NEW IMF HEAD ISSUES DIRE WARNING OVER GLOBAL GROWTH

SEBASTIAN MCCARTHY
AND HARRY ROBERTSON

FRESH fears over the state of the world economy were raised last night after the new boss of the International Monetary Fund (IMF) delivered a dramatic assessment of global growth prospects.

Following a turbulent year of trade conflicts and widespread geopolitical uncertainty, Kristalina Georgieva declared that “the global economy is now in a synchronised slowdown”.

Trade wars could wipe as much as $700bn (£572bn) from global GDP output by 2020, the Belgian economist warned in her maiden speech as IMF managing director.

The former World Bank chief executive also flagged concerns of a $19 trillion debt time-bomb in the event of a major downturn.

She said: “If a major downturn occurs, corporate debt at risk of default would rise to $19 trillion, or nearly 40 per cent of the total debt in eight major economies. This is above the levels seen during the financial crisis.”

Georgieva, who revealed that the IMF will next week once again downgrade its global growth predictions for 2019 and 2020, called on governments and central banks to increase spending and keep interest rates low “where appropriate”.

Central banks in Europe have been increasingly pushing interest rates deeper into negative territory in an attempt to revive growth after recent sluggish quarters.

“Even if growth picks up in 2020, the current rifts could lead to changes that last a generation — broken supply chains, siloed trade sectors, a ‘digital Berlin Wall’ that forces countries to choose between technology systems,” she added.

Georgieva was giving her first speech as managing director of the IMF, the international lender of last resort, after taking over from former French finance minister Christine Lagarde, who will become the next president of the European Central Bank (ECB).

The gloomy remarks come amid a series of international fallouts that have rocked global markets in the last 12 months, including an escalating US-China tariff war, Brexit uncertainty and mass protests in Hong Kong.

Georgieva said: “The fractures are spreading. Currencies are once again in the spotlight.”

Speaking at a Bloomberg event in London, Romeih, a managing partner of Softbank’s $100bn (£82bn) Vision Fund, said: “It’s about incubating a company long enough so that it’s starting to earn cash flow and ready to go to the market.”

Flexible office space provider Wework cancelled its IPO last month after it was snubbed by investors.

Softbank is Wework’s largest external shareholder, and its recent troubles have been a source of embarrassment for the Japanese conglomerate.
**THE CITY VIEW**

Charles Li’s courting of the LSE fails to impress

**THE TIMES**

**WHAT THE OTHER PAPERS SAY THIS MORNING**

**FED GETS READY TO RESUME PURCHASE OF TREASURIES**

The Federal Reserve will soon resume purchases of treasuries to expand its balance sheet in hopes of preventing a repeat of the recent disruption in short-term lending markets, chairman Jay Powell said yesterday. Powell said the action differed from the crisis-era programme known as quantitative easing, and was directed at solving “recent technical issues” rather than materially affecting “the stance of monetary policy.”

**FRC CHAIRMAN TO STEP UP PLANS FOR UK WATCHDOG**

The new chairman of the Financial Reporting Council (FRC) is speeding up plans to create a new regulator with stronger powers to discipline audit firms and company directors. Simon Dingemans said he will run a “very different” regulator to his predecessor.

**CAUSING A BIG BANG**

Nobel Prize for physics awarded to trio after ‘ground-breaking’ discoveries about the universe and space

Nobel Prize for physics awarded to trio

Three scientists won the 2019 Nobel Prize in physics yesterday. James Peebles (pictured), Michel Mayor and Didier Queloz were awarded the prestigious accolade for their work examining the evolution of the universe. One half of the award was given to Peebles “for theoretical discoveries in physical cosmology, and the other half jointly to Mayor and Queloz “for the discovery of an exoplanet orbiting a solar-type star.”

**Brexit deal still in works as temperatures run high**

CATHERINE NEILAN

Downing Street has insisted a Brexit deal can still be struck this week, despite a dramatic war of words between the two sides yesterday. Last night Boris Johnson and Ireland’s Leo Varadkar spoke for 40 minutes, with a Downing Street spokesman saying “both sides strongly reiterated their desire to reach a deal”. The two leaders could meet for face-to-face talks later this week. The exchange followed a day of high drama after Number 10 sources issued a two-page briefing to the media which left many in Westminster concluding that a deal is now further away than ever. The first cat among the pigeons came in the form of a detailed leak to the Spectator magazine, suggesting that countries would “go to the back of the queue” in future relationship talks if they sought to frustrate or delay Brexit. A Downing Street source then stoked flames further by issuing a detailed summary of a phone call between German Chancellor Angela Merkel and Johnson. In what was described as “a clarifying moment”, the source said: “She made clear a deal is overwhelmingly unlikely and she thinks the EU has a veto on us leaving the customs union.”

**THE DAILY TELEGRAPH**

**ASTON MARTIN CONTINUES TO BREACH BOARD RULES**

Aston Martin still has too few independent board members to meet City rules, more than a year after its disastrous £4.3bn stock market float. The troubled luxury car maker denied yesterday that it is struggling to find a suitable candidate to join its board as an independent director.

**PILOTS SUE BOEING OVER CLAIMS AROUND 737 MAX**

Pilots at one of the world’s biggest airlines are suing Boeing for allegedly “deliberately misleading” them about the scandal-hit 737 Max aircraft, in a case which could spark a wave of lawsuits around the world.

**THE WALL STREET JOURNAL**

**CHINA AND BLUE-CHIP FIRMS DRIVE LATEST BOND BOOM**

Countries and companies across the globe boosted their issuance of new bonds this year, while increased political turmoil in the US, China and Europe whipsawed stock and debt markets in recent months.

**FBI USE OF DATABASE FOUND TO VIOLATE PRIVACY RIGHTS**

Some of the Federal Bureau of Investigation’s (FBI) electronic surveillance activities violated the constitutional privacy rights of Americans who have been swept up in a controversial foreign intelligence programme, a secretive surveillance court has ruled.

Follow us on Twitter @cityam
Stocks bleed red as US and China tensions mount

SEBASTIAN MCCARTHY
@SebMcCarthy

US MARKETS tumbled last night as investor anxiety mounted ahead of crunch trade talks between Washington and Beijing.

Optimism on Wall Street was knocked during trading after the US blacklisted almost 30 Chinese groups from buying US-made goods.

The tech-focused Nasdaq index dipped 1.67 per cent.

The Dow Jones Industrial Average fell 1.19 per cent, while the S&P 500 slid 1.56 per cent.

In the latest escalation between the two largest economies, the US announced on Monday that a list of Chinese tech companies would be blacklisted over alleged human rights abuses.

The 28 targets include both government agencies and technology companies specialising in surveillance equipment.

The groups have been put on a so-called entity list following their alleged involvement against ethnic Uighurs in the north-western province of Xinjiang.

In response to the US announcement, the Chinese foreign ministry spokesman Geng Shuang said: “There is no such thing as these so-called human rights issues, as claimed by the United States... These accusations are nothing more than an excuse for the United States to deliberately interfere in China’s internal affairs.”

“US equity markets are in the red as traders are walking on eggshells for fear of China’s retaliation for the blacklisting of Chinese companies by the US government,” said David Madden, a market analyst at CMC Markets.

Madden added: “Trade negotiations will restart this week, but dealers are not expecting much as Beijing have already been managing expectations lower.”

Spreadex financial analyst and marketing executive Connor Campbell said: “The markets responded as you’d expect... undoing much of last Friday’s non-farm boost.”

NOT SO SEAMLESS Levi Strauss reports drop in profits amid troubles in Americas

SHARES in denim giant Levi Strauss tumbled four per cent last night after the group struggled to grow its wholesale business in its largest revenue market of the Americas. Profits during the third quarter dropped four per cent.

Three ex-Barclays bankers accused of lying in financial crisis fraud trial

JAMES BOOTH
@Jamesbooth1

THREE senior former Barclays executives were yesterday accused of lying about disguised payments to Qatar to facilitate a massive investment in the bank at the height of the financial crisis.

The three senior former executives — Roger Jenkins, Thomas Kalaris and Richard Boath — are standing trial at the Old Bailey on fraud charges — which they deny.

The Serious Fraud Office (SFO) alleges the trio used phoney advisory services agreements to hide payments made to Qatar to induce two investments in the bank.

“Telling lies in this way, say the prosecution, is a criminal offence.”

Edward Brown, prosecuting for the SFO, said: “It is committing fraud by false representations. They acted dishonestly, say the prosecution, in order to preserve the future of the bank and to preserve their own positions.”

The Qatars made an investment of £1.9bn into Barclays in June 2008 and a second of £2.05bn in November 2008 as the bank sought to avoid a government bailout.

The trial, which is expected to last five months, continues.

Thomas Crooks: scammers take aim at refund process for airline

ALEX DANIEL
@alexmdaniel

PEOPLE trying to claim refunds on flights and hotels booked with collapsed holiday giant Thomas Cook have been warned about possible fraudsters posing as them.

Britain’s aviation regulator the Civil Aviation Authority (CAA) yesterday said it had been forced to take “urgent action” against fraudulent activity in relation to its massive refund operation.

The CAA warned customers to only make claims directly through the official dedicated website.

Suspicions have arisen of criminals setting up fraudulent versions of the CAA’s refund site.

Thomas Cook collapsed in September, leaving 150,000 Brits stranded abroad and the majority of its 9,000 UK workers out of a job.

In a statement, it said: “This morning we have taken urgent action in response to what we believe is attempted fraudulent activity in relation to refunds for Thomas Cook customers.”

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Nissan appoints fresh leader for ‘difficult times’

ALEX DANIEL
@alexmdaniel

NISSAN has named the head of its Chinese operation, Makoto Uchida, as its new chief executive, as the firm tries to put the brakes on more than a year of chaos at the firm.

The 53-year-old Japanese executive has the task of turning around the stricken car maker, which has become ensnared in a combination of financial turmoil and boardroom scandal since the arrest of ousted chairman Carlos Ghosn last year.

He steps into the place of Hiroto Saikawa, who was the hand-picked successor of Ghosn. Saikawa himself was forced out last month, after admitting that he had received payments that flouted company rules but were not illegal. The payments came via a scheme designed by Ghosn, who faces criminal charges in Tokyo for financial misconduct.

His dismissal has also exposed what some observers have labelled a “toxic” power struggle at the top of the firm. This is seen to have held the company back on pressing forward with its recovery plan.

Masakazu Toyoda, head of Nissan’s nomination committee, said Uchida’s “diverse experience makes him an appropriate leader for difficult times like now”.

One anonymous associate of Uchida said he was a “foreigner with a Japanese face”. The associate described him as a “Japanese person who isn’t really Japanese inside. Very direct in his language, to the point, easy to understand.”

As well as repairing the financial damage of the Ghosn scandal, Uchida will have to pick his way through the politics surrounding Nissan’s French partner, Renault.

His direct manner is thought to be regarded by the board as advantageous in this regard.

Since Ghosn’s arrest last year, relations between the two firms are said to have broken down, despite a 20-year alliance.

Center Parcs owner mulls hiring advisers to explore sale options

JESSICA CLARK
@jclarkjourno

THE OWNER of Center Parcs UK is preparing to conduct a strategic review of the business with a view to explore a potential sale or stock market listing.

Brookfield Property Partners, a subsidiary of Canadian firm Brookfield Asset Management, is preparing to appoint advisers to weigh up options for the UK holiday chain, Sky News reported.

Center Parcs runs six holiday villages across the UK and Ireland, offering activities such as water sports and horse riding.

Neither Brookfield nor Center Parcs’ board have firm plans against the next few months, the broadcaster reported.

Brookfield, which acquired the company in 2015, could decide to hold on to the ownership of the holiday operator for longer. Any transaction would not take place until next year at the earliest.
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UK productivity falls as 10-year crisis continues

HARRY ROBERTSON
UK PRODUCTIVITY fell at the quickest pace in five years in the second quarter, official figures showed yesterday, as Britain’s decade-long productivity crisis continues.

Output per hour worked dropped 0.5 per cent in the three months from April to June compared with a year earlier, the Office for National Statistics (ONS) said.

UK productivity is around 20 per cent lower than it would have been if it had continued at pre-financial crisis levels. Economists argue over the causes of the crisis, which has been labelled the “productivity puzzle”.

The trend has been compounded by Brexit uncertainty. Business investment – a key driver of productivity growth – has fallen in 2019 and flatlined since the 2016 referendum.

Robert Walters greets no-deal

JOE CURTIS
RECRUITER Robert Walters blamed a “cocktail of confusion” for a profit warning yesterday, as UK revenues dropped 11 per cent on the back of Brexit uncertainty and a darkening global economic outlook.

However, chief executive Robert Walters insisted the UK economy is not yet in the doldrums, and said a no-deal Brexit would be better for business than another delay.

Brexit, the fallout of increasingly violent Hong Kong protests and ongoing tensions in the US-China trade war mean the recruitment giant now believes full-year profit will be flat year on year.

SELFRIDGES has thrilled its way to a record year of sales, driven by accessories such as an indoor skate bowl. The department store raked in a whopping £1.85bn sales in the 12 months to February, marking a six per cent increase on the previous year.

Retailer Vodafone will shut more than 1,000 EU stores

Vodafone will shut 15 per cent of its 7,700 stores in Europe and upgrade some of the remaining outlets as customers buy more online and change their expectations of in-store shopping, chief executive Nick Read said yesterday. However, it plans to continue store openings in the UK. In September, Vodafone announced plans to open 24 new franchise stores in Britain this year, and it is examining the possibility of opening 50 more stores in 2020.

Top smartphone sales raise Samsung’s hopes

Strong sales of Samsung Electronics’ Galaxy Note 10 smartphone series are limiting forecast profit falls at the South Korean tech giant, raising hopes it is getting back on a growth track after years of moribund sales.

Samsung, the world’s largest smartphone maker, is powering ahead with the launch of 5G phones and $2,000 (£1,638) foldable handsets as it heats up competition with rivals Apple in the US and China’s Huawei following a battery explosion scandal in 2017 that hurt sales.

Finnish utility Fortum is set to gain control of Germany’s Uniper

Finnish utility Fortum is set to gain control of Germany’s Uniper by acquiring the stakes of activist funds Elliott and Knight Vinke in a €2.3bn (£2.06bn) deal, potentially ending a long-running deadlock over ownership of the group.
Confidence slips ahead of crucial festive trading

JESS CLARK  @jclarkjourno

RETAILERS are bracing themselves for a challenging Christmas trading period as consumer confidence has slumped to a five-year low this autumn.

Only 21 per cent of shoppers think they will have more disposable income in the coming year, while 28 per cent expect the amount of extra cash to decrease, marking the lowest autumn sentiment levels since 2014.

Sentiment has fallen most sharply among the 25 and under age group, which has dropped 25 percentage points since the last survey in April, potentially creating an issue for brands that target younger customers.

However, there has been a slight increase in confidence in the 55 to 64 age bracket since April, although this group remains the most pessimistic overall, according to the latest research from professional services firm PwC.

"With autumn sentiment at a five-year low, retailers and operators in the leisure sector may face a challenging run-up to the critical festive season, especially for those brands targeting younger consumers," said PwC consumer markets leader Lisa Hooker.

Two in five of the 2,000 adults surveyed said they expected Brexit to affect their spending levels over the next 12 months, an eight percentage point increase compared with April.

Of those that said Brexit would dampen their spending, 42 per cent said they would buy fewer things, 31 per cent said they would postpone big ticket purchases and 29 per cent said they would go out less.

Hooker said: "While our survey shows a decline since we last measured sentiment in April, British consumers are still more positive about their personal prospects than immediately after the EU referendum."

Politically motivated’ HS2 will result in heightened rail fares

STEFAN BOSCIA  @Stefan_Boscia

THE HIGH Speed 2 (HS2) rail project will lead to ticket price hikes and reduce rail access for many northern cities, according to a new study.

The report, released this morning by the Adam Smith Institute, slammed the “politically motivated” project and said that upgrading existing lines would be cheaper and more effective at increasing train capacity.

The report added that HS2 was “unnecessarily fast” for the distances it covers and would “undermine access to intermediate stations, resulting in an increase in fares”.

Pagegroup’s shares dive on profit warning

JAMES BOOTH  @Jamesbooth1

RECRUITER Pagegroup delivered its second profit warning of 2019 yesterday, sending its shares tumbling.

The recruiter cut its forecast for 2019 operating profit to between £140m and £150m, down from earlier market estimates of between £156.5m and £168m.

The company said “heightened political and macro-economic challenges seen in the quarter, together with our limited forward visibility” were the reasons for the profit downgrade.

Pagegroup’s share price fell 11.93 per cent to 367.80p yesterday.

Gross profit growth also slowed to 2.1 per cent in the third quarter, down from 7.4 per cent at constant currency in the second quarter.

Gross profit in the third quarter was £216.7m.

Chief executive Steve Ingham said “the majority” of Pagegroup’s regions were hit by “increased macro-economic and political uncertainty” in the third quarter.

“We saw increasingly challenging trading conditions in many of our larger markets,” he said.
When facing uncertain times, it is easy for businesses to focus solely on the immediate job at hand. Ensuring the cogs continue to turn to keep the lights on can dominate executive time and “nice to have” add-ons and initiatives are often postponed or earmarked to be revisited when the ground is less shaky. This is partially due to human nature and partially how many have been trained to run a business. But, by operating in this way, companies can put themselves at a significant disadvantage and potentially miss out on ways to more effectively battle the storm – or even emerge from it more quickly, and on a stronger footing.

A motivated workforce of well-functioning, high-performing teams is one of the best defences a company can have against a downturn or period of uncertainty. The most enlightened company bosses know that this motivation is not entirely based on salary, benefits and expense accounts. There is a well of evidence showing that when workers are happy and can bring their full selves to their roles, companies become more resilient – and profitable.

Creating a culture in which people’s circumstances, background and approaches are both understood and valued is much more likely to engender loyalty and dedication than demanding they all fit and function in the same box. This is why diversity and inclusion initiatives are more vital in tough times than in relatively easy ones – and why they need to remain high on the agenda when external forces take an uncertain turn. It is also something increasingly demanded by regulators, investors and clients recognising the huge opportunities on offer and value that diversity can return.

Recently, I hosted a City A.M. Decodes: Diversity and Inclusion event for City A.M., featuring D&I leaders from the City of London. They explained how important it is for businesses to continue to push on these initiatives and embed them in general corporate practice. But they also recognised it is not always easy. When times get hard, it is tough not to revert to type. It is difficult to ask for ideas from outside the usual channels – and even more difficult to consider them fairly and honestly. It requires strong leadership, maturity of thought and the ability to look strategically at what could work by taking a different path.

Creativity and good business sense are not distributed uniquely to one group of people and those who realise this and seek to find new ideas are more likely to uncover ways in which to succeed.

There is yet more evidence that businesses with staff at all levels of seniority better reflecting the makeup of society – gender, ethnicity, LGBTQ+, disability – are more successful, outperforming in terms of productivity and profitability. If gaining an edge isn’t enough of an incentive, regulatory interest in corporate culture is certainly gaining momentum and responsibility for it is considered to sit most firmly on executive leaders’ shoulders. We know it is a challenge and there is no silver bullet to achieving a perfectly balanced company. But there are leaders making positive headway, both within and outside financial services, keen to share best practices and learning. I regularly interview them on my DiverseCity Podcast series, in which we shine a light on positive progress, call out areas requiring further focus and offer lots of practical ideas to inspire change. Forget “the optics” or doing the right thing, D&I is a calculated business decision. It is undeniable that uncertain times are upon us, and we need to keep D&I firmly and high on the agenda.

**Demand for new houses slumps amid uncertainty**

UK bowling alley provider Hollywood Bowl says it is rolling towards a perfect 10 per cent profit growth this year

**BoSSES WARN PROSECUTIONS SET TO INCREASE AFTER CORPORATE FAILURES**

The survey also showed that 28 per cent of boards have no corporate governance standards or guidelines and only 36 per cent of boards have a dedicated corporate governance officer.

Richard Smith, national head of risk assurance at KSM, said: “Our research reveals some unsettling truths, and consequently a ticking time bomb for some.”

“On the one hand boards overwhelmingly recognise the very real threat of prosecution for poor corporate governance practice, but on the other they remain reluctant to fully engage in a process that minimises those very risks.”

**PRIVATE EQUITY BUYSOUTHS ACHIEVE 12-YEAR PINNACLE**

The number of buyouts across Europe reached a 12-year high during the period with 296 deals, according to research released today by Unquote Data. Total deal value increased 28 per cent to €52.8bn (€46.8bn), while UK deal value jumped 68 per cent to £12bn during the third quarter.
US looks to fund Huawei rivals in China 5G debate

JAMES WARRINGTON

The US government is said to be looking for ways to pump money into Huawei’s European rivals amid concerns about the Chinese firm’s dominance in the race to roll out 5G.

Officials have explored ways of issuing credit to Nokia and Ericsson to enable them to match the generous financing terms that Huawei offers its customers, the Financial Times reported, citing two people with knowledge of the situation.

The move represents an escalation of the US’s campaign against Huawei, which is the world’s largest provider of telecoms equipment.

US President Donald Trump has added the Chinese tech giant to a trade blacklist, accusing the firm of acting as a conduit for spying by authorities in Beijing.

“We gave up our superiority in making telecoms equipment decades ago, and now we are realising that this might not have been the best choice for national security reasons,” one official told the newspaper.

Almost every department and agency is desperately looking right now for ways to get back into this game. If we don’t, Huawei could soon be the only option for anyone wanting to roll out 5G networks.”

In addition to boosting European rivals, some officials in Washington are said to be pushing for a new domestic challenger.

US firms such as Cisco and Oracle have been asked to enter the market, but have rejected the suggestion as it would be too expensive and time-consuming, according to the report.

Last month US politicians outlined plans for a $1bn (£805m) fund that would help telecoms firms to replace equipment made by Huawei.

But the US has failed to persuade many of its allies to exclude the Chinese firm from their 5G networks.

Government pledges first-year tariff cuts following hard Brexit

CATHERINE NEILAN

The government has pledged to cut tariffs on lorries imported into the UK, and apply new tariffs on clothing imports, in the event of a no-deal Brexit.

For the first year after the UK leaves the EU, the government will reduce the tariff from 22 per cent to 10 per cent.

The move comes after the Road Haulage Association (RHA) pushed the government to axe the tariff altogether.

Lorries sold to the UK are currently not subject to a tariff, something the RHA says should continue in the event of a no-deal Brexit.

Standing Front and Center

Double Tenth National Day celebrations take on special air in Taiwan this year.

The people refuse to let China’s campaign of coercion detract from international recognition of the country’s status as a defender of freedom, democracy, human rights and rule-based order.

This confidence stems from standing front and center on the global diplomatic stage.

President Tsai Ing-wen flew the flag for Taiwan to great effect during her Journey of Freedom, Democracy, Sustainability and Oceans of Democracy state visits.

Both trips generated a mountain of media coverage and hammered home the message that Taiwan can deliver a message of peace, stability and prosperity far from its shores. They also showed that the country is a force for good in the world and resolute in realizing the U.N. Sustainable Development Goals.

This positivity is at the heart of Taiwan’s success in cultivating closer connections with key partners such as Japan, the U.S. and other like-minded countries across the Indo-Pacific via an array of cooperative initiatives.

One of the main pillars of this approach involves a raft of assistance programs organized by the International Cooperation and Development Fund (TaiwanICDF) with diplomatic allies, as well as seminars and workshops staged under the Taiwan-U.S. Global Cooperation and Training Framework and in keeping with the objectives of the New Southbound Policy.

As Taiwan celebrates Double Tenth National Day, the people can take pride in the fact that they are not alone. Efforts to strengthen ties with the world are paying handsome dividends, ensuring the country rightfully remains an indispensable member of the family of nations.
Easyjet’s shares tumble despite ‘robust’ forecast

JOE CURTIS
@joe_r_curtis

EASYJET yesterday predicted it would hit its pre-tax profit guidance of £430m for its full year, despite rising costs.

In a trading update, the airline said pre-tax profit would be between £420m and £430m, just off its £440m upper range prediction.

However, it warned of a 12 per cent rise in costs owing to a volatile pound and higher fuel prices.

Passenger numbers rose 8.6 per cent to 96m in the year on year thanks to a 10 per cent jump in capacity.

But revenue per seat is set for a 2.7 per cent drop due to a forex hit of £144m, despite increased demand after strikes by British Airways and Ryanair.

Easyjet shares slipped 4.5 per cent to 1,120p on the update and closed 755p per cent lower, even as analysts called the numbers “robust.”

“Our implementation of initiatives in the fourth quarter to optimise yield has led to solid revenue performance with total revenue per seat at constant currency set to increase for the full year,” Easyjet chief executive Johan Lundgren said.

CMC Markets chief market analyst Michael Hewson pointed to the 91.5 per cent load factor as a signal that capacity is worrying investors. “While this might improve by the end of the year it is evident that the industry still has too many seats,” he said.

Boeing to invest $20m in Virgin Galactic as it prepares for listing

Virgin Galactic in a bid to cash in on rising demand for space travel.

He is looking to take the firm public by the end of the year, listing on the US markets via a merger with an already-listed company.

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October is notoriously and traditionally a bumpy month in stock market terms.

One thing is for certain, though – the pressure is rising on companies to exhibit strong revenues and profits. October is notoriously and traditionally a bumpy month in stock market terms, so that any weakness in company numbers – perceived or actual – will be seized upon.

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THERE ARE FEWER THAN 25 DAYS TO GET READY FOR BREXIT

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Catherine Neilan on what to expect from the main parties soon to be vying for your vote at the ballot box

PARLIAMENT might have blocked the Prime Minister’s repeated efforts to go to the polls but everyone in Westminster is gearing up for a pre-Christmas election. Even ministers who still claim their top priority is to “Get Brexit Done” are unambiguously positioning themselves for a snap vote. The working assumption is that a General Election will take place on 28 November or — increas-ingly likely — 12 December. And if you thought it got nasty before, this time around things could spiral even further out of normal territory.

The language of surrender and betrayal that has become so common in Westminster will spill out into the campaign trail.

Privately, and sometimes not so pri-vately, Tory MPs are unhappy with the tone of Downing Street’s bullish briefing operation.

“It wouldn’t be my choice, but it plays well in my constituency,” one such MP tells City A.M., referring to the PM’s use of the phrase “Surrender Act” to describe the law requiring the Prime Minister’s use of the phrase “Surrender City A.M., referring to

ASSUME THE POSITION

The messaging from both Conserva-tives and Labour shows right and left will be positioning themselves as the party of “the people” in Labour’s case against “privilege” — and for the Tories it’s in contrast to “parliament”. The Liberal Democrats, meanwhile, continue to plug away with calls for a “people’s vote”, while the Brexit Party is adopting “a plague on both their houses” approach.

Some Conservatives actively sup-port Johnson’s new, more combative approach as shaking things up. “I’m a radical,” shrugs one longstanding Euro sceptic MP, who was recently knighted for his services. But other Tory MPs fear Johnson’s naked populism is as “toxic” as it is short term.

“If you like an anti-establishment message, who are you going to vote for? Not the Conservatives,” says one. With “Get Brexit Done” plastered all over the Conservative conference, it is clear what other message Team Johnson will be taking into an elec-tion. Downing Street are relaxed about relinquishing Remain votes, expecting them to be split by Labour — whose threat has been somewhat neutered by its lack of clarity on Brexit — and by the Liberal Democrats.

MULTI-PARTY POLITICS

But increasingly the UK appears to be entering a four-party world, with the Tories gaining around a third of the votes, Labour and Lib Dems level pegging at around 22 per cent each, and the Brexit Party snapping at the heels with 10 to 12 per cent. It is that last party which is causing concern. “Dominic Cummings’ strategy is pretty clear: they are writing off Scotland, most of London and some of the outer rim and the immediate commuter belt,” explains Cicero boss Iain Anderson.

“They are going after blue collar workers, but that only works if we have left on 31 October. If we haven’t left, the big problem will be Nigel Farage stomping around.”

However, with at least one cabinet minister admitting a deal is now virtually impossible, that is precisely the reason for the Get Brexit Done slogan. Alongside its “People vs Parlia-ment” message, Team Johnson will enter a campaign able to shift the blame for failing to leave squarely on to someone else’s shoulders. This conference was, in part, about cover-ing the Prime Minister’s back when he has to face the music from those who were expecting a Halloween Brexit, with or without a deal.

MUDDY WATERS

But that was what was happening for all to see. Increasingly, parties are taking an approach that muddies the waters. Corbyn and the Labour front bench have repeatedly attacked the “mainstream media” over supposed news blackouts, and both parties have cut journalists out of the loop entirely, speaking directly — and with-out challenge or scrutiny — to their party faithful.

“I am really concerned about this election,” says Will Moy, of independ-ent fact-checking organisation Full Fact. “We should be afraid about what happens when democracy is not scrutinised properly, when parts of the campaign are not visible and independent journalism is cut out of parties’ campaigns.”

To take a recent example, Moy’s organisation identified a Facebook post from the Conservatives in which a BBC headline about schools funding had been changed, using a figure that the article itself said was inaccurate. In a world where people scroll through without clicking, headlines are what matters, Moy believes. And this is just the tip of the iceberg.

“What we are seeing more and more is parties making different argu-ments to different voters — using targeted online advertising to do it,” he explains. Micro-targeting is used by everyone from retailers to political candidates, but Moy believes conven-tions are being changed more quickly than the law can keep up with. Despite calls from the Digital, Culture, Media & Sport Select Committee for emergency legislation, no response has been forthcoming.

HEY BIG SPENDERS

Other experts warn that even they are no longer able to assess what parties are putting into the public sphere. Paul Johnson, director of the Institute for Fiscal Studies, suggests the pledges made during conference season are “unsustainable” at best.

“At the moment, the Prime Minister appears to be promising three impos-sible things before breakfast,” he says. “They are promising all things to all people... of course, it’s very easy to put out something which looks very good on social media. There is that old saying ‘a lie is halfway around the world before the truth gets its boots on’ — it feels more and more relevant these days.”

So where does that all leave us? Labour and the Conservatives are increasingly coalescing around the same positions — spending big and promising to represent the people. But as Moy says: “Neither [party] puts out an honest set of choices... they’re not engaging with reality.”

The reality is that the next election will be a proxy second referendum but far from settling an argument it could end up with the country — and parliament — more divided than ever before.
Firms that seek to do things differently

This category seeks a winner with an unapologetically disruptive approach to business, taking on dominant players and shaking up sometimes-stale industries. Nominees this year range from bakers to bankers and from fintech to electric cars. Which business will revolutionise the way we live in years to come?

SECURE YOUR TABLE NOW

7 November Leonardo Royal Hotel London, (previously The Grange Hotel) St Paul’s
Contact: Julianna Hitchins on 020 3201 8900
Email: events@cityam.com
MULTINATIONAL brewery and pub chain Brewdog has sparked fierce Twitter debate by launching an unusual new burger, half of which consists of plant-based Beyond Meat and half beef — all sandwiched between two green matcha tea buns. Marketed as “an environmentally sustainable alternative with zero compromise on flavour”, the hybrid burger is entirely dairy-free and surrounded by 100 per cent vegan ingredients, except for the sustainably reared beef.

Brewdog explained the new product was an attempt to help those looking to cut down — but not totally stop eating — meat, commonly known as flexitarians.

Despite the negative reception from the media and the public, Brewdog’s attempt to appeal to a growing number of flexitarians makes sense. Yougov data showed that 14 per cent of the UK would describe their eating habits as flexitarian, much more than those who identify as vegetarian (four per cent), pescatarian (three per cent) or vegan (one per cent).

The proportion of Brewdog’s current customers who are flexitarian is even higher (23 per cent) and almost half of their customer base (49 per cent) also say that they’re actively trying to reduce their meat consumption, which is 10 percentage points more than the national average. They’re also more likely to consider a meatless diet as a healthier option (41 per cent), and enjoy experimenting with new recipes (77 per cent). Brewdog’s hybrid burger could well be a hit. But whether it will entice carnivores to try a less animal-based option remains to be seen.

© Stephan Shakespeare is the chief executive of YouGov

BREWDOG CUSTOMERS ARE MORE RECEPTIVE TO LESS MEAT-CENTRIC DIETS AND FOODS

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JAMES WARRINGTON
@j_a_warrington

THE VALUE of sports broadcast rights is on the verge of collapse due to rampant piracy, the head of the world’s largest investor in managed rights has warned.

Yousef Al-Obaidly, chief executive of Qatari media network beIN, said the “glorious media rights bubble” was set to burst due to the large-scale piracy of sports competitions including the Premier League.

Over the last two years beIN, which oversees a portfolio of broadcast rights worth roughly $15bn (£12.3bn), has been crippled by piracy carried out by an illegal broadcaster dubbed Beoutq.

beIN has already had to lay off hundreds of staff members due to the financial impact of the pirate activity, which has been fuelled by a Saudi-backed satellite operator. But in a speech in London yesterday, Al-Obaidly warned that the implications of the piracy would spread throughout the industry.

“I’m here to tell you how the endless growth of sports rights is over,” he said. “Not only that, but in certain cases, rights values are going to drop off a cliff, and the very economic model of our industry is going to be re-written.”

The media boss said the sheer scale of piracy meant his firm could no longer view sports rights as exclusive, adding that future commercial offers would reflect this.

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LEVEL UP Call of Duty’s new mobile game smashes records with 100m downloads

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Norway wealth fund braced for see-saw values

ANNA MENIN  @anmefin

NORWAY'S $1.1 trillion (£899bn) sovereign wealth fund has braced for "large fluctuations" in the value of its portfolio, its managers said.

The world's largest sovereign wealth fund will also consider investing in companies before they go public, said Norges Bank Investment Management (NBIM) in a report outlining the fund's strategy for the next three years.

"Trends and disruptions in the global economy such as increased trade barriers, low global interest rates, changing technology paradigms and climate change will affect the fund," the report said. "We should be prepared for large fluctuations in the value." 

NBIM said the proposed shift towards investing in firms before they list was in response to "a change in market dynamics" in recent years as "support for ending the stigma of support for ending the stigma of mental health might be high in the workplace it is still something of a taboo. 66% of employees experience mental health challenges but only 39% of employees feel comfortable sharing this at work."

The Lord Mayor's Appeal is dedicated to oil and gas, exploration, and international offices. There is real power in businesses getting behind a global campaign to end the stigma to speak with an amplified voice. To this end, The Lord Mayor's Appeal is delighted that organisations support for ending the stigma. 66% of employees experience mental health challenges but only 39% of employees feel comfortable sharing this at work. The City and London have been leaders in pushing this agenda forward but this is not an issue for London or the UK, so we encourage businesses to look at how they can promote mental health across their regional, national and international offices. There is real power in businesses getting behind a global campaign to end the stigma to speak with an amplified voice. To this end, The Lord Mayor's Appeal is delighted that that This is Me is going global. It is launching in India, partnering with Community Business and key businesses including Barclays, PwC, Northern Trust, EY, AIG, IBM. 

A spokesperson from BNY Mellon, who have implemented This is Me says: "Supporting mental health in the workplace is not just the right thing to do, it is a business imperative, and it is an agenda that BNY Mellon is committed to. As part of our involvement in This is Me, our employees around the world are sharing their experience of mental health and disabilities, challenging stereotypes across regions and cultures, for the benefit of all of our staff. There has been tangible impact within the business and we encourage all businesses to make this a priority."

Adam Farlow, one of the partner sponsors for the Wellbeing Group at Baker McKenzie agrees. "Baker McKenzie is proud to have been one of the original supporters of This is Me. So far, 36 of our people have told their stories - in videos, in blogs and in presentations - as we seek to destigmatise mental health in the workplace. This is Me forms part of our mental wellbeing programme, including mental health first aiders, our resilience training with clinical psychologist Dr. Bill Mitchell, and our on-site counsellors. But there is so much more that we, and all of the City, can do if we continue to work together."

Lord Mayor Peter Estlin says: "Despite mental health awareness improving, it is still considered taboo by a large number of employees and employers. We hope to change the status quo by encouraging employees to talk more openly about their mental health and share their stories with colleagues."

The fundamental premise of this is that sharing stories making accelerated progress. In partnership with Samaritans we have developed the Wellbeing in the Workplace tool, an online programme which gives employees the skills they need to manage their own emotional health as well as support those around them. Our aim is to create a workforce that is bolder and more confident in talking, communicating, and knowing how to support themselves as well as others who are struggling. 

The theme of this year's World Mental Health Day is suicide prevention. Every day in the UK, 16 people die by suicide and every 6 seconds someone in crisis contacts Samaritans for help. It is important that organisations support their employees mental health proactively to prevent crisis. 

We are encouraging people to wear green ribbons to create a visible movement of support for ending the stigma and showing those struggling that there is support and they are not alone. Because mental health affects all of us. It crosses backgrounds, faiths, race, gender, sexuality and more. We believe that it should be spoken about openly, honestly, and frequently.

J&J reputation upset by opioid row in America

JESSICA CLARK

JOHNSON & Johnson (J&J), the pharmaceutical giant, is battling for its reputation amid its involvement in the opioid crisis sweeping the US, according to research. The brand has fallen from 8th position in 2014 to 57th this year on a ranking of 58 global pharmaceutical companies. 

Reputation intelligence firm Abva also said the "erosion" of J&J's promise to put customers ahead of shareholders is cutting into the firm's reputation among consumers. 

Last week, the company paid $20.4bn (£16.7bn) to settle claims by two Ohio counties, although J&J said the settlement does not admit liability. Earlier this year the firm was ordered to pay $572.1m to Oklahoma state for contributing to the epidemic by deceptively marketing addictive painkillers. 

Avva chief strategy officer Alistair Pickering said: "So far we have clear evidence that J&J's reputation has been negatively affected by the issues it is facing."
UK shares cave under weight of Brexit anxieties

UK-focused stocks from Tesco to housebuilders sank yesterday as worries over a no-deal Brexit peaked after a Downing Street source said a divorce deal was essentially impossible, while the London Stock Exchange (LSE) dropped after the Hong Kong bourse boused in a takeover bid.

The FTSE 250 index stumbled to its lowest in more than a month and ended 1.1 per cent lower. The blue-chip index, also vulnerable to hits from a deterioration in the global trade scenario, dropped 0.8 per cent ahead of the major indices resuming trading on Sunday as a resumption of US-China negotiations this week.

Brexit took centre stage again amid fears that any potential agreement between Britain and the European Union was dead in the water as both parties positioned themselves to avoid blame for another extension or a chaotic no-deal Brexit. Those fears translated into a sell-off in shares of companies perceived to be most exposed to a fallout from Brexit. An index of retailers slipped 2.3 per cent on its worst day in over four months, with Tesco falling three per cent, and housebuilders losing 1.3 per cent.

“Now we are heading towards the revolver versus no-deal showdown,” Markets.com analyst Neil Wilson said. “Aside from Brexit, the Sino-US trade talks, scheduled for today could also make or break stock market performance this week.

However, mixed signals from Washington, which expanded its trade blacklist of Chinese companies, have done little to settle investor nerves. LSE fell 5.8 per cent after Hong Kong Exchanges and Clearing scrapped its unsolicited $39bn (£22bn) offer, leading shares of the UK bourse operator to drop to levels not seen since last month when HKEX first announced the takeover plan.

The stock also suffered its steepest one-day decline since the 2016 Brexit referendum.

EasyJet was the biggest drag on the index with a 7.5 per cent slide, despite a robust outlook for the current year.

TOP RISERS
1. Polymetal Up 2.75 per cent
2. Fresnillo Up 1.59 per cent
3. Smurfit Kappa Up 1.40 per cent

TOP FALLERS
1. LSE Down 5.07 per cent
2. Whitbread Down 3.64 per cent
3. Flutter Down 3.58 per cent

To appear in CITYMOVES please email your career updates and pictures to citymoves@cityam.com

MADE
Leading European design brand MADE has announced the appointment of Nicola Starnini as head of merchandising, logistics and supply chain, customer service and customer experience functions. Nicola joins MADE after more than five years with online fashion retailer Asos where she most recently served as global customer experience director. At Asos, she was responsible for driving the development and execution of the firm’s commercial strategy across the business globally. Philippe Chainieux, chief executive of MADE, said: “Nicola’s wealth of experience and insight in leading business development across global markets will be instrumental in helping us to continue to expand our footprint in new and existing markets.”

SIR ROBERT MCALPINE
Building and civil engineering company, Sir Robert McAlpine, has appointed Simone Starnini as head of facade engineering. In the course of a prestigious career, which spans more than 20 years, Simone has established himself as an internationally respected figure in his field across the industry. Having worked on some of London’s most iconic buildings, Simone brings a wealth of expertise to lead Sir Robert McAlpine’s award winning facade team. Simone started his career at Italian company Focchi, where he worked on several prestigious London schemes including the London Stock Exchange building and the RBS building. Simone then joined Larg O’Rourke where he was responsible for high profile projects such as One Hyde Park, the Leadenhall building, the Francis Crick Institute and Guy’s and St Thomas’ Hospital. Commenting on the move, Simone said: “I’m very excited to start this new adventure with Sir Robert McAlpine, a company I have admired since my subcontracting days. The family-owned building and engineering company, which has worked on buildings including the Olympic Stadium, Elizabeth Tower and O2 Arena, is this year celebrating its 150th anniversary.

PANTHEON
London based private equity firm Pantheon has announced John Eggleston as a new partner and chief technology officer. He joins from BGF, a £2.5bn investment company, where he was a member of the executive and investment committees. Prior to BGF, John was co-founder chief information officer at Callcredit, which grew from an initial concept to a $1bn acquisition by TransUnion for over $1bn (£820m). At Pantheon, John will oversee core technology infrastructure, information security and systems development.
Trump’s troop withdrawal puts Kurdish allies in danger

BY RACHEL CUNLIFFE

Once it was pointed out to him that
in the north east of Syria by stating
US allies, Trump greenlit a Turkish
because of Trumpian cajoling.

Don’t many people would cite
Trump as an example of reasoned and level-headed
foreign policy making.

With fingers permanently hovered
over his Twitter interface, the
leader of the free world has at
times been closer to initiating
global conflict through his
indecisary language than pouring oil
over troubled waters.

But maybe because of it, given the “madman” theory that
Trump’s unpredictability encourages
compliance from friends and
foes confused about his intentions
US international policy has been far
more successful under his watch.

Whether with Iran, North Korea, or China, Trump’s
soft approach has reminded international
molefacts that the starry-eyed ide-

cratic regions of the UK. House-

Wales, according to Paul
Ormerod, is the poorest of the
economic regions of the UK.


"A greater own goal for American interests would be harder to envision.

"Forget ‘reparations’; scrapping subsidies is the way to help get Wales back on its feet."
The public wants leadership, not a bitter culture war

Helen Jackson

If some on the right feel threatened by the climate movement, they deserve to, for barely trying to understand the greatest political, humanitarian, and technological challenge of their time, let alone offer answers.

So I was personally cheered to hear the Prime Minister say that “we can beat the sceptics” in his party conference speech last week. The centre-right can and should do a lot more to dismantle this association. Humanity is moving into a new and highly uncertain chapter in its history. We are on track to all but wipe out coral reefs, even if we get our act together and meet the Paris Agreement’s goals (which we are currently nowhere near doing). There are people in the Indo-Pacific and Caribbean regions who don’t even know whether they will have a country in a few decades.

Domestically, the fire service is under increasing pressure, and already vulnerable people face climate impacts without insurance or compensation. We need a societal response, based on foresight, confidence in each other’s goodwill, respect for personal freedom, and a level-headed focus on practical outcomes.

Realism and balance are key to credibility. You can be direct about the scale of the challenge without engaging in hyperbole. You can favour market-based solutions without being an ideologue. You can harness the expertise of people in industry as well as giving them clear expectations. You can view responsibility as the complement of freedom, not kick against the pricks.

And they don’t fancy having their gas boiler ripped out in the next five years – which is the Beijing-like level of state intervention that would be required to meet activists’ demand of net-zero carbon emissions by 2025. However, nor do they want a sterile, polarised culture war between climate activists and a morally obtuse faction of the right which sneers at people for having the basic scruples to care about the natural world.

You know who I mean: people who think it is more important to take potshots at Greta Thunberg than show a grain of common humanity over the concerns she raises, encouraged by MPs who raise their voices to demean protesting schoolchildren, but never to discuss the dire risks climate change poses for human welfare.

Are the Extinction Rebellion protesters right to target their anger at capitalism?

From the burning of the Amazon to the melting Arctic ice shelf, we are watching our planet rushing into catastrophe. But behind this crisis is also a story of extreme poverty and inequality, one where half of the world’s population is struggling to survive on $5 a day, and where those least responsible pay the price for a crisis they didn’t cause.

With 100 corporations responsible for a whopping 71 per cent of global emissions, they dwarf any action that any individual can take. Maintaining a capitalist system, whose very logic is the relentless exploitation of poor people and our natural resources, is a death sentence for the planet, and ultimately for all its citizens.

Those of us who believe that our current political and socioeconomic system can rise to this challenge must not just assert that it can – we must demonstrate it. We need a broad, national coalition to tackle climate change between government, business, public services, finance, land managers and civil society.

Everyone who asks “what can I do?” should get an answer. And those who have been living in a moral vacuum on climate change need to understand that the rest of us will not do the same.
Katherine Denham warns that your ethical investment fund may not be so ethical after all.

**RESTING ON YOUR MORALS**

Ethical Consumer analysed 22 popular ethical funds managed by some of the UK’s largest investment companies, looking at issues like the environment, politics, product sustainability, and company ethos.

Disappointingly, it found that only four of the funds analysed scored more than 10 out of 20. The WEHB Sustainability and Triodos Sustainable Pioneer Funds topped the charts, both scoring 16 out of 20. In second place is the Castlefield BEST Income fund with a score of 15, while the £71bn Royal London Sustainable World trust came third with a score of 12.

The analysis also pinpointed funds that were not as ethical as perhaps they should be.

The fund with the lowest score of 2.5 was the Aberdeen Standard Investments (ASI) Global Ethical Equity fund. Ethical Consumer gave a number of reasons for this low score. First, while the asset manager appears to commit to environmental, social and governance (ESG) stewardship, it was criticised for having exposure to companies that aren’t environmentally friendly or which excessively remunerate their directors. Indeed, the L&G fund’s most recent factsheet points to a 3.1 per cent holding in oil and gas company BHP Group, while the second largest holding in the Kames fund is Coca-Cola, which has a questionable environmental record.

The difficulty for consumers is that asset managers don’t tend to share their full list of holdings, meaning they can’t always be sure what are the data points that they are using to tangibly show that’s what they are achieving for investors. If you have a high dividend strategy, you’d expect to know what the dividend yield is – yet we have lots of sustainable funds which don’t commit to tangible outcomes. When people say that there is a climate change focused fund, that’s what they are achieving for investors? If you have a high dividend strategy, you’d expect to know what the dividend yield is – yet we have lots of sustainable funds which don’t commit to reducing the carbon footprint by a set amount to be within the ethical classification. The rules and classifications need to be more rigorous to root out anyone who is greenwashing.

**RAISING THE GREEN FLAG**

So what are the warning signs that you should watch out for?

As already mentioned, it is incredibly difficult to compare ethical funds when providers are less than willing to supply a complete run-down of all the investments in the fund. With this in mind, you should steer clear of providers that will not provide you with a full list of holdings, because it’s more than likely that they are masking companies which don’t tick the ethical box.

McManus advises investors to be wary of funds that don’t have any concrete outcomes. “When people say that there is a climate change focused fund, what are the data points that they are using to tangibly show that’s what they are achieving for investors? If you have a high dividend strategy, you’d expect to know what the dividend yield is – yet we have lots of sustainable funds which don’t commit to reducing the carbon footprint by a set amount to be within the ethical classification. The rules and classifications need to be more rigorous to root out anyone who is greenwashing.”

There are really two interlinked problems here. One is that there is no industry-wide standard that funds have to meet in order to be allocated into the ethical basket. The other problem is that setting an ethical standard is difficult because it assumes that everyone’s values are the same. James McManus, head of ETF research at Nutmeg, argues that there needs to be a more collaborative approach across the investment industry to define exactly what criteria funds need to meet to be ethical. He points out that the Investment Association mandates that you have to maintain a certain level of income to be within the Equity Income sector, and yet you are not required to reduce the carbon footprint of a portfolio by a set amount to be within the ethical classification.
Paying it forward

SPECIAL REPORT
How new payments technology is transforming the finance sector for the better
Enabling alternative payments in a centralised world

I	N ALMOST every nation around the world, financial institutions continue to play a critical role in our everyday lives, responsible for facilitating the majority of global economic activity. However, this far-reaching influence does not come without challenges. Although the centralised nature of financial institutions and government-backed currency is a stabilising force, it also results in an imbalance of power.

By relying on intermediaries such as banks and other financial services providers, consumers inherently allow centralised institutions to amass even greater influence. And while fiat currency and bank-driven networks have done much to propel us forward, many believe it’s time to put power back in the hands of consumers. As a decentralised, intermediary-free technology, blockchain presents a promising opportunity to do just that.

 Blockchain and crypto-assets for payments
Just as banks maintain networks for fiat currency, blockchain technology acts as the underlying framework for crypto-assets. However, unlike conventional financial institutions, blockchain technology transcends national borders. Although this functionality continues to generate a vast array of use-cases, payment solutions have seen considerable success.

Since the emergence of Bitcoin in 2009, countless projects continue to explore infrastructure that aims to transform the way we transfer value. According to the Cambridge Centre of Alternative Finance, 49 per cent of all crypto-asset service providers facilitate payments. And while there have been many success stories, obstacles must be overcome before blockchain-based payment solutions achieve mainstream adoption.

Why alternative payment networks?
Alternative payment networks using blockchain technology offer several benefits to consumers and merchants. Because blockchain networks operate without an intermediary, transaction fees are typically much lower. For consumers sending or receiving funds, these fees can be 3 per cent or higher. For merchants, debit and credit card processing fees average 1.5 to 3.5 per cent, taking a bite out of profits. In contrast, blockchain payment networks charge only a fraction of this amount. This dynamic is likely why 57 per cent of crypto-asset service providers offer merchant payment solutions.

Also, traditional banks often require up to three business days to process a transaction, whereas blockchain-based payments can see settlement within minutes or even seconds. However, there are also market factors and technical limitations that remain inhibitive to future growth. The primary challenge to future blockchain-based payment solutions is scalability. VISA reports processing approximately 150 million transactions per day. In contrast, the Bitcoin network currently averages 350,000 transactions per day. Although this is problematic, next-generation blockchain networks such as IOTA and Ripple aim to improve scalability dramatically. It’s also no secret that crypto-asset prices are volatile. Because most fiat currencies are generally stable, they are a far more reliable store of value.

The growth of alternative payment infrastructure
The trend towards decentralisation appears poised to continue in the face of a centralised world. By removing intermediaries, consumers and merchants can retain more of their hard-earned money while accessing global payment solutions.

As companies such as Facebook and IBM continue their foray into crypto-assets and the payment networks associated with them, mainstream adoption inches ever forwards. Surging institutional interest in crypto-asset markets further highlights this growing momentum. However, the systemic challenges must be overcome if we are to reap the benefits of this promising application of blockchain technology.

We are now publishing a second report, Circle of Trust or Out of The Loop?, which will be launched at Sibos 2019. This includes insights from some of the people working in the midst of the challenges and the solutions hitting the market today. Speaking to these experts gave us first-hand insights and experiences, uncovering where changes are happening, where opportunities exist and where barriers are beginning to come down to improve SME financial inclusion.

Thankfully, providers are finally beginning to realise the potential held by the SME banking market.

Broadening SME banking horizons
“SMEs are still not top of the agenda for most financial services providers, but many are waking up to the benefits,” said Valentina Kristensen, director of growth and communications at OakNorth Bank. “They are realising that if they get an SME on board, they will be loyal and bring multiple cross-selling opportunities.”

As the Banking Circle report shows, bringing about real change and better financial inclusion for SMEs requires market participants to work together and develop joint solutions, collaborating to build bridges between individual innovations already in the market.

“We are creating a new ecosystem of financial services providers, in partnership with other providers such as Banking Circle, to establish a new era of financial services which will better service customers and SMEs in the banking space,” Roger Vincent, general manager (UK&I) and CIO of Trade Ledger, commented. “If we better serve the banking space through the incumbents, then the SMEs will benefit greatly as they can access the services they want.”

However, as the latest Banking Circle report shows, the progress and potential achievements will remain limited until further collaboration, communication and joined-up thinking becomes commonplace within the financial services industry.

As with any ecosystem, it must be perfectly balanced in order to function effectively. Only with all types of providers working together in collaboration, not competition, will the banking ecosystem be able to bring financial inclusion to its peak.

We are now publishing a second report, Circle of Trust or Out of The Loop?, which will be launched at Sibos 2019. This includes insights from some of the people working in the midst of the challenges and the solutions hitting the market today. Speaking to these experts gave us first-hand insights and experiences, uncovering where changes are happening, where opportunities exist and where barriers are beginning to come down to improve SME financial inclusion.

Thankfully, providers are finally beginning to realise the potential held by the SME banking market.

Broadening SME banking horizons
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EBA agrees 18-month extension for struggling payments services providers

New payments sandbox could help fintechs and banks experiment with APIs
Money for new rope: how the old guard is waking up to payments technology

Payments tech is not new, but only recently has it begun to influence the big beasts of banking. Francis Wade examines how fintech start-ups are now leading the narrative

NEW TECHNOLOGIES have had a dramatic effect on how people manage their finances, whether it be online banking or transactions via digital payment platforms. For the growing army of competitors in the world of financial technology, and particularly those operating in payments technology, or paytech, it is in the arena of customer service where they prosper or die. One survey found that 56 per cent of B2B buyers reported the quality of customer experience as a key determinant in whether they would buy from a brand a second time. The efficiency of paytech is vital to that experience, and so crowded is the field that unless platforms strive to optimise speed, ease and security in transactions for customers, they will lose out.

The financial services sector has invested heavily in shifting payments from the physical realm to the virtual realm, and in turn advancing the capability of online payments. Slow payment processes do more than just frustrate the user – they are also a significant driver in cart abandonment, with resulting losses for the company. If a customer feels frustrated by the buying experience, they will pull out and likely not use the brand again – and SMEs feel this particularly hard.

Surveys have found that the rate of cart abandonment for e-commerce orders in the UK averages at around 75.8 per cent. While the biggest reason is a lack of initial commitment to a purchase, with customers simply abandoning carts, both lack of payment options and “technical issues” – two areas intimately connected to the quality of payment platforms – account for one in 10 cases of cart abandonment before checkout begins. Once they are into the checkout process, however, the problems for payments technology become even starker: more than a quarter of customers responded that a “long or complex process” prompted them to withdraw from the transaction, one fourth couldn’t “see total cost”, and 6 per cent experienced a “lack of payment options”.

New platforms have sought to smoothen the process by removing the need for the customer to input bank or credit card details each time they make a purchase. PayPal was the first in a line of paytech pioneers to facilitate online transactions at the click of a button. Shopping sites that offer the range of tools with which to make a payment, and who even allow for deferred payment or credit options if neither card or PayPal transactions are appropriate, will likely generate higher rates of customer satisfaction than those that don’t.

The need for the financial sector, and the brands that use its services, to continually keep on track with developing technologies – and to understand how new technologies impact on the expectations of customers – has triggered a shift in alliances between old and new.

The result is a fundamental remaking of banking and a change to the way consumers define what is convenient in their finance-related experiences.

Having realised the dangers of being outflanked by more efficient services, incumbent banks have struck out to either build better user experience in-house, or team up with emergent fintech companies that only a decade ago served as major disruptors of the banking sector. The alliance has helped to overcome problems that until recently seemed insurmountable, with the easing of cross-border trade being one area in which that alliance has borne fruit. International payments had been intrinsically difficult due to a range of factors – multiple currencies, the lack of a single global payment system, each country having unique laws and systems around banking and trade – but the linking of personal and commercial accounts to paytech platforms such as PayPal has changed the way in which those transactions are made. This is especially the case at the individual level, where international payments can now be made with comparative ease from a smartphone.

In a nod to the importance of customer retention in maintaining growth, the emerging alliances between traditional banks and fintech companies have tended to centre around customer service provision, and user-friendly digital payment applications in particular. One study found that “digital banks are able to increase their capitalisation by 3 per cent on average for every strategic alliance initiated.”

Fintechs, which are increasingly branching out into areas such as fraud prevention and customer profiling, have several characteristics that appeal to the banking industry – traditionally one of the most conservative sectors of the economy and notoriously slow to adapt to digital challenges. They tend to be young and smaller in size, which allows for greater agility and innovation than many other elements – especially banks – in the finance sector.

They are also more willing than incumbents to take risks, and this in turn has significant repercussions for the competitive framework within which banks operate their online payments. Do they stick to safer options that, while bringing greater security to transactions, may nevertheless be more secure, or do they follow the fintech mantra of risk equalising reward and push for systems that bring greater efficiency to the process? While older, more risk-averse generations of consumers may stick to transaction systems that are perceived to offer greater security, millennials demand speed and efficiency, and anything that reduces friction and difficulty.

But while the longevity of incumbent-fintech alliances are unclear, with fintechs seen to be serving both as allies and rivals of traditional banks, close co-operation between the two has led to an emerging player in the finance sector somewhat out in the cold.

New bank charters – or “de novo banks” – have been around for some time, but their growth took a big hit in the wake of the 2008 financial crisis. As economic conditions have improved over the past three years, however, the rate at which applications for formation are being filed has accelerated. So too has the orientation of de novos changed, with more of a focus now on supporting “creators” – start-up businesses, families, charities, and so on – or communities that may not have a history of using traditional banking services. In essence, they have sought out a niche that
incumbent-fintech players have yet to fill. While incumbents scramble to make up for lost ground in customer service, this aspect has always been at the heart of the de novo mission. And because they tend not to have the capital to invest or partner with fintechs, they remain somewhat of an outlier in a banking industry in which old and new have teamed up.

But despite the resurgence of de novos, fintech remains the sector to watch. Its powers of innovation and risk-taking have led to ever heated competition, particularly between online payment platforms. And where PayPal was once predominant, new players have come into view.

Adyen was founded in 2006 as a platform to enable businesses to accept e-commerce, mobile, and point-of-sale payments. Although it has been around for nearly 15 years, it was the news in 2018 that it was replacing PayPal as the primary payment processing partner for eBay that brought it greater attention.

Adyen claims to go where competitors do not – it accepts payments anywhere, on any device, while businesses that use it get customer insights data, revenue optimisation and risk management to protect their business using data. Its use of the Interchange++ pricing model allows it to track rates and scheme fees down to a transaction level, meaning that, in the company’s words, “we can calculate the cost of each payment even before it is completed.” This brings far greater visibility to the process, and means that customers can see exactly what the charges are for each transaction they make.

Other newly formed platforms, such as Stripe, seek prominence via different qualities: developer-centric features that allow for better customer interaction with, and bespoke management of, the platform. With mobile banking now having surpassed branch and online interactions with customers, the value found in efficient payment services – both for the customer and the brand using the platform – is vast.

It is for this reason that the sector has gone through another iteration, with non-finance-oriented platforms such as Facebook, WhatsApp and Singapore ride-hailing firm Grab having now shifted into financial services. The two messaging giants have recently introduced mobile payments to their platforms, while Grab, with its rich data on customer behaviour, has sought to boost the entrepreneurial wherewithal of its home region, providing loans to millions of people across Asia who do not have access to traditional banking systems. While WhatsApp Pay is currently only active in India, which has served as a testing ground for the new service, it is only a matter of time before it goes global.

“The arrival of the tech giants in the banking sector perhaps poses more of a risk to traditional banks than fintech services once did.”

While it is uncertain how the banking sector will evolve from its current position, it is clear that growing competition will drive further innovation centred around improving the customer experience. Who will rise to the top remains to be seen, but the crown must surely go to the platform that offers an integrated delivery of services, excelling not only in security, speed and ease, but in all three.
How can we focus on the work that matters?

WE ARE inundated with an array of technologies in the workplace, all competing for our time and attention. We can communicate, act, create and consume work whenever and wherever. We’ve become attuned to constantly checking our phones.

The proliferation of technology over the past 15 years has revolutionised our lives, but many feel that its promise of enabling us to work smarter, not harder, has not yet materialised. In the mid-1980s, approximately 63 per cent of workers told pollsters they were satisfied with their jobs. Since then, that number has continued to decline. Today, only around 50 per cent of employees share the same sentiment, according to data from The Conference Board.

Fragmented technologies in the workplace are compounding the issue. A recent study by Pegasystems found that employees juggle between up to 35 job-critical applications nearly once a minute – that’s more than 1,100 times every day. We use email, a host of different file types, various communication tools and project management systems. Not only were these technologies not necessarily designed to work together, but we are still learning how to process all this information and move fluidly between all the different tools in the workplace.

To regain some semblance of personal satisfaction and control, and use the time we have in the working day more effectively to focus on the things that really matter, we need to rethink how we work, collaborate and get things done.

“Many feel that the promise of enabling us to work smarter, not harder has yet to materialise”

It’s time we make a change. Recent technological advances can still be used for good, but we have to be more thoughtful, more intentional. A more enlightened way of working is to harness the power of technology to align our disparate work functions, so we no longer have to waste time on fragmented and siloed ways of working. We need an intelligent, digital working environment built for how we work today – one that can effortlessly connect all our platforms and conversations, and harnesses the power of machine intelligence. In a world of technology that erodes workers’ focus, the aim would be to give that focus back.

Getting this right is not only important for employee engagement, but also the bottom line. A recent employee engagement study by AON showed that a 5 per cent increase in employee engagement is directly linked to a 3 per cent increase in company revenue.

What was once was a relentless cycle can become a more tranquil, focused and happier way of working if we use technology correctly.

Technology has unlimited potential, but we’ve seen how it can have a negative impact on people’s daily work. It’s time to build a more enlightened way of working.

INDUSTRY VIEW
Adrienne Gormley is vice president of global customer experience and head of EMEA at Dropbox.
@DropboxBusiness
www.dropbox.com/business

Business is looking up – but cashflow is still a concern for UK SMEs

“SMEs haven’t fully embraced apps and payment technologies that could bring the security, efficiency and speed in cashflow they clearly seek” – Colin Close, Elavon

DESPITE THE many challenges facing the UK economy, including the ongoing concern around Brexit, it seems the country’s small-to-medium-sized enterprises (SMEs) are feeling remarkably buoyant.

According to research by payments solutions provider Elavon – a subsidiary of US Bancorp – 60 per cent of UK SMEs feel positive about growth prospects, 70 per cent feel optimistic in general and 68 per cent believe there are more opportunities now than there were ten years ago.

“SMEs make up the largest proportion of our customers, and a significant portion of the private sector business in the UK,” says Colin Close, managing director, UK & international corporate, at Elavon. “Understanding their perceptions and concerns is critical. Our research highlights that businesses are positive about their growth.”

There are, however, a number of concerns which threaten to hold back the nation’s SMEs. The study found that only just over half (53 per cent) of small firms trade online, and nearly 23 per cent do not even have a website. Many prefer to build their business by word of mouth or rely on a local or high-street presence but, given the prevalence of social media and the growth of e-commerce, not having the ability to trade online is likely to act as a brake on growth, and a barrier to delivering the kind of service customers now expect.

Then there’s cashflow. Elavon’s research suggests this is the biggest concern for 39 per cent of SMEs, ranking second behind Brexit (51 per cent) – hardly surprising when BACS estimates UK SMEs lose around £2 billion a year as a result of late payments.

But new methods, such as mobile wallet and in-app payments, present new opportunities for businesses, with faster payments meaning transferred funds can be cleared on the same working day. “While SMEs once lacked choice in payment options, that’s not the case today,” says Close. “It’s surprising that SMEs haven’t fully explored and embraced apps and payment technologies that could bring the security, efficiency and speed in cashflow they clearly seek.”

The next generation of point-of-sale terminals offers far greater functionality to customers than merely taking card payments. Elavon’s new Poynt terminals allow businesses to take payments anywhere – in stores, on a smartphone, or through mobile wallets – and see transactions and settlements in real time. They also include an in-built app marketplace that enables businesses to choose a range of apps for their own needs, including order-ahead functionality and even the ability for employees to check in to work on the devices.

An effective payments solution can also help businesses get online. Elavon recently joined forces with ePages to develop the eShop – an e-commerce platform that can be accessed through its payments gateway to allow retailers to build a branded online presence, including integrating with social media and incorporating built-in search engine optimisation functionality. “It will help merchants develop and synchronise their online and in-store presence so that they can focus on growth,” says Close. “It will help make small firms more competitive against the big boys.”

INDUSTRY VIEW
For more information on how Elavon can help your business, visit www.elavon.co.uk
State intervention or free enterprise: enabling payment technology

Cashless technology has transformed the way the world pays for things – but some nations are more receptive to it than others. Francis Wade reports

Online payment technology has transformed the way we make transactions, both domestically and across borders. Rather than queuing at the bank for hours to deposit cash or waiting days for a cheque to clear, we’re now able to send money at the click of a button, or shop and pay for goods without leaving the house.

Payment services providers have successfully capitalised on the shift to online, and in the process brought about a revolution in the ease with which customers can go about their financial business. PayPal, which pioneered the model, has been joined by a slew of other providers, and competition for the sector leadership hinges on three key qualities – speed, security and efficiency – which providers continue to refine.

But as their ubiquity has grown, so too have broader efforts gathered steam to place payment technology at the centre of financial interactions. As part of this there has been a quiet push to “demonetise” economies – to reduce the circulation of cash, and in its place increase the prevalence, and sophistication, of online payment systems. Cash was once king, and banks the castle. Now, however, digital technology is making great strides, and banks are being forced to adapt. The UK financial sector has understood this only too well: the UK is second only to Norway in the number of cardless payments. A new system, predominantly run through Alibaba (China’s answer to Amazon) and WeChat (a rival to WhatsApp) instead uses QR codes and digital wallets, thereby relegating the central role of banks in financial transactions to what now feels like history. Each platform has close to a billion users, with everyone from big chain stores to market stalls and even beggars on the street employing their services.

This transformation has taken place at lightning speed – largely in the space of a decade – and again throws an unflattering light on how slow and hostile the American system has been to change. In India too, the government-supported United Payments Interface (UPI), a real-time payments system that uses Google Pay and Paytm technology, among others, is used by nearly 150 banks, and has transformed the way millions of Indians go about their financial transactions.

Government intervention in payments technology across the world has proven to be a boon for a variety of stakeholders, whether customers, retailers, and banks – at least those who get on board. It has had a transformative effect on our daily lives, allowing us to do away with the time burden of traditional payment and replace it with the ease of a single click.
How payments tech is loosening regulatory strings so SMEs can flourish

Smaller businesses benefit from government aid, but restrictive regulation can also hamper growth. New technology could help them, writes Francis Wade

Governments know there is significant growth potential to be had from SMEs. In most OECD countries, they constitute more than 95 per cent of enterprises, and account for up to 70 per cent of jobs, and are thus vital features of any economy. These agents of change are considered important vehicles for creating jobs and driving expansion, and as a result they tend to receive significant state support, whether in the form of tax exemptions or a range of other incentives to boost their formation and growth.

But the relationship between SMEs and the state is not wholly harmonious. While governments tend to want to cultivate an economic and technological environment in which SMEs and entrepreneurship can prosper, they can also be subjected to tight regulatory measures that can actually hamper their growth. Many don’t make it past the five-year mark – regulation is too excessive, they divert too much resource to administrative functions. Because of their size relative to larger and better-equipped firms, they are also not so adept at managing the red tape and spreading the cost of compliance. These powerful drivers of growth and job creation are often therefore killed off in their infancy.

Governments have come together to seek ways to reduce the burden on SMEs, granting them stronger privileged treatment, improving availability of information and training, and lowering the legal barrier to entry and reducing costs for regulatory compliance. They have also been encouraged to boost their digital smarts. Given that in many advanced economies they make up a vast majority of companies, it goes without saying that SMEs need to follow the trend towards embracing digital technologies.

SMEs have been aided in their quest by de novo banks – new bank charters that have seen a resurgence in recent years following a major downturn in the wake of the 2008 financial crisis. It was de novo banks that became key lenders to small businesses during the bank consolidation phase in the US in the early 2000s, when many of the major banks underwent mergers and acquisitions and reduced their financing of SMEs. As a result, de novo banks stepped into the gap left by the larger banks.

De novo banks have historically had a larger proportion of SMEs in their portfolios than incumbent banks, in keeping with a trend in which smaller banks traditionally lend more to smaller companies than large banks do. De novo banks also have fewer overheads, which is music to the ears of SMEs who, as is clear from their rate of survival in the first five years, are less equipped to navigate complex administrative functions and don’t have the capital to cover lending overheads.

Due to the inherent precariousness of SMEs – and their greater propensity for risk-taking – they have often been earlier adopters of new technologies than larger, more conservative businesses. This is especially the case for those operating solely online, and who are required to make multiple overseas payment transfers.

Traditionally, the cost of processing these fees would have been a major obstacle in the way of steady growth. Yet SMEs can now shop around for a range of payment service providers who facilitate cross-border transfers in various currencies. This both eases a highly onerous process for small businesses, reduces the overheads that need to go into processing transactions, and quickens the speed at which payments can be made. While payment providers generally come with strong tools for market analytics that makes their integration more appealing for SMEs, it is the final point – processing speed – that is perhaps their greatest appeal. It marks a major shift from days to hours – incurred cumulatively significant costs for small, young businesses without the reserve capital that large businesses had to cover this.

But with online payment service providers becoming a go-to for many SMEs, the risk of security breaches grows. Hackers will target the area of least resistance – those payment systems that lack robust defensive walls and can therefore be breached. It is in particular important for SMEs, who may struggle with the financial fallout of any major breach, to do proper due diligence on their PSP, and ensure they are clear on what personal identifiable information (PII) is being requested of customers, given both the financial and reputational damage that would be incurred in the event of a hack.

Additional progress for is being made in the field of late payments – no small issue for SMEs. Research has found that two-fifths of SMEs in the UK are affected by late payments, and of these, more than half said it was impacting on their cash flows. The problem affects the growth of SMEs and their ability to plan and to invest, and has prompted the UK government to move responsibility for the voluntary Prompt Payment Code to the Small Business Commissioner’s Office. It has been granted an extension of powers to tackle the problem – the ability to issue fines to big businesses who are late on their payments to SMEs, and the enforcement of payment plans when they fail to come up with the goods.

The majority of large businesses may well be good at ensuring payments are made on time, but too many don’t, and if the Small Business Commissioner’s Office is tasked with one overarching mission, it is this: break the culture of late payments – no small issue for SMEs.
OFFICE POLITICS

How to tackle stress like an Olympian

A former world class athlete explains how executives can perform under pressure

-SUITE stress is the hidden ticking time bomb of business. With markets set to become even more volatile, the psychological impact on the leaders of Britain’s biggest firms cannot be underestimated. Just as we expect athletes to perform under stress, chief executives will be required to make critical decisions in the face of extreme pressure.

While training for the Olympics with Team GB, we were taught that harnessing confidence and stress resilience – two of the few factors within our control – was a crucial way to guarantee performance under trying conditions. So here are four ways you can apply this Olympic mindset and begin to harness a strategy for professional stress management.

ANTICIPATE HURDLES
Avoid confusing confidence with blind optimism. Negativity in business, when done correctly, is not only useful but essential.

Team GB excelled at the “pre-mortem” approach, undertaking meticulous forward planning to consider every potential obstacle, from injury to last-minute team changes.

Confidence requires acknowledging all potential negative outcomes and preparing for them in order to deliver results – this way, planning takes place in a calm and considered setting.

When setbacks inevitably occur, you can be confident in taking the best possible action to increase your chances of success.

SEPARATE THE INDIVIDUAL FROM PERFORMANCE
Athletes routinely review videos of themselves, analysing and critiquing alongside their teammates and coaches. The goal here is not just to discuss or justify current performance, but to identify areas for improvement.

In business, we tend to struggle to separate the individual from their performance – reviews are too often an exercise in relaying achievements, with far too little focus on the negatives.

With volatile times ahead, we should shine a spotlight on areas of performance most in need of improvement – the back-patting should come later.

COLLECTIVE CONFIDENCE
Departments in large firms can become cliques: sales will have different goals to marketing or accounting, and this can lead to these teams behaving as their own miniature businesses.

Even board members may not see each other as colleagues – their “real” team is their department.

Team GB taught us that three main areas were critical in developing confidence: purpose, identity, and performance planning. Unpicking your organisation’s wider values and defining what constitutes a “win” is crucial in developing a shared goal.

UNDERSTAND RESILIENCE
Increasing stress resilience and reducing recovery time is a priority for any athlete. Business leaders generally consider themselves masters of stress management, but they are often unaware of how psychological pressures impact the body.

Research shows that pressure has a dramatic effect on your ability to be objective, creative, and make rational decisions. Athletes appreciate that intense training or competition can trigger a physiological reaction, and so are on the alert for warning signs.

In business, we need to recognise the impact of stress, and build habits to improve our recovery time. For example, set “prettie points” where you focus on the enjoyable aspects of your role. Wear yourself away from ploughing through reactive trouble-shooting for every problem that comes along.

Also, build habits that mitigate stress, such as setting evening email curfews, sticking to your remit on a project, or simply ensuring good sleep.

Adopt this mindset, and you’ll be on the path to a business gold medal.

David Carry is chief executive of Track Record and a former Olympic swimmer.
To kickstart your health kick, you might have to go far, far from the gym, says top PT Harry Thomas

The City is great. I’ve owned a gym here for almost 10 years. It can be invigorating being around so many people, seeing all the new buildings fly up, checking out all the new bars and restaurants. But there’s a flip-side. Being around so many people can be mentally and physically draining. An office full of stressed people can take its toll on your mental health. Sometimes you need to get away.

The idea of having a nice weekend out of the city is hardly something new – the Victorians loved to take trips to the country. But in our ever-connected age, I think it’s more important than ever to escape the traffic and noise from time to time.

I was in San Francisco recently and I decided to take a solo camping trip to Yosemite National Park. It amazed me the realisations I came to when I was out in nature by myself. Being alone in a sleeping bag in the middle of a forest really strips life back to the bare essentials. When the sun goes down, it’s time for bed, when it comes up, it’s time to get up again. I immediately felt energised, falling into a natural circadian rhythm, a far cry from the late nights and bleary mornings of my life back home.

I’m not quite at the tree hugging stage yet, but being alone in nature certainly affected my mood, not just while I was away, but for weeks after. It helps, of course, that Yosemite is one of the most beautiful places in the world, but it wasn’t just the views. Over the days I came to a number of realisations – here are some of them.

THE IMPORTANCE OF BEING FULLY PRESENT

I talk about this a lot, but when you’re alone and disconnected from the “real” world, you become more present. This is especially true when you’re hiking: you can’t be anywhere else if you want to get home in one piece. You pay attention to every step, feel every breath. You’re communicating with your body in a far more direct way than usual. All of my clients in the City worry about things that have already happened and beat themselves up over stuff they can’t change. At the same time, they become overwhelmed by things that haven’t happened yet, playing out distracting and stressful scenarios. When you’re alone with your thoughts, this fades away.

A CLEAR HEAD CAN MEAN MORE IDEAS, NOT FEWER

So all those unnecessary thoughts have vanished – but that doesn’t mean your mind becomes a void. It was incredible how many great ideas I had, how many solutions I found to problems that had been bugging me for ages. I made a list of things I wanted to work on when I got home and I’ve stuck to it. If you let your brain rest and disconnect, it can concentrate on bigger problems than the latest thing on your Twitter feed. You don’t need to go to Yosemite for this – I find the same thing happens when I go on long cycles outside of London.

FINALLY GET THAT DIGITAL DETOX

When I was hiking all day I burnt over 3,500 calories and completed more than 25,000 steps. But without a phone in your hand, you can appreciate what’s in front of you. Being out of signal made me realise that I don’t have to be available 24/7. It’s OK to take your time getting back to someone: it allows you to consider who’s really important and what you actually want to say. We live on impulse and it’s a cause of anxiety – take a breath, the world won’t end if you don’t text your sister back right away.

EXERCISE WITH A VIEW

Many people use the excuse of hating the gym for not training, but there’s so much you can do outdoors that counts as exercise, and it’s a great way to improve your health and wellbeing. When I was hiking I burnt over 3,500 calories a day and completed more than 25,000 steps. By the end I was shattered, I slept like a baby.

Don’t underestimate the power of going for a walk – get yourself down to your local park, and if you have children, take them with you. And remember, parks aren’t just good for walking – try cycling, running, rock climbing, swimming, even frisbee. Mixing up your exercise routine is a great way to challenge different muscle groups. Or if you’ve had a heavy week in the gym, changing things up with an outdoor workout could count towards your recovery.

At No1 Fitness our aim is to help people to get healthier. We design workouts and programs for people to complete in the gym, but we also make sure we get our clients outside, too. Try it yourself this weekend.

To book a session with one of the trainers at No1 Fitness, visit no1fitness.co.uk or call 0207 403 6660
FOOD & DRINK

WINES OF THE WEEK

Hide sommelier Gabriele Vertullo picks two wines to splash out on for the weekend

1. NYETIMBER 1086 ROSÉ 2010
In 1086 the peaceful valley of Nithmbrea made its first appearance in recorded history. The 1086 wines (white and rosé) are a homage to this historical estate. The first ever Prestige Cuvee rosé made in England, 1086 Rosé represents the pinnacle of Nyetimber winemaking. Made from Pinot Noir and Chardonnay grapes – all estate-grown in West Sussex – the 2010 Rosé is packed with floral and red fruit aromas. With wonderful progression and great balance between fruit and structure, this English sparkling has nothing to envy to the best of Champagne.
£30, virginwines.co.uk

2. VASSALTIS ASSYRTIKO 2018
Do you feel “summersick”? If so, this is the wine for you. Vassaltis is among the best wineries on the island. The Assyrtiko brings the rebellious and explosive character of that terroir; with notes of peach and citrus. But what makes Assyrtiko unforgettable is its pronounced acidity, strict minerality and its endless salty aftertaste. The best choice to accompany your last dip in the sea.
£175, nyetimber.com

WEEKLY GRILL

The world-famous Nobuyuki Matsuhsia on his mother's miso soup and how he used to hustle for eels

WHO ARE YOU AND WHAT DO YOU DO?
I am Nobuyuki Matsuhsia, also known as ‘Nobu’, sushi chef proprietor of Nobu and Matsuhisa restaurants, author and father. I currently own 49 restaurants in 44 cities on five continents around the world.

WHAT’S NEW AT NOBU IN LONDON?
We are hosting a series of ‘Tastemakers’ dinners at Nobu Berkeley Street, which we hope to roll out across our restaurants to compete with each other and this can compromise the service and quality of food.

WHAT’S YOUR FAVOURITE DISH?
Japanese soba noodles.

WHAT’S YOUR EARLIEST FOOD MEMORY?
I remember the tap-tap-tap of my mother’s knife on the chopping board and the scraping of the pot against the burner as she prepared miso soup and pickled vegetables every morning. This is common in Japanese families and each family has a slightly different recipe.

WHAT’S THE BEST THING ABOUT THE LONDON FOOD SCENE?
Before Nobu London opened in 1997, London’s food scene was quite rough. With so much choice out there, there’s a lot of pressure on restaurants to compete with each other and this can compromise the service and quality of food.

WHAT'S THE WORST THING?
With so much choice out there, there’s a lot of pressure on restaurants to compete with each other and this can compromise the service and quality of food.

WHAT’S YOUR FAVOURITE FOOD-RELATED ANECDOTE?
When I was living in Lima, I found a conger eel, which the Peruvians were not accustomed to eating. I quickly realised I could bargain them to a very low price, pretending I was buying them for my dog – the vendor insisted on giving them to me for free. Needless to say, I gave him some money and the special in my restaurant that evening was conger eel. It soon became a popular item on our menu. Soon after, another Japanese chef went looking for some at the market and came across the same vendor, who asked if he also had a dog to feed. The next time I saw the vendor, he gave me a wink. The truth was out and Peru has since become an exporter of conger eel.

To make a reservation, email london.reservations@noburestaurants.co.uk or call 020 7447 4747. To find out more about the Tastemakers evening, go to noburestaurants.com

THIS WEEK’S RECIPE:
Our resident chef turns a favourite recipe vegan – try it at home tonight

Mark Hix
Chef and restaurateur

people happy, especially with the climate protests taking place.

VEGAN STUFFED CABBAGE (SERVES 4)

INGREDIENTS

- 3 medium onions, peeled and finely chopped
- 3 cloves of garlic, peeled and crushed
- 2tbsp rice vinegar, soaked and finely grated
- 2tbsp clear honey
- 1 tsp ground cinnamon
- 1 tsp ground cumin
- 1 tsp dried thyme
- 250g (10oz) large firm leaves of cabbage
- 10g (1/2oz) plain flour
- 300ml (1/2pt) vegetable stock
- 150g (5oz) cooked white rice
- 1 tsp olive oil
- 1 tsp salt
- 1 tsp freshly ground black pepper
- 2 tbsp chopped fresh parsley
- 1 tbsp chopped fresh basil

METHOD

1. Heat the vegetable oil and cook the onion, garlic, ginger and spices for 3-4 minutes on a low heat until soft.
2. Add the rice to the pan and add the tomato purée, barberries and half the stock and season.
3. Bring to the boil and simmer very gently with a lid on for about 15 minutes stirring every so often.
4. Meanwhile heat a little more oil in a saucepan and gently cook the onion, garlic, ginger and spices for 3-4 minutes on a low heat until soft.
5. Return the aubergine to the pan and add the aubergine and cook until the liquid has evaporated and the mixture is dry. Add the pine nuts, remove from the heat and re-season if necessary.
6. Meanwhile remove the leaves from the cabbage and carefully remove the thick vein from the centre.
7. Stuff the leaves by placing a spoonful of filling on each leaf ensuring its overlapping. Roll it up securely folding the ends in then rolling it up in a thick, stubby cigar shape.
8. Pack them tightly into a shallow saucepan and add the stock and oil then cook in the oven for about 15 minutes.
9. To serve, carefully remove the cabbage parcels onto a serving dish then reduce the liquid down to a syrup consistency and brush over the leaves.
Snap looks the perfect Fit for Zac in the lucky last

Jockey Aldo Domeyer has a strong book of rides at Happy Valley today

Power the pick on big day for Aldo Domeyer

FORMER South African champion Aldo Domeyer could be the jockey to follow at Happy Valley this afternoon.

The likes of Zac Purton, Joao Moreira and Karis Teetan will continue to hog the headlines, given they rode seven of the ten winners at Sha Tin last Sunday, but 32-year-old Domeyer has a chance of stealing some of the limelight from his more illustrious rivals.

Domeyer made an immediate impact when joining the HK jockey ranks last May, riding a double on his first appearance at the tricky Happy Valley circuit.

He ended his 10-week licence for the season by riding an impressive 13 winners, including a treble, again at the city track, in July.

He has already chalked up four winners this term and that’s despite serving a four-meeting suspension, so he looks a man to follow and should be more than capable of holding his own against some of the top riders in the world.

Domeyer has his card marked in a handful of races this afternoon and all of them can be given a chance of at least making the frame.

His best chance of success could come in the Hanshin Handicap (1.45pm), when he climbs aboard the Tony Millard-trained C P POWER over the extended mile.

As mentioned last week, Millard is a trainer to follow in the month of October. The former South African champion trainer collected 34 winners in HK last season, of which nine came this month.

He landed a double at Sha Tin nine days ago and then saddled a 17/1 winner last Sunday, so he’s clearly coming into form at the right time.

Millard and Domeyer have already tasted success together this season and now combine with C P Power, who won off a similar mark over the course and distance last season.

His seasonal pipe-opener, a fast-finishing third to Green Dispatch last month, suggests he will be at his peak in the Tokyo Handicap (3.15pm), though he does have a double-figure draw to overcome.

Dances With Dragon has had an ideal preparation for the main event of the evening, the £200,000 Japan Racing Trophy (2.45pm), and I do expect him to go off a decent price too.

Finally, don’t discount Speedy Wally in the second race of the day (12.15pm). His recent form suggests he’s back to his best and could cap off a spectacular day for Domeyer.

AC Purton will be having sleepless nights! We may only be eight meetings into the season, but the reigning HK champion jockey’s deadly rival Joao Moreira is back to his brilliant best.

Moreira already holds a four win advantage over Purton in the championship race, but it was the Brazilian’s breathtaking ride on My Winner at Sha Tin on Sunday that proved the ‘Magic Man’ is on fire at the moment.

Weaving his way through rivals and then pounding late on the Purton-ridden Sprint Forward must have had the present champion in despair. The smiling face of Moreira after the winning line said it all.

Both jockeys have a strong-looking book of rides at the Valley this afternoon, but it may be Purton, who excels around the tight-turning course, who can come out on top.

Purton’s rides include a couple of lightly-raced but progressive gallopers who look primed for the winners’ circle.

First up is the Caspar Fownes-trained AURORA PEGASUS who lines up in the six-furlong Nakayama Handicap (1.15pm). He was strongly fancied on his seasonal reappearance, but was outpointed in the closing stages at Sha Tin.

He is sure to improve for that run, and from an ideal draw he is going to be hard to beat. The principle threat will be Zero Hedge, ridden by Moreira.

Fownes and Purton will surely be disappointed if the fast-improving SNAP FIT doesn’t complete a hat-trick and give them a double in the closing RyoYi Handicap (3.50pm) over five furlongs.

This New Zealand-bred five-year-old won with his head in his chest in June and should prove a better class than his rivals.

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**HAPPY VALLEY**

**Going: Turf - GOOD**

### 11.45 
**NIKEE HANDBAG (CLASS II) (1yo+) (COURSE & DISTANCE) (TURF) 11f 1yo plus 12 dec.**

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**Wednesday 9 October 2019 | Punter | 33**

Cards provided by **Racing Post**
EVR since the Rugby World Cup draw was made, England’s final pool game against France on Saturday has been billed as the decisive fixture in the tournament’s so-called group of death.

It will, as widely anticipated, decide who tops the pool, but with both sides having already guaranteed qualification to the knockout phase following wins over Argentina, USA and Tonga, there is now a question as to how much emphasis should be placed on this match.

The winner will set themselves up with a challenging quarter-final against Australia before a likely encounter with New Zealand in the semi-finals, while the runner-up look set to face the similarly daunting prospect of Wales and then South Africa.

For both France and England, the possibility of facing a familiar Wales side while avoiding the All Blacks may be the preferable route to the final, although whoever lifts the Webb Ellis Cup will almost definitely have to go through Steve Hansen’s men in the last eight.

If Jones will undoubtedly select a side capable of winning Le Crunch but, with qualification secured, a two-point advantage on France and no favourable route to the final, the game presents an opportunity to rotate the squad.

Mainstay of the side Billy Vunipola twisted his ankle in last weekend’s win against Argentina and has been seen wearing a protective boot in what the camp insist is a “precautionary” measure. Having started 12 successive Test matches, it may be time to hand the No 8 an overdue rest, despite Jones’s determination thus far to play him in every game.

Jack Nowell and Owen Farrell also missed training yesterday but are both in contention for the weekend. The latter has twice suffered blows to the head in the opening three games and the risk of injury to key men such as the captain and Vunipola, in what is now a no longer a must-win game, will surely be considered by Jones and his staff when they pick the team.

“We are being overly cautious, and if there is any risk that Billy is not going to be 100 per cent, we will rest him,” said attack coach Scott Wisemantel. “At this stage all 31 players are available and we will make a call late Wednesday, early Thursday, but if there is any doubt we will rest him.”

Tom Curry deputised well for Vunipola in the second half against the Pumas and could continue in the role, while Mark Wilson, who adapted to the position impressively in the autumn internationals a year ago, could also get the nod.

Courtney Lawes or Joe Launchbury, who have a start apiece so far, could come into the second row, while Mako Vunipola, who returned from injury last week, would benefit from a run-out ahead of the knockout phase. England’s depth in the backs is also well-documented, and the likes of Jonathan Joseph, Joe Cokanasiga and Henry Slade could all slot in with ease while maintaining the team’s threat out wide.

Jones must decide, too, whether vice-captain and talisman George Ford gets the nod at fly-half again or if he needs wrapping in cotton wool. The No 10 has been involved in more tries than anyone at the tournament so far, scoring two and directly assisting four.

History dictates that it is important for England to win this game given no World Cup winner has lost on their way to lifting the trophy, but with bigger games on the horizon, Jones must weigh up the importance of that precedent with the practicalities of keeping his best players fit.

“You get momentum from winning and we want to win all the games,” said scrum coach Neal Hatley. “England are playing France, I can’t imagine anyone not taking that 100mph seriously. We want to top the pool.”

If Pochettino can’t fix Spurs then nobody can

O ONE could have seen Tottenham’s disastrous start coming but, having finished the last campaign on a high after losing the Champions League final, they just haven’t turned up this season.

Their most consistent run of results so far has been two defeats and they have not had their eyes on the ball at all following a summer of speculation and instability.

Number of players were linked with transfers away, including Christian Eriksen, and there seems to be an undercurrent of unrest in the dressing room.

You have to scratch your head and ask where the magic from last season has gone, because so far Spurs have looked inexperienced and dysfunctional.

Mauricio Pochettino must be just as perplexed because he is not getting a response from his team.

They have clearly been lacking quality this season, but even their commitment comes into question after the 3-0 defeat at Brighton last weekend on the back of a 7-2 hiding off of Bayern Munich in the Champions League.

The euphoria from the new stadium has evaporated and at the moment they look like the mirror image of Manchester United: two big sides struggling to find the answers.

Eriksen has been the biggest disappointment for me. You can’t only turn up for 60 minutes of a 90-minute match. If he wants a move to a club like Real Madrid, Bayern Munich or Juventus, going by what he is producing on the pitch that looks a long way off.

It’s not alone, though. All of the big players are blowing in the wind. Even Harry Kane and Dele Alli appear to have lost that link that helped the side excel a couple of years ago. Eric Dier has been left on the bench at times and Harry Winks brought anyone in to support Kane up front.

Son Heung-min did a great job last season, but when he plays centrally it is an entirely different system and they have also let Fernando Llorente go.

Their next match against Watford is now a must-win, a cup final, particularly given their following games are away to Liverpool and Everton. They haven’t yet lost all credibility and a good haul of points from those games will bring them right back into the mix. That is how quickly things can change in this Premier League.

For now they will need to use the international break to regroup, and when they are all back together, sit down and figure out how they can get back to their best – starting with a win against bottom-placed Watford.

Trevor Steven is a former England footballer who played at two World Cups and two European Championships. @TrevorSteven63
A shared dream, but very different visions

Rhetoric can’t hide European football chiefs’ competing agendas, writes Frank Dalleres

HEY may be on opposite sides of a bitter dispute over the future of European football but they both came to defend “the dream,” that nebulous but impossible-to-oppose tenet of sporting competition. Andrea Agnelli, the latest figurehead of a dynasty that has owned Juventus for nearly a century and the chairman of the European Clubs Association, made it a key theme of his address at the Leaders in Sport industry summit in London yesterday.

“It has to be open to all. It is a dogma which leagues receive more money than others, opposed any increase in the number of Champions League fixtures and said the Big Five-favouring

“SUPER LEAGUE BY PROXY

But wait: was the man on stage railing against “historical privilege” the same Agnelli whose Juventus have been Italian champions for the last eight years in a row? The same Agnelli who this year supported proposals to turn the Champions League into a 32-team competition of which only eight places each year would be open to new entrants?

“We wanted to see more European matches with higher sporting quality,” he said yesterday.

Addressing concerns that this would have been a European super league by proxy, he added: “This is never going to be a closed league. We, the leaders, realise the value of keeping an open system.”

Olsson was having none of that. Comparing the ECA’s manoeuvring to that of its breakaway-threatening predecessor, the G14, he said: “The effect would have been a closed league. No one can convince me [otherwise].

European Leagues had not merely rejected the ECA-backed Uefa plan – “No, no, no as an answer is not really healthy,” Agnelli said – but put forward counterproposals based on more equitable financial distribution.

“What’s important is you start with the principles rather than by building a format,” said Olsson. “Creating a new competition is not rocket science. There are not so many alternatives.”

Olsson said he wanted clubs who have not qualified for European competition to receive a share of Uefa receipts too, opposed any increase in the number of Champions League fixtures and said the Big Five-favouring
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