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FRANKFURT AM: The X6 Vantablack car by German carmaker BMW is displayed during the International Auto Show (IAA), in Frankfurt am Main, yesterday. — AFP

Trump wants US rate 'down to zero or less'

Fed expected to cut interest rates in September

WASHINGTON: President Donald Trump wants US "interest rates down to ZERO, or less," he tweeted yesterday amid widespread expectations that the Federal Reserve will cut rates later this month. "We should then start to refinance our debt. Interest cost could be brought way down, while at the same time substantially lengthening the term," he added.

"It is only the naïveté of Jay Powell and the Federal Reserve that doesn't allow us to do what other countries are already doing. A once in a lifetime opportunity that we are missing because of 'Boneheads,'" Trump said, in perhaps his most insulting comment to date about the US central bank.

As it becomes increasingly apparent that the US economy has slowed in 2019, in large part because of concerns about Trump's trade war with China, Trump has publicly

berated Fed Chair Jerome Powell and the independent Fed for failing to loosen monetary policy fast enough.

The "Federal Reserve should get our interest rates down to ZERO, or less," Trump said. Investors overwhelmingly expect the Fed to deliver a 25-basis-point rate cut next week. But cutting to zero would be an extreme move reserved only for a severe economic crisis.

After raising the benchmark lending rate four times last year, to a range of 2.0-2.25 percent, the central bank cut in July for the first time in more than a decade, partly as insurance against the impact of trade uncertainties on the economy. Powell has vowed to act to ensure that American economic expansion continues but warned the central bank has no "rulebook" for dealing with trade conflict.

Trump selected Powell to take over Fed leadership but has heaped constant criticism on him for his handling of

policy, even speculating about whether he may be a bigger "enemy" than Beijing.

With many of the world's central banks cutting rates amid signs of flagging economic growth, Trump says the Fed is putting the United States at a disadvantage.

'Great currency'

He also has complained about the Fed's efforts to reduce its massive holdings of securities, that were built up during the 2008 global financial crisis after rates were cut to zero in an attempt to shore up the ravaged economy. "We have the great currency, power, and balance sheet," he tweeted.

While the Fed is not expecting a recession, trade frictions—as well as slower global growth and persistently low inflation—are among the "significant risks" that policy mak-

ers are watching, the Fed chair said during a conversation at the University of Zurich on Friday. The US economic landscape has shifted this year, as business investment has weakened noticeably, manufacturing has fallen into decline and job creation has slowed. And with other world economies slowing, the US dollar has strengthened as investors find a safe haven in purchases of US assets like government debt. The stronger dollar tends to make US exports more expensive.

The Fed chair noted, however, that unemployment had remained near historic lows for about 18 months while wages were rising, fueling consumer spending. Powell, whom Trump promoted to Fed chairman last year, has reiterated that he and his Fed colleagues ignore such comments when they set monetary policy. —AFP

NBK to sponsor int'l banking conference: 'Shaping the Future'

KUWAIT: National Bank of Kuwait (NBK) is sponsoring the International Banking Conference "Shaping the Future" organized by the Central Bank of Kuwait (CBK) that will be held on September 23, 2019 at the Four Seasons Hotel in Kuwait City. The prestigious event will welcome an audience of top-key policymakers, senior banking industry executives, banking experts and FinTech entrepreneurs from across the globe.

Shaikha Khalid Al-Bahar, Deputy Group Chief Executive Officer of National Bank of Kuwait will participate in one of the panel discussions focused on the key trends affecting the banking sector and the needs for the industry to evolve in order to keep pace with the future. Discussions will also cover other topics including changes in the technological landscape and the increasing competition from FinTech companies, as well as addressing traditional banks' need in order to face the rising FinTech evolution and to remain at the heart of the financial services industry in the future.

The discussion session will also include the challenges facing the modern banking industry, including the main threats to the global economy as well as the changes in customers' composition and age groups. Several key financial industry figures will participate in the panel discussions



Shaikha Khalid Al-Bahar

including H.E. Rasheed Al Maraj - Governor, CBB, Abdulaziz Alghurair, CEO - Mashreq Bank, Catherine Mann - Chief Economist - Citi and James Cliffe, Managing Director - Refinitiv.

"Shaping the Future" conference aims to provide insights on the best ways to develop the banking industry and how to meet the various challenges surrounding the industry, in addition to developing a collective vision for the banking industry's future, so that it can continue to grow and contribute positively to economic and social development. The conference will examine the economic and social challenges facing the banking industry and the opportunities and threats posed by technological innovation, laying out a vision for how the industry can thrive and better support sustainable economic development.

Through four focused panel discussions and keynote presentations, the conference will provide a detailed, nuanced framework of what the future will hold for the global banking sector as we head into the 2020s. It will also discuss the importance on how banks should respond to the ongoing transformational changes, especially as millennials, who are fast becoming the dominant consumer group, see little distinction between longstanding banks and their digital-only rivals. This is blurring the lines between financial services and other industries and posing challenges to regulators who must strike a balance between nurturing innovation and mitigating risk.

Moreover, the conference will also discuss the prospects of global economic growth and the available tools and the threats posed on growth opportunities, including the ongoing political uncertainties, trade tensions and the volatility of commodity and currency markets. The conference will also seek to answer how the banking sector can prosper, delivering returns to shareholders while also supporting sustainable economic development at a time of rapid change within the industry itself.

Banks can add independent members to their boards: Hashel

KUWAIT: The Central Bank of Kuwait (CBK) has amended governance regulations for Kuwaiti banks, allowing them to add independent members to their boards of directors and subcommittees, said Central Bank Governor Dr Mohammed Yousef Al-Hashel yesterday. Hashel said adding independent members to banks' board of directors will enhance board members' independence as a basic principle of sound governance practices.

Dr Hashel also said the new regulations will define independent board members and the conditions of such independence in order to enable them to take impartial and objective decisions for the bank's best interest, enhance trust in the bank and strengthen its financial stability.

In addition, Dr Hashel explained that the new amendment stipulates that independent members should be a minimum of four and a maximum of half of the board members, as per the companies law. "The amendments also allow the minimum number of independent members to be two from June 30, 2020, then four from June 30, 2022, to avoid unexpected demand for independent members and allow gradual implementation of the decision," he said. Dr Hashel added that the new regulation also emphasizes governance in risk management, and that the new regulations - accessible on CBK's website at: www.cbk.gov.kw - will take effect on June 30, 2020.



Dr. Mohammad Al-Hashel