electric vehicles as it seeks to restore competitiveness in a market reeling from slumping sales since the COVID-19 pandemic forced millions of people into home confinement for weeks on end. Renault had been navigating turbulent waters even before the health crisis, starting with the shock arrest of its former boss Carlos Ghosn on financial misconduct charges in 2018 which led to deep rifts in its alliance with Japanese partners Nissan and Mitsubishi. In February, the company unveiled its first annual loss in a decade, followed quickly by the 2020 health crisis that saw new car registrations in the European Union plunge 76.3 percent year-on-year in April.—AFP

MAUBEUGE: A protester holds a banner reading " don't touch MCA, it's our plant" as they demonstrate against the Renault automaker's decision to cut 15,000 jobs worldwide, including 4,600 in France, in Maubeuge, on Saturday.—AFP