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# BREXIT ROW COMES BACK TO HAUNT CARNEY

CRITICS ACCUSE BANK OF USING ITS ANALYSIS TO PLAY WITH POLITICS



OWEN BENNETT

@owenbennett

THE BANK of England sparked a row yesterday after publishing analysis of its 'worst case Brexit scenario' just 13 days ahead of a crucial Parliamentary vote on Theresa May's deal.

The controversy was sparked when governor Mark Carney unveiled the Bank's latest 'stress test' assessment of the UK's ability to withstand dramatic economic shocks, including "a disorderly Brexit".

Under such a scenario, there would be no transition deal, the imposition

of tariffs, chaos at the border and a dramatic spike in interest rates. The scenario also assumed that neither the UK or EU would take any mitigating action.

In the UK's case, this could include changing tax policy - something chancellor Philip Hammond has previously said would be on the cards in the event of a no-deal exit.

The Bank suggested there would be a hit to GDP of eight per cent, spiking unemployment and a house price crash of 30 per cent.

The analysis indicated the deal May had struck with the EU would be the

least-damaging Brexit outcome for the UK economy.

The Bank's report came hot on the heels of a Treasury analysis released earlier in the day, which claimed the UK would be poorer outside the EU in every measured scenario - but also said May's plan would cause the smallest hit to growth.

With up to 100 Conservative MPs threatening to vote against the Prime Minister's proposal, there were suggestions the Bank's intervention was designed to spook the Commons into avoiding a no-deal outcome.

Brexit-backing MPs lashed out at the

Bank, with Treasury Select Committee member Charlie Elphicke saying: "The other day Dr Carney told the Treasury Select Committee that interest rates could go down in a no-deal Brexit. Today he says they will rise. The Bank of England is all over the place."

Former Monetary Policy Committee member and Remain supporter Andrew Sentance also weighed in, tweeting: "The Bank of England Brexit analysis is highly speculative and extreme."

"It will add to the view that the Bank is getting unnecessarily involved in

politics and that will further undermine perceptions of its independence and credibility."

Nobel-prize winning economist Paul Krugman last night said the Bank's scenario was "pretty far out on a limb", saying that the assumptions "do not follow from basic trade theory."

However, Simon French, chief economist at Panmure Gordon and a former civil servant, came to Carney's defence, saying the Bank was carrying out its mandate.

CONTINUES ON P3

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## CITY A.M.

## THE CITY VIEW

## Carney's 'keep calm' message backfires

HOUSE prices plummeting 31 per cent. Unemployment shooting up to 9.5 per cent. GDP collapsing by 4.3 per cent amid a sharp recession. These were the scenarios the Bank of England used to conduct its mandated "stress test" for some of the UK's biggest financial companies back in 2016. Last year, the wonks at Threadneedle Street again measured banks' ability to cope with a doomsday scenario – a 33 per cent drop in house prices, higher interest rates, a near-double-digit unemployment rate, all in the event of a "sharp, disorderly" Brexit. So, given that the Bank of England produces such stress tests annually, and that it has previously tested against bad-case Brexits, why did yesterday's figures trigger such a frenzy in Westminster and beyond? Upon publishing the analyses, governor Mark Carney was at pains to avoid such a reaction. "Let me begin by stressing what these analyses are and what they are not. These are scenarios not forecasts. They illustrate what could happen – not necessarily what is most likely to happen," he said. Haunted by accusations that the Bank contributes to so-called 'Project Fear' – an alleged effort by the establishment to deter people from supporting Brexit, or specifically a hard Brexit – Carney added: "The no-deal scenario is to provide reassurance, it's not supposed to make people scared. It's to provide reassurance that even if this happens, which is unlikely, the system is more than ready." Unfortunately for Carney, his attempt to head off any hysteria was like shouting "FIRE" in a crowded theatre and then wondering why nobody could hear you say "it's only a drill" amid the ensuing panic and stampede. The Bank, in fairness, was tasked with producing yesterday's Brexit analysis by a committee of senior MPs. It was also cornered into publishing them earlier than originally planned, thanks to the committee's own schedule and Theresa May's crunch vote on her Brexit plan. Plenty of people who should know better seized on the Bank's statement yesterday, forgetting (perhaps deliberately) that the armageddon scenario is emphatically not a forecast – and is in fact a lurid hypothesis against which to test banks' resilience. For Carney's critics yesterday's performance confirms their suspicion that he's a Remain stooge, but though such a characterisation is inaccurate and unfair there's no denying that Brexit has made the Bank a political actor. That's a risk that ought to be subject to its own stress testing.



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**PUTIN UP WITH THE NEIGHBOURS** Russian leader defiant, with bizarre claim Ukrainian premier set up Crimea naval clash



VLADIMIR Putin has blamed Ukrainian President Petro Poroshenko for orchestrating an escalating crisis to boost his low polling figures after Moscow seized two Ukrainian navy vessels it said had illegally strayed into Russian waters. "It was organised by the President ahead of the elections [...] It was used as a pretext to introduce martial law," Putin told a financial forum in Moscow.

## Labour backing second Brexit vote is 'inevitable'

OWEN BENNETT

@owenjbennett

LABOUR's John McDonnell said it is "inevitable" his party will soon back another referendum on Brexit.

In an interview yesterday, the shadow chancellor gave the clearest indication yet Labour will fully endorse another vote on the UK's relationship with the EU.

Labour's official position is it to push for a General Election if Theresa May is unable to get her Brexit deal through parliament.

But McDonnell told the BBC he believed the Fixed Term Parliament Act has made that unlikely, as either two-thirds of

MPs need to back an election, or the government needs to lose a vote of confidence.

McDonnell said: "We want a deal that will protect jobs and the economy. If we can't achieve that – the government can't achieve that – we should have a General Election, but that's very difficult to do because of the nature of the legislation that David Cameron brought forward.

"If that's not possible, we'll be calling upon the government then to join us in a public vote. It's difficult to judge each stage, but that's the sequence I think that we'll inevitably go through over this period."

When asked if he believed it was "inevitable" that another

referendum would take place if a General Election couldn't be forced, McDonnell replied: "That's right. Our policy is if we can't get a General Election, then the other option which we've kept on the table is a people's vote."

A Labour source told *City A.M.*: "There is definitely no change in our position. We want a General Election, but, as we agreed at conference, all options are on the table, including campaigning for a public vote."

Labour's exact position on a second referendum is still somewhat unclear, with the party putting out conflicting messages during its party conference in September.

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# Service changes: 23 December - 1 January

### FINANCIAL TIMES

#### UK AND US AGREE OPEN SKIES AVIATION DEAL

Britain and the United States have struck a new open skies deal to keep flights going after Brexit. Transport secretary Chris Grayling said: "This new arrangement and those concluded with eight other countries around the world are proof that the UK will continue to be a major player on the world stage after we leave the EU." However, the terms of the agreement are inferior to those the UK has as a member of the EU.

### WHAT THE OTHER PAPERS SAY THIS MORNING

### THE TIMES

#### PACKAGING BOSS MADE THREATS TO REGULATOR

The chief executive of Discovery Flexibles, which makes packaging for Cadbury, Sainsbury's and Tetley, threatened the Pensions Regulator after it launched an investigation into him. Thomas Wrigley was fined £400 and banned from being a pensions trustee after pleading guilty to not giving the watchdog the correct information. He told the regulator: "If you cross me again I will come after you."

### THE DAILY TELEGRAPH

#### APPLE WATCH COULD ADD TWO YEARS TO YOUR LIFE

Apple's watches could add two years to your life, according to a new study. Researchers found that adults who use fitness trackers with reward schemes increased their activity levels by more than a third. The extra movement could add an extra two years to your life expectancy, the study by Rand Europe showed. The biggest changes were seen among participants who were overweight or inactive before the study.

### THE WALL STREET JOURNAL

#### ALTRIA IN TALKS TO TAKE STAKE IN VAPE FIRM JUUL

Altria Group is in talks to take a major minority stake in e-cigarette startup Juul Labs, sources familiar with the matter said. The move would give the Marlboro maker better access to a fast-growing new nicotine market. The deal is not imminent, the sources said, but would be big if it goes ahead. Juul was founded in San Francisco three years ago. It now has over 1,000 employees and a \$16bn (£12.5bn) valuation.

# Stocks soar as Powell turns dovish

AUGUST GRAHAM

@AugustGraham

THE CHAIR of the Federal Reserve signalled a softer line on interest rates yesterday, after being slammed by President Donald Trump for his hawkish policies.

Jerome "Jay" Powell hinted at an end to interest rate hikes, saying rates are "just below" the level which would not impact the economy.

Buoyed by the statement, Wall Street investors sent stocks soaring. The Dow Jones Industrial Average had its best day in almost eight months, closing up 572 points, or 2.3 per cent, at 25,320, while the S&P 500 rose 2.3 per cent to 2,743.

The speech signalled a move away from past statements.

Last month Powell said the Fed was a long way from neutral interest rates, sending stocks down.

His shift follows criticism from US President Donald Trump who nominated him for the role last year.

On Tuesday, Trump told the Washington Post he blames the Fed for recent stock market declines.

"So far, I'm not even a little bit happy with my selection of Jay. Not even a little bit. And I'm not blaming anybody, but I'm just telling you I think that the Fed is way off-base with what they're doing," he said.



The US Fed, led by Jerome Powell is helping US institutions to prepare for Brexit

## UK banks pass extreme no deal stress tests

CALLUM KEOWN

@CallumKeown1

ALL OF the UK's major banks passed a beefed-up stress test as the Bank of England heralded the resilience of the UK financial system, it was revealed yesterday.

The seven banks – Nationwide, Santander UK, HSBC, Standard Chartered, Lloyds, Barclays, and RBS – had three and half times the capital ratio than before the global financial crisis, the bank said.

The Bank of England's stress test applies a scenario that includes global GDP falling 2.4 per cent, UK GDP dropping 4.7 per cent, house prices falling 33 per cent and unemployment surging to 9.5 per cent, to test the financial mettle of UK banks.

The stress test also included a sudden loss of overseas investor

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appetite for UK assets and a 27 per cent fall in the sterling exchange index as well as the bank rate rising to four per cent.

The Financial Policy Committee said it was satisfied the banks could continue to serve UK households and businesses even in the event of no deal and no transition period.

The test found that the banks would suffer £70bn in losses but still be able to weather the storm without raising more capital.

"People will have lots of issues and questions (around Brexit) but the one area they shouldn't have questions about is the financial system," said Bank governor Mark Carney.

He told reporters: "The UK financial system is ready for Brexit whatever form it takes."

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## Backlash over Bank's batch of Brexit analyses

CONTINUED FROM FRONT PAGE

He said: "More fool us if we take these numbers and run with them slavishly within a different set of circumstances.

"I don't think they are in cahoots with the government on this one."

Carney denied the Bank of England was feeding into 'Project Fear' in a bid to drum up support for May's deal and said the Bank was asked by MPs to assess the scenarios. He added that the Bank had a responsibility to financial stability and to the people of the UK.

The governor told reporters at a press conference: "The no-deal scenario is to provide reassurance, it's not supposed to make people scared.

"It's to provide reassurance that even if this happens, which is unlikely, the system is more than ready."

"The UK financial system is ready for Brexit whatever form it takes."

Further support for May's plan came from Airbus, who told MPs yesterday aerospace firms may give the green light to investment in the UK currently on hold if the PM's deal passes through parliament.

That call was echoed by Britain's richest man, Jim Ratcliffe, in a statement through his chemicals company Ineos.

"We would hope that our parliamentarians would now put the good of the country ahead of political considerations and ensure a safe passage for the deal through parliament," said the statement.

Former Brexit minister David Davis criticised Carney and the Bank. "I'm afraid we must be ready for Project Fear 2.0," he said.

Remain-supporting Labour MP David Lammy, who has backed calls for a second vote, said: "These figures show that the government's stated policy is to make our economy smaller and weaker."



The Restaurant Group (TRG) already owns brands such as Frankie and Benny's

## Diner chain's Wagamama deal passes vote

CALLUM KEOWN

@CallumKeown1

SHAREHOLDERS approved a planned the £559m takeover of Wagamama today, but 40 per cent of shareholder votes opposed the deal.

The vote sent buyer The Restaurant Group's share price down by almost 10 per cent. The Frankie and Benny's owner had been set for a shareholder

showdown after a number of investors voiced their intentions to vote down the proposed acquisition from private equity firm Duke Street.

But despite 39.6 per cent of shareholder votes opposing the deal, a senior Restaurant Group executive told City A.M. it was "not the knife edge" that had been expected.

Not a single question was asked by investors at a general meeting to vote

on the acquisition yesterday.

One shareholder backing the deal said: "People had made up their mind, the die was already cast.

"I'm a big fan of our restaurants and Wagamama will be a good addition to the business."

The full result published by the group revealed 60.43 per cent of votes were in favour of the deal and 39.57 per cent were against.

## When a hashtag can start a trade war, how might you invest?

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# Brexit uncertainty puts brakes on car makers for fifth straight month

ALEX DANIEL

@alexmdaniel

CAR MANUFACTURING fell by 9.8 per cent in October as global market turbulence and Brexit uncertainty continue to hit the industry.

Figures out today from the Society of Motor Manufacturers and Traders (SMMT) show 15,255 fewer cars came off production lines last month year-on-year, marking the fifth straight month of decline.

The influential trade body said the

automotive industry, which accounts for £82bn turnover and 12.8 per cent of the country's export of goods, was suffering significantly from "business and consumer uncertainty".

UK production fell 12.1 per cent in October, with 24,246 cars heading to showrooms on home soil, while overseas demand was down 9.3 per cent.

But exports continued to make up the lion's share of output, taking 82.7 per cent of all cars produced. Year-to-date output remained down, falling 6.9 per cent, with 1.3m cars produced

in the first 10 months.

Mike Hawes, SMMT chief executive, said: "The fifth consecutive month of decline for UK car manufacturing is undoubtedly concerning and, while a number of factors have been at play, there is no doubt that business and consumer uncertainty is having a significant impact."

"With eight in 10 British-built cars destined for overseas markets, the majority to the EU, the sector's dependence on exports cannot be downplayed."



The SMMT said the industry suffered from "business and consumer uncertainty"

# TfL faces £400m shortfall from Crossrail delay

ALEXANDRA ROGERS

@city\_amrogers

THE DELAY to the launch of Crossrail will hit Transport for London (TfL) with a £400m funding shortfall in 2021, financial services giant Moody's has warned.

Moody's found that while TfL will manage the financial impact of the delay, it will place "significant financial strain" on TfL until 2023, a burden that is likely to be picked up by the London Assembly.

Zoe Jankel, senior analyst at the credit rating agency, said: "Crossrail's delayed opening is one of a number of budgetary challenges that TfL is facing. Overall, we expect that TfL will be able to manage the impact of the delay using its available resources and spending flexibility. However, this will weaken its ability to cope with any other unforeseen costs or revenue shortfalls."

The £15.4bn Elizabeth Line was due to open next month, but has been delayed until autumn next year. Next year, TfL will lose £200m because of the railway's delayed opening.

A TfL spokesperson said: "Everyone involved in this project is fully

focused on bringing the Elizabeth Line into service for passengers as soon as possible. Work is continuing between the government, mayor and TfL on finalising a financing package to deliver this."

Moody's report also warned against TfL stalling on investment elsewhere on the Underground network to save money, warning that doing so would weaken its revenue base in the future.

Chair of the London Assembly's transport committee, Caroline Pidgeon, said: "The Moody's report makes for grim reading. Its report draws upon and reflects what the London Assembly has been saying for months regarding the huge loss in income that TfL will now face due to the delayed opening of Crossrail."

"The report also provides a powerful reminder that if TfL tries to solve its dire financial problems by postponing investment in improving the London Underground, the London Overground or the DLR, it is merely creating a whole new set of financial challenges in future years."

Crossrail is expected to contribute 14 per cent of TfL's passenger income by 2023, and 12 per cent of its total operating income.



Developers plan to make the Tulip the tallest building within the Square Mile

# City Airport raises concerns over 'Tulip' tower radar interference

SEBASTIAN MCCARTHY

@SebMcCarthy

PLANS to build the City's Tulip had just begun to blossom last week after developers submitted proposals for the new 1,000 ft tower, but now concerns over whether the building might interfere with air traffic radar systems could stem the project.

London City Airport said yesterday that construction cannot be given the green light until National Air Traffic Control is consulted over the impact that rotating gondola rides

around the outside of the tower could have on radar systems at the airport six miles to the east.

"Construction shall not commence until an assessment has been carried out on the impact of this development on the radar coverage... During this assessment it should be noted that the gondolas present will be moving and therefore may have a slightly different effect than a static element of the building," the airport's technical operations coordinator said yesterday.

# Prosecutors hit Danske Bank with charges

AUGUST GRAHAM

@AugustGraham

DANSKE Bank was yesterday charged on four counts of breaking Danish money-laundering laws following a major scandal at its Estonian affiliate.

The charges relate to the bank's handling of so-called non-resident clients at the branch between 2007 and 2016, prosecutors said.

"We had expected prosecutors to bring charges in light of our report from September this year. It is in our interest this matter is examined and we will naturally cooperate," interim chief executive Jesper Nielsen said.

Prosecutors have established a joint team with Estonian authorities to investigate the bank's alleged money laundering.

They are mulling whether to also bring charges in Estonia, said Morten Niels Jakobsen, chief prosecutor at the Danish serious economic crime unit.

He added: "The material in this case is very large and extensive, but we have now come far enough to bring charges against the bank. It is important to stress, however, that we are still at an early stage in our investigation."

Prosecutors started investigating the bank in early August following a scandal over the €200bn (£177bn) which flowed through its Estonian branch over almost 10 years.



Thomas Cook suffered under the hot summer and England's strong World Cup run

# Thomas Cook continues to swelter under the heat of profits pressure

EMILY NICOLLE

@emilynicolle

PACKAGE holiday provider Thomas Cook's share price continued to fall for a second day yesterday, after suffering heavy losses on the London Stock Exchange this week in the wake of disappointing results.

The firm announced its third profit warning in five months on Tuesday, blaming the UK's long

summer heatwave for a decline in Brits heading abroad and sending its share price down as much as 30 per cent during trading.

Shares in the FTSE 250 company declined by as much as 12 per cent as markets opened yesterday morning, before recovering to book a final loss of four per cent by last night's close.

Thomas Cook's market value took additional £12m hit during trading,

after having seen at least £175m wiped off its value on Tuesday, according to data provided by Hargreaves Lansdown.

Analysts at Morgan Stanley downgraded the travel agent to an "equal weight" rating as a result.

The firm's performance had a knock-on effect on its bedfellows in the travel industry, with Easyjet also feeling the pressure. Its share price closed down 4.9 per cent.

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# Goldman Sachs hit with fine in South Korea as 1MDB scandal worries grow

JAMES BOOTH

@Jamesdbooth1

SOUTH Korea's financial regulator has hit Goldman Sachs with a 7.5bn won (£5.2m) fine for breaking rules on short-selling.

The fine is for short-selling without securing underlying assets, the Financial Services Commission (FSC) said in a statement yesterday.

It said Goldman Sachs Group's subsidiary Goldman Sachs International had conducted short

sales worth 40.1bn won in May.

Naked short selling, which occurs when an investor sells stock that has not yet been borrowed, is illegal in South Korea.

Goldman Sachs has been under pressure recently for its involvement in the 1MDB scandal in Malaysia.

Abu Dhabi's sovereign fund is suing the US investment bank in New York for its role in the incident, while Malaysia's new Prime Minister Mahathir Mohamad's government has said it wants Goldman to return

fees it paid to the bank.

The bank also faces a sizeable settlement with the US Department of Justice. Goldman could pay a fine of up to \$1.2bn (£940m) plus return \$600m in fees and revenue the bank made arranging three 1MDB bonds, a Morgan Stanley analyst said.

The bank's share price has fallen sharply this month, with shares dropping from \$232 on 8 November to \$193 yesterday.

Goldman Sachs declined to comment.



The banking giant is facing pressure over its role in a Malaysia-centred scandal

# Fund Brewin Dolphin sees profits leap up

JAMES BOOTH

@Jamesdbooth1

ASSET manager Brewin Dolphin yesterday reported a profit jump as it was boosted by strong inflows.

The company said adjusted profit before tax for the year to 30 September was £77.5m, a 10.7 per cent increase on the previous year.

Its total funds stood at £42.8bn, an increase of 6.7 per cent.

Brewin Dolphin increased its full year dividend 9.3 per cent to 16.4p with its final dividend increasing 11.6 per cent to 12p per share.

Its funds were also boosted by its acquisition of Duncan Lawrie Asset Management in May 2017 for £28m.

Chief executive David Nicol said: "2018 was another successful year for the group, proving the continued value of our personalised advice-led model. Above-target organic fund inflows have led to strong earnings and dividend growth.

"The investment in our services, people and technology are delivering results and we have broadened our range of services so we can capture future growth opportunities. At a time

of uncertainty we remain confident in our growth prospects."

Nicol said the company was "prepared to take all necessary and appropriate measures to address any eventualities that emerge" with respect to Brexit.

"We are well-positioned to withstand market-wide stresses triggered by Brexit," he said.

Nicol told *City A.M.* that while the main focus of the business was organic growth he would be open to further dealmaking.

"The strategy is to ensure we cover the whole wealth journey and while we are focused on growing organically we always said if the right opportunity came along we will take advantage," he said.

Peel Hunt analyst Stuart Duncan said that while results were strong, there were some potential negatives.

"Looking ahead, there are two negative influences on forecasts. The overall revenue yield moved to 72.5 basis points from 73.8 basis points and is likely to decline further", he said, while also noting plans for further investment in the business.

Shares fell 3.19 per cent yesterday.



Ghosn was ousted as Nissan chairman last week following allegations of misconduct

# Ousted Nissan chairman Ghosn denies dumping losses on firm

JAMES WARRINGTON

@j\_a\_warrington

FORMER Nissan chairman Carlos Ghosn has denied passing personal trading losses to the company, according to his lawyer.

Japanese media reported this week that the ousted chairman may have transferred losses of ¥1.7bn (£11.7m) from a derivatives contract to the car manufacturer in 2008.

While Ghosn has acknowledged he consulted Nissan about the contract, he denies passing the losses to the

firm, his lawyer told Bloomberg.

The comments come amid reports that Nissan's auditor investigated transactions at the company relating to Ghosn's alleged misconduct, but found no evidence of wrongdoing.

Ernst & Young Shin Nihon, part of the EY audit network, questioned Nissan executives on several occasions about the purchase of luxury houses and stock appropriation rights, a source told Reuters.

A spokesperson for Ernst & Young Shin Nihon said the firm did not comment on individual cases.

# Legal sector provides £26bn to UK economy

JAMES BOOTH

@Jamesdbooth1

THE UK legal services sector grew 8.8 per cent to 342,000 jobs in 2017, an increase of 30,000 year-on-year, according to a report released today by TheCityUK.

The output of the UK legal sector in 2016 was £26bn, the equivalent to 1.4 per cent of UK gross value added.

The industry employs 107,000 people in London, with a gross value add of £9.6bn.

The UK is the largest legal services market in Europe and second only to the US globally.

Managing partner of City law firm Fieldfisher Michael Chissick said: "We are punching way above our weight in terms of headquartering of international law firms, we are second in the world behind the US."

TheCityUK's Gary Campkin said: "As the UK prepares to leave the EU, it is vital to ensure international parties continue to recognise the benefits of using English law."

Chissick said London "is second to none" as a legal centre and predicted that "it will continue to be post-Brexit".

He added: "Banking documents, construction documents, most of them are governed by English law and that is a huge benefit for the UK law firms."



KPMG is reeling from a major scandal involving its South African branch

# KPMG South Africa appoints new boss as it struggles with scandals

JAMES BOOTH

@Jamesdbooth1

THE TROUBLED South African arm of audit giant KPMG yesterday announced it will bring in a new chief executive from outside the firm.

The deputy chief executive of PwC's South African arm, Ignatius Sehoole, will replace Nhlamulo Dlomu, who is stepping down after a year, the audit giant said.

KPMG has been rocked by a series of scandals in South Africa, leading to the loss of some major clients.

Chairman of KPMG South Africa Wiseman Nkuhlu said: "While KPMG South Africa has changed substantially over the past year, the challenges facing both KPMG and the profession have intensified."

Adding: "With this in mind, the board felt it was important to appoint an external candidate to the

firm with strong industry credentials."

The firm has been caught up in the scandal surrounding former president Jacob Zuma and the powerful Gupta family, who were close allies of his.

A KPMG internal probe found flaws in the work it had carried out for the Gupta family.

The Gupta family and Zuma have denied all wrongdoing.

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# Insurer Axa raises targets following \$15bn XL swoop

**JAMES BOOTH**

@Jamesbooth1

EUROPE'S second-largest insurer Axa said it expects profitability to speed up in the next two years thanks to business brought in by XL, which it acquired in September.

French-headquartered Axa said yesterday it expected adjusted return on equity to increase between 14 per cent and 16 per cent annually over the coming two years, up from a previous target of between 12 per cent and 14 per cent.

It also said it expected its underlying earnings per share to increase by between three per cent and seven per cent a year over the same period.

The insurer said it expects profitability to be boosted by the diversification achieved from its \$15bn (£11.76bn) acquisition of Bermuda-based XL earlier this year.

The company also raised its expected synergies on XL to €500m (£442m) from €400m.

As a result, Axa will increase its dividend payout range to between 50 per cent and 60 per cent from between 45 per cent and 55 per cent previously.

Analysts at UBS said: "The shares do

not look expensive and we view the updated targets as positive, but we think it will take time for shareholders to be rewarded and strong execution needed from here."

Axa chief executive Thomas Buberl said: "The Axa XL leadership team has identified key levers to deliver strong value creation through profitable growth, in alignment with the Axa group risk appetite."

Axa's share price rose 0.92 per cent yesterday.

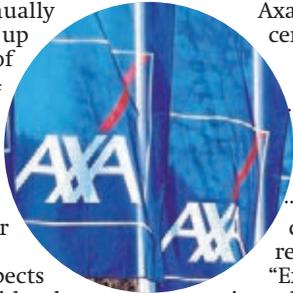
UBS analysts said that despite the rosy picture, exe-

**Axa, which is based in France, said it expects a profitability boost**

cution was key and remained a risk for Axa.

"Execution risks remain high given the need for further US life sell-downs and the transformational XL group integration to deliver on the above targets, which are not trivial and will take time to evidence.

"Developing a track record of strong underwriting control through 2019 is key to delivering underlying earnings and dividend pay-out targets. Therefore, we remain relatively cautious around buying into a 2020 dividend growth story at this point," they said.



# Sun shines on Nextenergy's new plans for \$750m global solar fund

**AUGUST GRAHAM**

@AugustGraham

A UK-BASED asset manager will raise \$750m (£585m) to expand its portfolio of solar farms, it revealed yesterday.

Nextenergy, which has around \$1.4bn in assets under management, has already raised \$160m after the first close of its Nextpower III fund.

It has secured investments from the Norwegian pension fund, a Swedish life insurance firm, and an unnamed third investor.

It will invest in between 2.5 and three gigawatts of solar plants over its 10-year life, chief exec Michael Bonte-Friedheim told *City A.M.*

The fund, which is expected to close late next year, will buy assets with a total investment value of \$2.5bn, including leverage.

It will make around 75 per cent of investments in OECD key partner countries, and positions Nextenergy as managers of the only fund investing purely in the booming market for international solar projects, he said.

"In most markets solar does not need subsidies to compete with traditional energy production. So solar is destined to grow astronomically," he said.

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MAYOR OF LONDON



# Experian tie-up bad for choice, watchdog says

JOE CURTIS

@joe\_r\_curtis

EXPERIAN's merger with credit score rival ClearScore could harm competition in the credit checking sector, a watchdog warned yesterday.

The proposed tie-up would "stifle product development", hurting people trying to make sense of their finances, according to the Competition and Markets Authority (CMA).

"Our investigation has shown that this is a fast-paced and evolving market, and that both Experian and ClearScore are an important part of that," said the inquiry's chair, Roland Green.

"The provisional findings in our investigation show that Experian's proposed takeover of ClearScore is likely to weaken competition in the sector and have a negative effect on the services offered to customers."

The watchdog began examining Experian's takeover of the startup back

in August, fearing it could mean people end up paying more for credit cards and loans.

Experian offers free and paid-for credit scores to consumers, earning commission when they then take out a credit card or loan, a similar model to that of startup ClearScore, which entered the market in 2015 to quickly become the most popular free credit check service among consumers.

Experian said in a statement that it was disappointed by the CMA's findings.

"We continue to strongly believe that the acquisition of ClearScore will have a positive impact on competition, allowing Experian to help more consumers with their finances by providing greater choice and convenience to them to access personal finance products at the best prices," the company said.

The CMA is seeking responses to its preliminary findings by 19 December, before it makes a final decision.



Giovanni Tria said the government trying to find ways to tweak its budget

## Italy 'looks for space' for budget changes to swerve EU backlash

CALLUM KEOWN

@CallumKeown1

THE ITALIAN government was working to amend its budget yesterday to avoid disciplinary action from the European Commission.

But EU commissioner Valdis Dombrovskis said a "substantial correction" was needed, according to Italian newspaper La Stampa and Germany's Handelsblatt.

Italy's finance minister Giovanni Tria told its senate the government was working to find "financial space to improve the balance between the need to support growth and the need to solidify the sustainability of public accounts".

Rome had threatened to defy the European Commission by refusing to change its deficit target of 2.4 per cent of GDP and its growth forecast of 1.5 per cent.

## 10 killed in gun attack at G4S Kabul location

ABDUL QADIR SEDIQI

GUNMEN attacked a British security contractors' compound in the Afghan capital Kabul on Wednesday, killing at least 10 people and wounding 19 only hours after President Ashraf Ghani outlined plans for peace in Afghanistan.

The Taliban claimed responsibility for the attack, started when a car bomb exploded outside a facility of the G4S security group on the main road leading out of Kabul towards eastern Afghanistan.

"A number of gunmen entered the G4S compound right after the car bomb," said Najib Danish, an Interior Ministry spokesman.

A complex attack on a well-protected site underlines how insecure Kabul remains despite efforts by the US and the Afghan government to open peace talks with the Taliban to end more than 17 years of war.

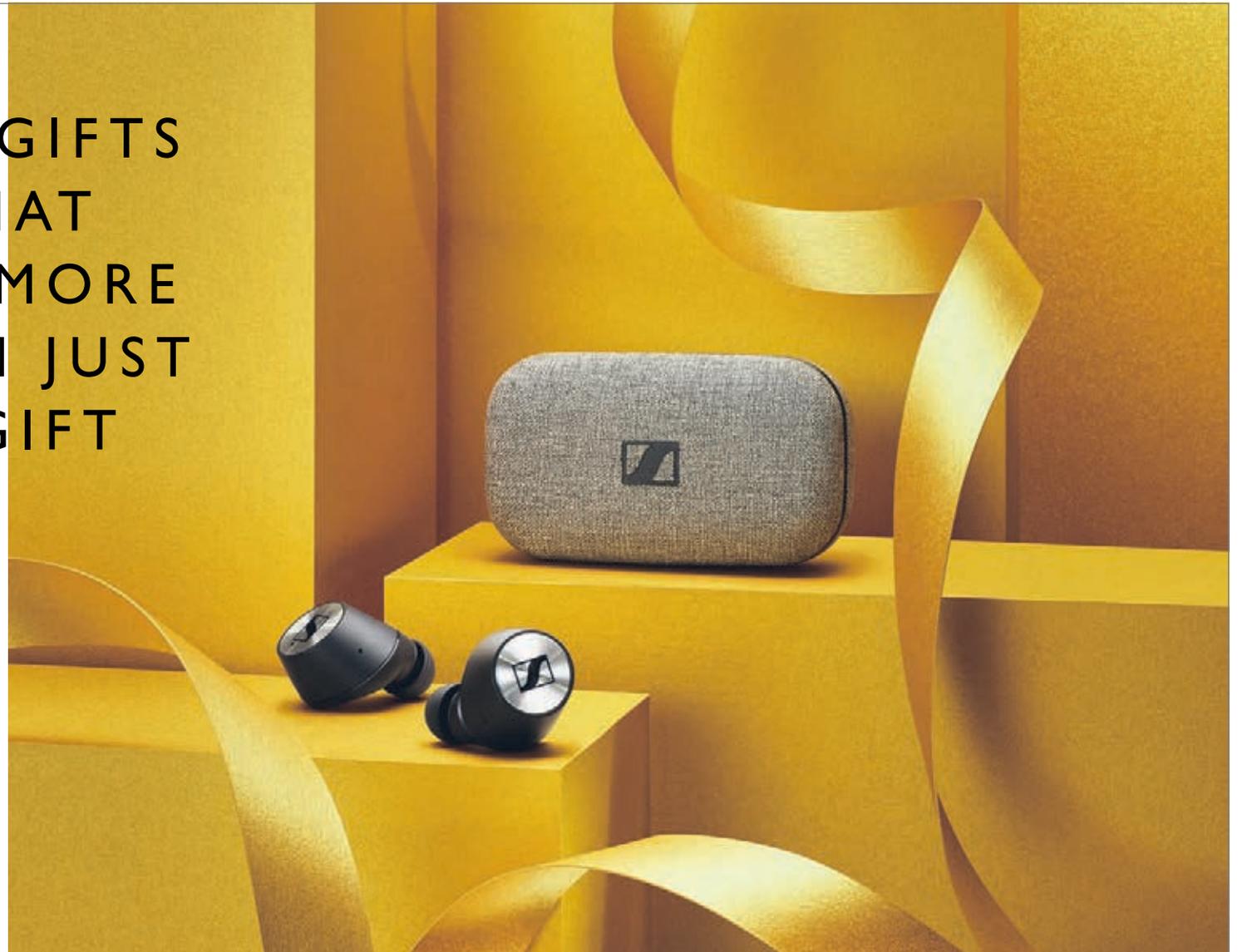
The insurgents' main spokesman said the attack had caused heavy casualties and had been launched in retaliation for casualties caused by security forces in two southern provinces.

Reuters

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JOHN  
LEWIS  
& PARTNERS

# Tech bosses will call on European politicians to revise 'archaic' laws

EMILY NICOLLE

@emilynicolle

MORE than 30 business leaders and entrepreneurs from across the technology industry have signed a letter to be delivered to European policymakers in January, urging them to consider updating EU laws on giving employees shares in the startups they work for.

With signatories including the

bosses of firms such as Transferwise, Anthemis, iZettle and Funding Circle, the letter will warn that while "the days of living in Silicon Valley's shadow are over", the current legal rules on rewarding stock options in young businesses will create "a brain drain of Europe's best and brightest".

Research published by Index Ventures alongside the letter showed European employees own around 10

per cent of the firms they work for, compared to 20 per cent in the US.

EU policymakers will be urged to adopt a similar structure to the UK, and ditch "patchy, inconsistent and often punitive rules that govern employee ownership".

Recommendations will be set out in response, including allowing startups to issue stock options with non-voting rights and deferring taxation until they sell their shares.



The chief of Delivery Hero, which owns delivery app Foodora, is one of the signatories

## City of London update



### Tackling rough sleeping in the Square Mile

**T**HE City Corporation is asking for help from workers and residents in tackling the issue of rough sleeping in the City.

Our outreach team, led by St Mungo's, can help rough sleepers access specialist accommodation and support services with the aim of reducing long term rough sleeping as well as dealing with those who require specialist professional intervention.

If you are concerned about a rough sleeper, you can report via [streetlink.org.uk](http://streetlink.org.uk) or by downloading the app.



This will help us respond that much quicker and enable better targeting of outreach services for vulnerable rough sleepers and support enforcement where outreach and engagement have been refused.

### Funding for City culture projects

APPLICATIONS for grants of up to £10,000 (£15,000 in exceptional circumstances) are being invited for cultural projects, as part of a central grants programme offered by the City Corporation.

'Inspiring London through Culture' supports projects taking place in the City (in part at least) or engage City communities and promote access for all to participate in the City's cultural offer; invest in London's creative future through innovation and excellence; enhance public benefit in the City



through culture and heritage; or support the development of the City's Cultural hub. [cityoflondon.gov.uk/centralgrantsprogramme](http://cityoflondon.gov.uk/centralgrantsprogramme)

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# Dreaming of a White Christmas?

(Our reds are pretty good too.)

[lidl.co.uk/christmas](https://www.lidl.co.uk/christmas)

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# Ikea's plans for online sales cut into its profits

ALEX DANIEL

@alexmdaniel

IKEA group profits dropped by a quarter in its latest financial year, driven down by billions of pounds invested into adapting to people's changing shopping habits.

The furniture giant's parent company, Ingka Group, yesterday reported the €780m (£688.7m) year-on-year drop in its full-year results, blaming spending on transforming its business to an e-commerce-focused model.

The company reiterated that the changes would see 7,500 people made redundant globally, but 11,500 new jobs being added to its global workforce.

Operating profit was €2.25bn for the year ending 31 August, down 26 per cent year-on-year from €3.03bn, while

turnover grew 2.1 per cent to €37.1bn. Net debt dropped €190m to €2.58bn, while cash flow was €21.2bn, down 8.4 per cent.

Best known for its large, out-of-town stores, Ikea has ploughed €2.8bn into a scheme which will see it open smaller city centre sites, including in Tottenham Court Road.

The company will also improve delivery services for online shoppers, who

**One of Ikea's new city centre store locations is Tottenham Court Road**

were behind a 45 per cent boost in digital sales this year. Ikea welcomed 475m visitors to its physical stores, up three per cent on 2017. The transformation plan is due to continue – and weigh on its financial results – for three more years, said chief financial officer Juvencio Maeztu.



Tiffany & Co. has been hit by lower activity from Chinese tourists

## Tiffany sales disappoint as Chinese demand dips

SEBASTIAN MCCARTHY

@SebMcCarthy

A SLOWDOWN in demand from wealthy Chinese tourists took the sparkle off Tiffany's latest sales report yesterday, with weaker-than-expected results sending shares down on Wall Street.

The luxury jewellery maker missed its estimates yesterday after reporting a three per cent rise in

same-store sales, dipping below Refinitiv projections of a 5.4 per cent rise.

Meanwhile, the company's earnings tumbled in line with analyst forecasts to \$94.9m (£74.3m), or 77 cents per share, in the third quarter of 2018.

Shares in the US brand slumped by around 10 per cent last night, with Tiffany's new boss Alessandro Bogliolo blaming weaker-than-

expected activity from Chinese holidaymakers in Tiffany's core US and Hong Kong markets.

Luxury brands such as Tiffany have grown increasingly dependent on China's burgeoning market of middle- and upper-class millennials, but Beijing's crackdown on undeclared overseas products and brewing US-China trade tensions have helped to slow down Chinese consumption.

## HELPING BRITAIN



In 2018, Lloyds Banking Group is committed to Helping Britain Prosper by:

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- > Increasing net lending to SMEs and Mid-Market businesses by up to £2bn
- > Creating up to 1,000 apprenticeships that result in permanent employment with the Group

HELPING  
BRITAIN  
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# Wind in its sails: Orsted splashes on bid to become 'renewables major'

AUGUST GRAHAM

@AugustGraham

WIND farm developer Orsted will invest 200bn Danish krone (£23.7bn) in renewable energy over the next seven years as it looks to almost triple production capacity by 2030.

The company said it will increase output from its wind farms and power plants to 15 gigawatts by 2025, up from 11.9GW today.

Production will grow to around 30GW by 2030, the company said yesterday.

The Fredericia-headquartered company, which plans to become a "renewables major", said it will invest between 150bn and 170bn krone in offshore wind farms, and a further 30bn-40bn krone onshore.

It aims to grow operating profit from wind farms by 20 per cent a year, to 25bn-26bn krone by 2023.

Chief executive Henrik Poulsen said: "We have a strong growth platform to support our strategic ambition. We want to maintain our position as global market leader in offshore wind and continue our build-out in Europe, North America and Asia."

US chief Thomas Brostrom told Reuters that Orsted has not felt any consequences from President Donald Trump's aversion to renewables.



The Danish renewable energy firm Orsted is on an expansion drive

# Profit down at RPC ahead of crunch deadline

JAMES BOOTH

@Jamesdbooth1

PLASTICS maker RPC yesterday announced a slight dip in profit ahead of a deadline for its US private equity suitors to make firm bids for the business.

RPC said its adjusted profit before tax fell two per cent to £188.9m in the six months to 30 September.

Revenue for the six months was £1.89bn, a seven per cent increase on the same period last year.

Free cash flow fell 14 per cent to £142.9m, from £166.8m last year.

RPC said foreign exchange translation losses, higher raw plastic prices as well as increased finance costs because of higher debt had hit its profitability.

Apollo Global Management and Bain Capital are each looking at a takeover of RPC, which this month said the two US firms should make

firm buyout bids by 3 December or walk away from the deal.

Hargreaves Lansdown equity analyst Nicholas Hyett said: "RPC's in talks with two US private equity giants about a potential takeover, and progress there is far more important for the share price than these numbers. The current deadline for an offer is next Monday, and if both parties walk away that'll be very painful."



## WORK IN FLOW

Today in the Forum

City A.M. is partnering with Dropbox to collaborate on an editorial series which explores better ways of working.

This week in the Forum, UK business leaders and industry experts will provide insight into the transformations that will revolutionise everything in the world of work: from brand new careers and automated recruitment to four-day weeks and altered working patterns.

The "Work in Flow" series will culminate with a cover wrap feature that takes an introspective look at how and why the UK office is changing and progressing. With more employees working from home more than ever before, how can companies and employees stay connected seamlessly, ensuring they're collaborating in the most effective way possible?

Our partner, Dropbox, showcases how a centralised collaborative platform can keep teams in flow with tools such as Dropbox Paper and Team Spaces, providing users with the ability to bolster teamwork and experience a more enlightened way of working.

See the Forum on pages 22-23 and visit [cityam.com/workinflow](http://cityam.com/workinflow) for extended content.



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# Vita Mojo shakes things up with a £10m fundraising round by Investec

EMILY NICOLLE

@emilynicolle

HEALTHY-food-focused restaurant chain Vita Mojo said it had raised £10m in a series A fundraising round from Investec Bank yesterday, as it aims for global expansion.

The firm said it is now “coming out of stealth mode” to help other businesses with its technology, having already signed up a few major customers such as Virgin Active, Chilango and Wokit.

Vita Mojo uses digital ordering tech to the fullest, enabling City dwellers to use iPads in its restaurants or order through Deliveroo or its website, to design meals to suit their ideal health and fitness needs.

“The restaurant sector has for too long been plagued by legacy software,” said Nick Popovici, Vita Mojo’s chief executive.

He hopes the firm’s tech can help other restaurants plagued by the UK’s difficult retail environment,

which face issues such as rising food and wage costs and increasing business rates.

A high-net-worth family office is also understood to have participated in the round.

The company raised more than £3.2m in a crowdfunding round last year, which then valued the business at almost £20m.

Vita Mojo’s operations chief Stefan Catoiu said the funds will be used to further develop its product and hire top artificial intelligence talent.



Vita Mojo co-founders Nick Popovici and Stefan Catoiu want to take the brand global

# Bounce back: Bitcoin regains \$4,000 value

ALEX DANIEL

@alexmdaniel

BITCOIN rebounded above \$4,000 (£3,128) yesterday after plunging in value earlier this week.

The cryptocurrency hit \$4,237 during yesterday’s trading, recovering from a 14-month low of \$3,474 on Monday, according to data from Luxembourg-based Bitcoin exchange Bitstamp.

Wednesday’s rally saw a rise of more than 12 per cent and gave the world’s largest cryptocurrency its biggest daily rise since mid-April, when its price was more than \$7,500.

But its value remained 78.5 per cent lower than an all-time high of \$19,666, which it hit in December last year.

Other cryptocurrencies such as ethereum also made up ground on recent drops.

Bitcoin has suffered a series of blows recently, with heavy selling pressure depleting its value by a third over the last two weeks.

It is known as a highly volatile currency, and the recent drop followed a

stable period in October.

Earlier this month, settlements were reached between the US Securities and Exchange Commission (SEC) and two cryptocurrency companies, as the authority tried to crack down on suspected fraud among digital currency providers.

Bitcoin also faces an investigation by regulators, which are looking into whether market manipulation was behind its huge rise in value last year. Questions around Bitcoin’s vulnerability have arisen following increased global pressures to regulate the cryptocurrency.

Earlier this month, Financial Conduct Authority (FCA) executive director Christopher Woolard said the Treasury would “undertake one of the most comprehensive responses globally to the use of cryptoassets for illicit activities”.

The hacking of a South Korea-based crypto exchange called Bithumb, which lost 35bn won (£24.25m) earlier this year, spooked the country’s authorities, and central banks and governments across the world have started increasing scrutiny.



Narcos maker Netflix can often outbid UK broadcasters for new shows

## Ofcom boss urges broadcasters to create British rival to Netflix

JAMES WARRINGTON

@j\_a\_warrington

PUBLIC service broadcasters should work together to create a ‘Brit Player’ to rival Netflix, the head of Ofcom said yesterday.

Sharon White told a conference in London that broadcasters should pull together their on-demand services to create a platform offering popular British shows such as Broadchurch, Blue Planet and Bake Off in one place.

The head of the TV regulator said

a combined platform would bring in more international funding and boost the UK’s global reputation.

“I remain convinced that collaboration is vital to the success of our industry,” she said.

The sector is grappling with disruption from tech companies investing large sums of money to produce original TV shows.

“If the growth of Netflix and Amazon tells us one thing, it is that viewers will flock to single destinations that offer a wide variety of quality content,” White added.

## Creative sector brings £100bn to UK economy

JAMES WARRINGTON

@j\_a\_warrington

BRITAIN’S creative industries contributed a record-breaking £101.5bn to the UK economy last year, new figures have revealed.

Figures published by the Department at Digital, Culture, Media and Sport (DCMS) show Britain’s film, music and advertising industries grew almost twice as quickly as the UK economy in 2017.

Since 2010 gross value added (GVA) from the creative industries has soared by over 53 per cent and now accounts for 5.5 per cent of the country’s total GVA.

Jeremy Wright, secretary of state for DCMS, said: “Our creative industries not only fly the flag for the best of British creativity at home and abroad, but they are also at the heart of our economy.”

The DCMS pointed to the UK’s thriving video game industry as a driving force behind the growth.

London-based Rocksteady Studios and Edinburgh firm Rockstar Games are two of the leading UK companies in the sector, which is worth over £5bn.

Alan Bishop, chief executive of the Creative Industries Federation, said: “Today’s statistics only emphasise what we already know - that the creative industries are absolutely central to the health of the UK’s economy.”



Investors in the company include Singapore’s state investment body

## EV giant Chargepoint secures \$240m in latest funding round

ALEXANDRA ROGERS

@city\_amrogers

CALIFORNIA-based electric vehicle charging network Chargepoint has secured \$240m (£188m) in its largest-ever Series H funding round, bringing on new investors such as Quantum Energy Partners, which led the round, and Daimler.

Other investors in the round include American Electric Power,

Canada Pension Plan Investment Board, Chevron Technology Ventures, Clearvision and Government of Singapore Investment Corporation.

They add to the likes of BMW i Ventures, Braemar Energy Ventures, Linse Capital, and Siemens, which already count themselves as investors.

Chargepoint president and chief executive Pasquale Romano said:

“The broader energy and mobility ecosystem has recognised that we are at a tipping point in the generational shift to transportation electrification. Leading investors from automotive, utilities, oil and gas, and financial institutions are coming together to support ChargePoint’s vision of an all-electric future as the mass adoption of electric mobility and the transition to electric fleets accelerate.”

# TfL and Adidas team up for trainers

ALEXANDRA ROGERS

@city\_amrogers

LONDONERS may not be able to use the Elizabeth Line this year, but they can still travel in style elsewhere on the Underground, with the release of a new range of Tube-inspired trainers by Adidas.

Transport for London (TfL) has teamed up with the sports giant to launch a new range of trainers

inspired by the Elizabeth Line, which will open next year, as well as the rest of the network.

The first batch features four Adidas shoes to celebrate the launch of the Elizabeth Line, which will stretch from Heathrow in the west to Abbey Wood in the east, in 2019.

The designs come in the same eye-catching purple as the new line and have been inspired by four women who are helping to create the line

from behind the scenes.

Meanwhile, the rest of the Underground network is honoured by the six continental '80s styles that feature the iconic Tube logo on the back of the shoe.

The Elizabeth Line batch will be available from 8 December – the day before the line was due to open – for £75 to £85, while the other footwear will be available in stores on 10 December for £75.



The first batch features four shoes to celebrate the Elizabeth Line

# Telford's bet on London housing delivers profits

JAMES BOOTH

@Jamesbooth1

DEVELOPER Telford Homes announced a jump in profits yesterday for the first half of the year as its strategy of building homes in London paid off.

Total revenue for the six months to 30 September increased 31 per cent to £129.6m, while profit before tax rose 16.1 per cent to £10.1m.

The company increased its interim dividend 6.3 per cent to 8.5p.

It said it remains confident in its strategy of "delivering an increased number of much-needed homes in non-prime locations of the chronically undersupplied London market."

2.83%

The company has made a shift towards building homes intended for renting over the last three years, which it said had been a "well timed" move as this sector is expected to see significant growth. It said it had built over 1,750 homes in the sector.

Telford boss Jon Di-Stefano said the company had made good progress despite an "increasingly uncertain economic and political backdrop".

He added: "We are committed to our strategy which is built upon a fundamental undersupply of homes in non-prime locations in London, and our belief that short-term market sentiment does not alter the long-term structural imbalance between housing supply and housing need."



The mayor of London, Sadiq Khan, came under fire for the rate of housebuilding in the capital

## Khan 'falls short' on housing

ALEXANDRA ROGERS

@city\_amrogers

SADIQ Khan has been accused of "letting down" Londoners after new figures revealed that only 2,400 affordable homes were built in the first six months of this year, far below the mayor's 14,000 target.

For this financial year, the mayor succeeded in starting work on 12,555 affordable homes, towards

the bottom of his targeted range for the year.

City Hall claims this is the highest level of affordable starts since responsibility for affordable housing funding was devolved to the mayor.

Chair of the London Assembly housing committee Sian Berry said: "The mayor is letting down Londoners."

A spokesperson for Khan branded the report "nonsense".

## Revolut gains licence in Japan and Singapore

EMILY NICOLLE

@emilynicolle

FINTECH startup Revolut will today reveal it has received authorisation from regulators in Japan and Singapore, operating under a licence similar to its UK business through partnerships with local banks.

The banking app hopes to launch in the Asia Pacific region in the first quarter of next year, with over 50,000 users already on its waiting list.

A spokesperson for Revolut said its services would go live in Japan and Singapore ahead of a long-promised launch in the US, which was initially scheduled to happen earlier this year.

"We've been working closely with the Singapore regulator to shape the future regulatory environment of the country," said Revolut co-founder and chief executive Nikolay Storonsky.

## T-Mobile given green light for Dutch merger

JAMES WARRINGTON

@j\_a\_warrington

THE EUROPEAN Commission yesterday unconditionally approved a merger between T-Mobile Netherlands and Tele2 NL.

The new company will have annual revenues of more than €2bn (£1.8bn) and will serve roughly 4.3m mobile customers.

T-Mobile Netherlands, a subsidiary of Deutsche Telekom, will buy Tele2's Dutch operations, reducing the number of providers in the country from four to three.

But an in-depth investigation by the European Commission concluded the merger would raise no competition concern, and would not adversely affect Dutch customers.

Soren Abildgaard, chief executive of T-Mobile NL, said: "I am very pleased with the decision of the European Commission because it is the best outcome for Dutch consumers and businesses."

The deal is expected to complete early next year.

## End of the line for high-cost directory inquiries

JOE CURTIS

@joe\_r\_curtis

OFCOM revealed plans yesterday to cap the price of directory enquiry calls to protect consumers from high prices.

The regulator said some services charge almost £20 for a 90-second phone call, while the popular 118 118 service charges £11.23 for a call of that duration.

The telecoms watchdog will cap prices for 118 services at £3.65 every 90 seconds, which will prices back down to where they had stood six years ago when the cap starts on 1 April 2019 – closer to the prices that people expect, according to the regulator's own research.

Jane Rumble, Ofcom's director of consumer policy, said: "Directory enquiry prices have risen in recent years, and callers are paying much more than they expect. Our evidence shows this is hurting people, with some struggling to pay their bills."

"We're taking action to protect callers by capping 118 prices. This

will significantly cut the cost of many calls, and bring them back to 2012 levels."

While usage of 118 numbers is falling by around 40 per cent each year, more than 1m people still use them in the UK, many of them elderly.

Around 450,000 people collectively pay £2.4m more than they expect for these calls each year, with some of them struggling to pay their bills as a result, according to the market regulator's findings.

Those aged over 65 are four times more likely to call a directory enquiry service than those aged under 35, Ofcom found, and nearly two-thirds of callers don't know how much their calls cost.

In November, prices for a 60-second call ranged from 75p to £16, Ofcom said.

Of all those studied by Ofcom, in November the most expensive directory enquiry service was 118004, run by Telecom2, while the cheapest were run by the Post Office, O2 and Virgin.

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FORUM  
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MO LOVATT ON  
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PAGE 23

CITY A.M.

### ANNOUNCEMENTS

#### LEGAL AND PUBLIC NOTICES

##### CITY OF LONDON

Leadenhall Street, Lime Street and St. Mary Axe – Relocation of motor cycle parking, raising of the carriageway and extension of the pedestrian crossing

The City of London (Free Parking Places) (Motor Cycles) (Amendment No. \*) Order 201\*

1. NOTICE IS HEREBY GIVEN that the Common Council of the City of London propose to make the above Order under sections 6 and 124 of the Road Traffic Regulation Act 1984.

2. The effect of the Order would be to relocate the motor parking place on the west side of **St. Mary Axe** northward by 11.7 metres.

3. NOTICE IS HEREBY GIVEN that the Common Council of the City of London under section 23 of the Road Traffic Regulation Act 1984 proposes to extend the pelican pedestrian crossing in Leadenhall Street, located west of the junction with Lime Street. The crossing will be extended into Lime Street and St. Mary Axe, and extend east of the junction with St. Mary Axe.

4. NOTICE IS HEREBY GIVEN that the Common Council of the City of London under section 90C of the Highways Act 1980 proposes to introduce a raised table at the junction of Leadenhall Street, Lime Street and St. Mary Axe. The carriageway will be raised by 110mm and the ramp gradients in Leadenhall Street will be 1:26 and 1:30, in Lime Street 1:21 and in St. Mary Axe 1:35. In Leadenhall Street the overall length is 49.3 metres with a flat top length of 43.7 metres. The table extends 7.3 metres into Lime Street with a flat top length of 5.2 metres. The table extends a maximum of 12.6 metres into St. Mary Axe with a maximum flat top length of 10.3 metres.

5. Copies of the proposed Order, of the statement of reasons for proposing to make the Order and of a plan showing the proposals can be inspected during normal office hours on Monday to Fridays inclusive at the Planning Enquiry Desk, North Wing, Guildhall, London, EC2P 2EJ.

6. Further information may be obtained from City Transportation, City of London, PO Box 270, Guildhall, London EC2P 2EJ or by telephone 020 7332 1108.

7. Persons desiring to object to the proposed measures should send a statement of their objection and the grounds thereof in writing to the Traffic Orders Officer at the above address by **21 December 2018** quoting the reference TraffOrder/DBE/CT-GL.

Dated 29 November 2018

Zahur Khan  
Transportation and  
Public Realm Director



## FEATURE



Some of this year's exceptional work, by (clockwise, starting top left) Aaminah Kara, Jonathan Michie, Harry Booth, Clara Chu, Yaz Abdalla, and Ana Pichler Schmidt

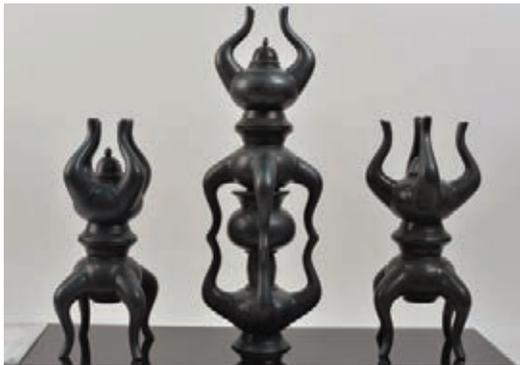
**T**HE NEXT generation of UK designers and artists is truly pushing the boundaries of creative thinking, while keeping a close eye on sustainability and social issues, according to entrepreneur, philanthropist and Russia's only female billionaire listed by Forbes, Elena Baturina and Vanessa Brady OBE, founder of the Society of British & International Design.

They are referring to the hundreds of entries in the £35,000-prize-pot competition Designed for Business, devised by the Society of British & International Design in collaboration with Baturina's charitable foundation, Be Open.

The competition was created to foster creativity and innovation, providing tools to bridge the gap between education and industry. Creative students in their final year of studies across UK universities were invited to enter one of five different categories – interior design, interior decoration, fashion, art & design and product design.

Entries closed in August and now finalists across each of the categories are under scrutiny from a panel of expert judges, including trustee of the Design Museum in London and member of the Conran design dynasty Sebastian Conran; Jane Hay, international managing director of Christie's Education; and Hywel Davies, programme director at Central St Martins, who have the unenviable task of selecting the winners.

One winner from each category will receive a prize of £1,000, while the overall stand-out student will be handed a life-changing cheque for £30,000 at a prestigious event at the House of Commons later today.



conceived and created by Catherine Sinclair of Glasgow School of Art; plans to transform a derelict Victorian Baronial building in Scotland into a drug and alcohol rehabilitation centre by Helen Mackenzie of Duncan of Jordanstone College of Art and Design; a fashion collection combining traditional style with new making technologies from Christopher Josef Ehrlich of Central St Martins; and a project from University of Plymouth art student Lee Pickering whose work explores the social expectations around male identity in modern society.

"We believe that the Designed for Business competition will provide a life-changing opportunity for the winning student," said Brady. "We hope that the competition inspires and encourages current students to develop a business mind throughout their creative education, in order to become the pioneers of the future."



BEOPEN  
CREATIVE THINK TANK

# DESIGN FOR LIFE

National student competition 'Designed for Business' prepares to hand out £35,000 prize pot

"I am thoroughly impressed by the calibre of entries and the thinking behind each of our finalists' work," said Baturina.

"The future looks bright through the lens of the next generation and we can see how well they have

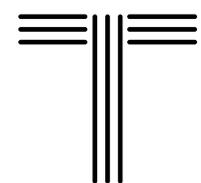
considered their brief to find solutions that are not only pleasing to the eye, but also take on board values such as sustainability and the environment. Be Open is delighted to be involved in celebrating the next generation of designers and support

them as they develop their careers".

Work that has made it through to the final for each competition category includes: a new kind of seating for school pupils from Kingston University student Masahiko Ito; a collection of sustainable, knitted textiles



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# CITY DASHBOARD

YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

## LONDON REPORT

# Markets falter after BoE issues Brexit warning

UK SHARES faltered yesterday as banks and house-builder stocks fell amid warnings about the impact of a no-deal Brexit on the struggling British economy.

The blue-chip FTSE 100 closed down 0.2 per cent after opening gains ran out of steam, with Brexit worries keeping a lid on investors' risk appetite. The midcap index fell 0.1 per cent.

The British government's assessment of different Brexit options, reinforced by Bank of England governor Mark Carney's warning of a heavy hit to the British economy in the event of a disorderly exit from the EU, were enough to keep investors cautious.

Acknowledging that any Brexit option would be worse for the economy than staying in the European Union, the government said leaving the bloc without any agreement with Brussels would weigh heavily on growth at least into the 2030s.

Britain risks a bigger hit to its economy than during the global financial crisis a decade ago if it leaves the European Union in a "disorderly" man-

ner in March next year, the Bank of England warned in stress test reports after the close.

The BoE report pushed sterling down to end the day flat.

Housebuilders and bank stocks were the biggest drags on the FTSE 100 as investors shed stocks seen as most vulnerable to an economic downturn.

Housebuilders **Persimmon**, **Taylor Wimpey**, **Berkeley Group**, and **Barrett Development** all fell between 2.8 and 4.7 per cent.

Banks **HSBC**, **Barclays**, and **RBS** fell between 0.5

**Easyjet** shares saw the biggest drop after analysts cut its rating

and 0.9 per cent.

Mining shares rose 0.8 per cent as metal prices bounced back from their recent slide.

Outside of politics, M&A and results drove the biggest moves. **Easyjet** shares fell 4.9 per cent after Kepler Cheuvreux cut the stock to "hold" from "buy". British Airways owner **International Airlines Group** also fell 3.7 per cent. Credit checker **Experian** eked out gains even after the European Commission raised concerns about its takeover of rival **ClearScore**.



## BEST OF THE BROKERS

To appear in Best of the Brokers, email your research to [notes@cityam.com](mailto:notes@cityam.com)

### JUST EAT



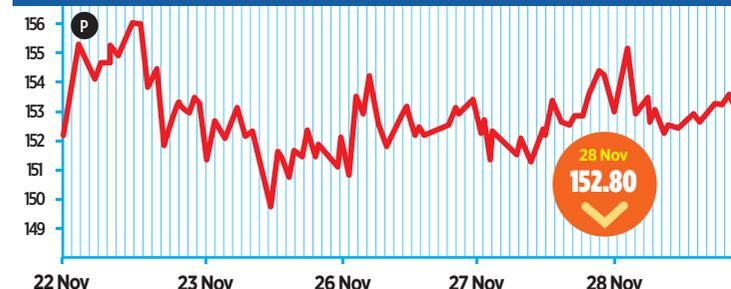
Shareholders have been struggling to stomach the news that food delivery firm Just Eat is stuffing some extra investment into building a network of delivery drivers, which the firm said might affect its profits. However analysts at City broker Liberum have nothing but hungry eyes for the tech firm, and said to them, "the company's strategy is exactly the right one". Having done their homework, Liberum reckons now is time for Just Eat to be focusing on raking in some more market share. The broker upgraded its target price from 850p to 1250p, and maintained a "buy" rating.

### LONDONMETRIC PROPERTY



Warehouse owner LondonMetric is banking on Brits getting nervous ahead of the UK's exit from the European Union, as it said yesterday that more companies have been seeking additional storage to avoid supply chain disruptions. In its interim results, the firm delivered some strong returns, leading analysts at Peel Hunt to earmark LondonMetric's income stream as "the most secure in the sector". With further growth spied ahead if it plays its cards right, the broker maintained its "add" rating on the property builder, with a target price of 187p.

### MITIE GROUP



Oh how the Mitie have fallen, as profits at the outsourcing firm dropped over the last six months in the wake of sector bedfellow Carillion's collapse. Despite having sold off several of its divisions and reporting a rise in revenue, Mitie reduced its estimates for the full financial year last week. But all is not lost, as broker Liberum noted that the firm's pipeline of future work is strong, and its win rate is "impressive". As the benefits of restructuring could outweigh the costs, Liberum is looking ahead. The broker maintained its "buy" rating on the stock, with a target price of 210p.

## NEW YORK REPORT

# Wall Street lifted by Fed signalling

FEDERAL Reserve chair Jerome Powell boosted US stock markets yesterday when he said the policy rate is now "just below" estimates of a level that neither brakes nor boosts a healthy economy, comments that many took as signaling the Fed's three-year tightening cycle is drawing to a close. The S&P 500 and Dow posted their biggest percentage gains in eight months, while the Nasdaq saw its largest advance in just over a month following Powell's speech to the Economic Club of New York.

Powell said that while "there was a great deal to like" about US prospects, "our gradual pace of raising interest rates has been an exercise in balancing risks."

Earlier in the day, in its first-ever financial stability report, the Fed cautioned that trade tensions, Brexit, and troubled emerging markets could rock a US financial system where asset prices are "elevated."

The US Commerce Department affirmed that US GDP grew in the third quarter at a 3.5 per cent annual rate, but the goods trade deficit widened, consumer spending was revised lower and sales of new homes tumbled, suggesting clouds are gathering over what is now the second-longest economic expansion on record.

The Dow Jones Industrial Average rose 617.7 points, or 2.5 per cent, to 25,366.43, the S&P 500 gained 61.61 points, or 2.30 per cent, to 2,743.78 and the Nasdaq Composite added 208.89 points, or 2.95 per cent, to 7,291.59. Of the 11 major sectors in the S&P 500, all but utilities were positive. Tech and consumer discretionary were the biggest gainers, each up more than three per cent.

The S&P 500 Automobile & Components index was up 1.4 per cent after President Donald Trump said he was studying new auto tariffs in the wake of **General Motors'** announcement that it would close plants and cut its workforce.

Health insurer **Humana** cut its forecast for drug plan enrollment, but upped its estimated enrollment in the company's Medicare Advantage plan. Its stock ended up 6.2 per cent.

### TOP RISERS

1. **Antofagasta** Up 3.57 per cent
2. **Ocado** Up 2.13 per cent
3. **Just Eat** Up 1.90 per cent

### TOP FALLERS

1. **Easyjet** Down 4.88 per cent
2. **Persimmon** Down 4.69 per cent
3. **Taylor Wimpey** Down 4.20 per cent

## CITY MOVES WHO'S SWITCHING JOBS

### CBRE

Global real estate advisor, CBRE, has appointed Colin Elliot to lead its corporate capital markets business, part of CBRE Capital Advisors. The appointment is a key strategic hire for the Capital Advisors team as it looks to optimise the potential for growth of this important business sector, providing strategic financial advice to corporate clients in the UK and EMEA. Colin brings over 30 years of experience to the role; until recently he was the chief financial officer at House of



Fraser, re-financing and restructuring the group prior to its recent acquisition by Sports Direct. Prior to that he held a variety of C-suite roles with the De-Vere Group, Malmaison, Whitbread and Ridgmont, bringing with him a wealth of professional corporate experience as well as a valued insight from having worked within major, listed occupiers. In his new role, Colin will be responsible for leading and developing the corporate capital markets strategy within CBRE.

### CO-OPERATIVE BANK

The Co-operative Bank today announces the appointment of Donald Kerr to the new role of managing director, SME Banking, as part of its bid to significantly grow its presence in the business banking

market. The appointment is subject to regulatory approval. Kerr joins from CYBG, where, as head of SME banking since August 2016, he has led on growing the group's SME capability, delivering key digital improvements and he was responsible for developing CYBG's business case for the forthcoming capability and innovation fund initiative. Previously he spearheaded a phase of growth at Lloyds Banking Group, where he held managing director roles in commercial finance and SME banking. Kerr will join in early 2019 and report to Chief Executive Andrew Bester.

### GENESIS

Genesis, the international capital markets software

firm, has made two senior hires following a sustained period of growth and investment. Simon McDowell has been appointed chief commercial officer and Darren Newby joins as solutions director. Genesis works with a wide range of financial institutions including buy-side, sell-side, execution venues and clearing houses, providing a microservices technology framework. McDowell joins from Fixnetix, a DXC company, where he was regional head of sales and account management. Darren Newby brings 30 years of client-facing experience in financial services and technology, including senior tenures at leading global vendors Thomson Reuters (now Refinitiv) and Fidessa. Newby's most recent role was Director of Connectivity Solutions at Ullink, where he worked with McDowell.

Market summary table with columns for FTSE 100, FTSE 250, FTSE ALL SHARE, DOW JONES, NASDAQ, S&P 500, and currency exchange rates for GBP, USD, and EUR.

Main market data table with columns for Price, Chg, High, Low. Includes sections for GILTS, ELECTRICITY, ELECTRONIC & ELECTRICAL EQ, EQUITY INVESTMENT INSTRUM, AEROSPACE & DEFENCE, BANKS, BEVERAGES, CHEMICALS, CONSTRUCTION & MATERIALS, FINANCIAL SERVICES, GENERAL INDUSTRIALS, INDUSTRIAL ENGINEERING, INDUSTRIAL METALS & MINING, INDUSTRIAL TRANSPORTATION, LIFE INSURANCE, MEDIA, MOBILE TELECOMS, OIL & GAS PRODUCERS, OIL EQUIPMENT & SERVICES, PERSONAL GOODS, PHARMACEUTICALS & BIOTECH, REAL ESTATE INVEST. & SERV., TRAVEL & LEISURE, and TOBACCO.

Main Changes UK 345 table with columns for Price, Chg, High, Low. Includes sections for Risers, Fallers, and a detailed list of stock price changes.

EU SHARES table with columns for Price, Chg, High, Low. Lists various European stocks and their performance.

King & Shaxson Ethical Investing advertisement. Features the company logo, a quote: 'We've been managing sustainable and regulated investments since 2002. Let us reward your values.', contact information '@ethical@kasf.co.uk', and a list of commodities and world indices.

US SHARES table with columns for Price, Chg, High, Low. Lists various US stocks and their performance.

## FORUM

EDITED BY RACHEL CUNLIFFE



# The first step to prosperity is making the world more secure

HERE'S some very good news: global prosperity is at its highest level ever. The Legatum Prosperity Index tracks 149 countries, and the 2018 results out this week see prosperity continuing to rise across the world, both over the last year and over the last 11 years.

More countries are becoming prosperous and more people are living more prosperous lives – this is to be celebrated.

Prosperity entails much more than wealth. It reaches beyond the financial into the institutional, the judicial, and the wellbeing of the people of a nation – it is about creating an environment where a person can reach their full potential.

A nation is prosperous when it has an open economy, inclusive society, strong institutions, and empowered people who are healthy, educated and safe. This leads to higher levels of wellbeing.

The news is not all good, however. The gap between the highest and lowest prosperity scores is the widest since we began measuring it in 2007, having grown apart since 2013, when the highest and lowest scores were the closest together.

Also concerning is the news that safety and security, one of the nine pillars we use to measure prosperity, has continued to deteriorate across the globe.

Our analysis shows that this is the foundation of any successful nation-building and enables the other pillars of prosperity to follow, from personal freedom, health, and education, through to a thriving business environment and sound

governance. Without safety and security, it is challenging to build anything, and the pathway to prosperity is obscured.

This pillar measures the safety of individuals, rather than states, and more people today are experiencing greater insecurity caused by very real problems: a rise in wars, conflicts, hunger, and lack of shelter.

War, terrorism and oppression are driving insecurity around the world: deaths from conflict increased 58 per cent over 10 years, and deaths from terrorism quadrupled.

Despite the welcome fall in malnutrition and absolute poverty globally, more people report that they lack the basic requirements of food and shelter.

The number of people reporting their struggle to buy food at some point over the last year has risen from a quarter of the global population in 2008 to a third this year.

On the flipside, countries that have achieved long-term gains in prosperity show that, where leaders create a safe and secure environment, they provide a basis for a sustained improvement in prosperity.

Take Sri Lanka, a country that has risen up from years of civil war with an economy and society relatively intact, and as a result has shown a remarkable increase in prosperity.

Or Georgia, freed from the control of the Soviet Union, which has emerged steadily as the second largest riser in prosperity over the last 10 years.

The West African states of Cote d'Ivoire and Togo have also moved up as a result of improved personal freedom and governance.

Philippa Stroud



## Migration cannot be solved by simply tightening the border controls of the richest countries

“

Strong safety and security improves a country's resilience to withstand external threats and recover quickly. Yet many countries in the Middle East and North Africa lack the institutional resilience to deal with deteriorating safety and security.

Of the 20 nations whose prosperity has fallen the most in the last decade, 12 are in Africa and the Middle East, forming an arc that stretches from Afghanistan in the north to Malawi in the south, bounded west to east by Algeria and Yemen.

This arc tells a consistent story of war-torn countries that are highly insecure places to live.

Unsurprisingly, they are also the source of a significant proportion of the world's migration.

In today's interconnected world, insecurity in one country has a wider impact beyond its borders. Global migration, when driven by such insecurity, is the biggest single humanitarian crisis of our time.

When there is a breakdown in safety and security, people move. Neighbouring countries feel the immediate effects through migration and displacement – the desperate plight of Syrian refugees quickly becomes Lebanon and Jordan's problem.

Although most migration is regional, rich countries further afield also become destinations for economic migrants, asylum seekers, and so-called illegal migrants who undertake long and sometimes dangerous journeys to escape insecurity at home, in search of a better life.

If we are to fix the global migration crisis, we must first address insecurity and help those countries where prosperity is falling.

Migration cannot be solved by simply tightening the border controls of the world's richest countries – that ignores the root causes of migration and offers no alleviation of the human cost and suffering.

The solution is to find pathways from poverty to prosperity in every country, and the first step is improving safety and security. This year's Prosperity Index proves it. We can only hope that governments and leaders around the world take note.

Baroness Stroud is chief executive of the Legatum Institute.

## Beware, scammers have found Instagram

TODAY, like every day, £87,000 will be lost to online scams, with social media platforms used as a key access point.

Fraudulent activity is particularly prolific on Instagram, where scammers use the unregulated landscape and image-oriented design to pose as traders and con people out of thousands of pounds.

Instagram's success has been built around users posting captivating visuals to illustrate their lives, which has resulted in a culture of lifestyle marketing.

Against this backdrop, lavish posts which indicate a user has a "superior" lifestyle have become a currency for popularity. Each new post of a luxury car or perfect holiday gains them more followers who aspire to emulate their lifestyle.

However, anyone can create an Instagram account and post photos that either don't belong to them or are misleading – leaning against someone else's sports car in Kensington Palace Gardens to imply ownership, or downloading and posting a pool-side photo of an

expensive overseas resort.

It is extremely difficult for users to differentiate between legitimate and fake profiles. There have always been people who lie on the internet, but when fake images are used as "proof" of wealth obtained through trading, they become a powerful trap for those prepared to follow the advice of these profiles to achieve the lifestyle in the pictures.

The problem worsens when fraudsters set up clone accounts for legitimate forex traders, and engage users who are following official banks, financial institutions, and trading firms.

Claiming to want to help other people improve their finances, scammers often advise on the use of binary options (now banned in the EU due to their volatility) as well as signal providers.

Once the victim has made an initial investment, they are told that their trade was a success and are advised to reinvest their returns and additional funds into further trades. Then, once more money has been transferred to the "trader", all contact ceases and the vic-

Samuel Leach



tims find themselves unable to reclaim their money.

With over one billion users, the majority of whom are teenagers or young adults, Instagram provides scammers with a deep pool of potential victims.

This demographic is more vulnerable, with less life experience and potentially student loan struggles. Users are more eager to believe scammers' promises that they can improve their financial situation quickly and easily through "trading".

As Instagram isn't under the Financial Conduct Authority's jurisdiction, the regulator is powerless to eliminate scams carried out there. It is therefore vital that the platform itself becomes more diligent in identifying and shutting down fake pro-

files, as well as holding those who created them to account.

Instagram must also take steps to educate its users about the trading scams which they may encounter, even if it's just by throwing its weight behind existing campaigns to drive awareness.

For example, earlier this month it was International Fraud Awareness Week, but despite the swell in scams over the past 12 months, the event achieved little attention in the UK. If Instagram were to champion the week, including promoting it on the app, it would go a long way in increasing awareness of fraud and reducing the number of victims.

If Instagram doesn't admit accountability and embrace its responsibility to tackle criminal activity carried out on the platform, not only will scams thrive, but young people, put off by negative experiences, will miss out on the opportunity to learn how to make a living from trading for real.

Samuel Leach is director of Samuel & Co. Trading.

## LETTERS

TO THE EDITOR

### Not just cash dispensers

While banks have had to adapt to changing consumer habits, the pace of change has left some communities and businesses financially isolated. Unsurprisingly, this has gained the attention of politicians.

There are three bills before parliament, scheduled for readings in January, February and March. The Banking and Post Office Bill would require banks to provide certain services in small communities; the Banking (Cash Machine Charges and Financial Inclusion) Bill would prohibit cash machine charges and require banks to enable free cash withdrawals from current accounts; and the Access to Banking Services Bill is designed to make provisions about access, especially in rural areas, and for community banking hubs.

The industry needs to deliver choice to all customers regardless of how they want to access services, where they're based, or their net worth, whether through a bank branch or an alternative service in the community. And it now seems that banks may be forced to do this by legislation. Banks should focus on smarter not smaller branch networks. The right technology can make branches more efficient and be a revenue driver, not a cost. Where branches just aren't viable, free-to-use ATMs are the second part of the financial lifeline. Today's ATMs can function as mini-branches, providing key services like opening accounts, applying for loans and managing bills. They are not just cash dispensers.

Mark Aldred, banking specialist, Auriga



### BEST OF TWITTER

The chancellor tells us that our country will be poorer under any Brexit scenario. It's now come down to which deal will be the least economically damaging. Not sure that's what we were sold 2.5 years ago @GaryLineker

Let's get Hammond out there with an adapted rerun of the Treasury warnings from 2016. That'll work! Next up, the Bank of England. Why not complete the set and get Obama involved? @iainmartin1

Imagine if there's a Corbyn/May debate about Brexit, between a Brexiter pretending to be a Remainer and a Remainer pretending to be a Brexiter. It'll be like Face/Off only a thousand times less fun @TomChivers

Got hold of the ballot paper for referendum 2. By which of the following methods should the United Kingdom exit from the European Union? Theresa May's deal, Corbyn's "jobs first" deal, No deal, War with Spain @GeneralBoles

Can't believe the one thing that would make me consider getting British citizenship is the prospect of being able to fight Spain @youngvulgarian

In the innocent days before it all got serious and frankly potentially dangerous my favourite piece of #fakenews (which IS v fake) was: The Welsh for jelly fish is "Pescod Wibbly Wobbly"..... It isn't but I so wish it was @reporterboy

**WE WANT TO HEAR YOUR VIEWS** › E: [theforum@cityam.com](mailto:theforum@cityam.com) COMMENT AT: [cityam.com/forum](http://cityam.com/forum)

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# No snowflakes here – time to get ready for the New Working Order

IGNORANCE is not bliss when it comes to understanding the next generation that will shape our futures. United Nations data shows us that Generation Z – those born after 2000 – will account for 32 per cent of the global population in 2019, and when combined with millennials, over 50 per cent of the global workforce by 2020.

It is easy to dismiss the youth of today as entitled, self-centred, glued to their phones, and lacking depth and critical thinking. Easy, but also discriminatory, intolerant, antipathetic, and full of false biases.

There is a joke that regularly does the rounds on social media that Gen Z culture is “crying about your grades while you do your homework”. Like most good jokes, we laugh because it’s funny, but also because it hints at an underlying truth. What it describes is a combination of a sense of responsibility and emotional awareness with conscientiousness and drive.

Through our research at Goldsmiths at the University of London, in collaboration with Huawei, we investigated the life and work realities of Gen Z and what matters to them, as well as what we can do to support them as they advance their careers.

Interestingly, our research revealed the rise of a new tribe within Gen Z – a tribe of individuals who express themselves with confidence and style, collaborate with others, engage meaningfully with the world around them, and are motivated by purpose and passion in everything they do.

They are the New Working Order. The New Working Order make up around 40 per cent of Gen Z, using smartphones and technology to

**Chris Brauer**



enhance creativity and productivity. They value work-life integration, flexible working, and multi-experience lives, as well as continuous learning and moving freely between loyalties.

This group is workforce-ready, fiercely ambitious, and driven to make substantial changes to the world around them through not just ideas but execution.

This self-starter attitude contrasts dramatically with false narratives like “Generation Snowflake” which suggest that these young people are precious, pampered, and too easily take offence.

The reality from our research is that they just get on with it, and will work through any obstacles put in their way.

In fact, over half (52 per cent) of the New Working Order already pursue passion projects and side hustles, with 59 per cent of them hoping to turn that into their main income stream in the next year.

The New Working Order also set themselves apart through their rela-

**This tribe of Gen Z live, breathe, and learn through extended cognition**

“

tionship with technology. British adults check their mobile phones on average every 12 minutes in the day, or 10,000 times a year. The New Working Order go further, embracing the reality that these processes of tech-infused extended cognition impact our minds’ capacity to problem-solve, releasing dopamine and activating neural pathways associated with learning.

One of the most staggering findings from our study is that 66 per cent of the New Working Order are unable to create or innovate without their smartphone. They live, breathe, and learn through extended cognition as a means of understanding themselves and the world around them.

This generation also prefer to learn through a range of different mediums – from formal coursework to informal online learning. Having grown up as entrepreneurial freelancers, these individuals are more open to alternative forms of education as well as creative solutions for funding it.

For this reason, businesses seeking to attract these candidates should consider a corporate learning programme that includes aspects like self-directed learning, collaborative problem solving, and practical and real-world experience. Crucially, of course, they should also all leverage technology.

As a society, we have a responsibility to equip this generation not just with content but with resilience in our changing, technologically-infused world. Ignorance is not an option – and nor are jokes about snowflakes.

Dr Chris Brauer is director of innovation in the Institute of Management Studies at Goldsmiths, University of London. The full report is at [huaweinewworkingorder.co.uk](http://huaweinewworkingorder.co.uk)

## DEBATE

Is there any point in having a televised debate over Theresa May’s Brexit deal?

The message coming out of the Prime Minister’s office this week is that “people are bored with Brexit”, so it’s time to #BackTheBrexitDeal.

The strategy is a cynical attempt by Number 10 to reach over the heads of divided parliamentarians, in a direct appeal to the electorate, because people – it is calculated – are so fed-up that they’ll accept the deal.

But Theresa May has misjudged the public mood. If there is one thing that people are still passionate about, it’s Brexit. We’ve spent hours in pubs, lecture halls, on social media, arguing our case. We’ve fallen out with friends, colleagues, and family members. In my lifetime, nothing has impassioned the electorate more.

Think about it. The side debating against Theresa May’s deal (presumably headlined by Jeremy Corbyn) would be able to pepper their argument with criticism from each of the opposing perspectives: ranging from continuity reamoning to headbanging that this is not Brexit enough. Like primal screaming or public emesis, it might feel good to the person doing it, but it yields little by way of enlightenment.

Contrariwise, whoever takes the Prime Minister’s position (presumably Amber Rudd, if last time was anything to go by) will Geoffrey Boycott the whole thing out, making the arguments we have heard already.

A real debate would be between the sovereign perspective that sees Britain

**YES**

**MO LOVATT**



So, May must face the electorate in a televised debate. Putting her case to the people is absolutely the right decision. The question is, will she listen to their response? We could prove a more formidable opponent than this tin-eared Prime Minister bargained for.

Mo Lovatt is a lecturer in Cultural and Creative Industries, a regular guest on the Sky News paper review, and co-chair of The Great Debate.

**NO**

**ALEX DEANE**



leaving the bloc, and the increasingly integrationist EU views of Donald Tusk and co. That would provide some genuinely helpful insight into the nature of the club we are leaving. But we’re not going to get it. I was an enthusiastic student debater and enjoy public discourse, but I fail to see what we gain from a debate on the Brexit deal.

Alex Deane is a Conservative commentator.

WORK IN FLOW - IN PARTNERSHIP WITH DROPBOX

# WAKE UP TO AI CYBER DEFENCE

FROM self-adjusting thermostats and email spam filters, to Netflix’s recommendation algorithms and Alexa virtual assistants, artificial intelligence (AI) is fast emerging out of its infancy, and the only way is up.

Due to a recent wave of tech innovations, our day-to-day lives are now looking to be enhanced even further by AI. Even a typical automated day may start with a smart coffee machine making my morning latte just before I wake up.

AI can interact with other connected devices around the home, including my FitBit, which has been busy tracking my sleep patterns overnight.

Based on this and my calendar, my coffee might then be “snoozed” by half an hour after five hours’ patchy sleep, or have an extra espresso shot added, ahead of that unmissable morning meeting.

As the mornings become darker, I need to watch my step, but smart streetlighting can predict likely

**Andrew Tsonchev**



**By using social media, criminals are gaining enough information about us to infiltrate a computer**

“

walking paths at certain times in order to optimise energy spend.

Tomorrow, AI could help process data from people’s footsteps, and conduct the kinetic energy to power streetlights exactly where they are needed.

Arriving at the underground station, I am whisked to work on an AI-powered train. In fact, the UK government plans for fully driverless services to run on mainline routes in and out of London by as early as 2019, promising a more punctual, safer, and reliable commute.

Next, smart traffic lights analysing real-time patterns help me navigate the maze of traffic and people to reach the office, working with autonomous vehicles to ease traffic flow and reduce pollution.

It is this capacity to learn and make informed decisions that has driven innovators to pursue the seemingly boundless possibilities of AI.

While the power of AI is set to make our daily routines more

efficient, it is also a potential supertool in the toolkit of the modern cyber attacker.

For example, spear phishing, the practice of infecting systems with malware via email, is a technique that will likely become harder to combat.

By using social media, cyber criminals are already gaining enough information about us to successfully induce the click or double-click needed to infiltrate a computer.

But the cyber attacker of the future will be able to take this one step further, because a machine can do much more damage in a much more efficient way. It will not only learn your writing style, but how it differs depending on who you email or message.

With this knowledge, it will then mimic conversations and deceive others into believing that they are interacting with us. Using private nicknames and referencing niche jokes, future phishing emails will be

practically indistinguishable from genuine communication.

With AI now in the hacker’s arsenal, it might seem that there’s no way to get ahead of the modern cyber attacker.

However, there is a silver lining. As attacks have increased in sophistication, the standards of cyber defence have kept pace. Cyber AI gathers network data and harnesses it to detect and fight back against threats in real-time, before irreparable damage has been done.

This allows networks to stay protected in the wake of the most sophisticated attacks – even those that have already crossed the border.

Although we can theorise as much as we like, the future impact of AI on our lives is as of yet unknown.

That said, one thing is certain: when AI is a common tool used by hackers, AI-powered cyber defence will make us the stronger side.

Andrew Tsonchev is director of technology at Darktrace Industrial.

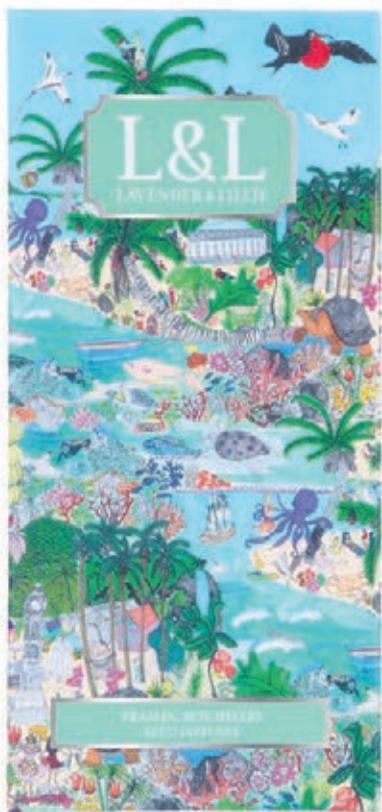
**MONT**   
**BLANC**  
LEGEND  
NIGHT



THE FRAGRANCE FOR MEN

# THE CITY A.M. LUXURY CHRISTMAS GIFT GUIDE

Let us fill your head with gift ideas for that extra-discerning man or lady in your life



## LAVENDER & LILLIE REED DIFFUSER £48, [lavenderandlillie.com](http://lavenderandlillie.com)

Forget these cold, dark winter nights and transport yourself to the Seychelles instead. These fragranced reed diffusers are part of the Praslin collection that evokes the sights and smells of the paradise islands. Bask in the humid warmth of the sultry Vallée de Mai, home to coco de mer, with notes of bougainvillea, frangipani, gardenia, passion fruit and red coconut. Each diffuser set comes in a generously portioned porcelain container with a handmade decorative lid.



## MONTBLANC, LEGEND NIGHT £67, [montblanc.com](http://montblanc.com)

It's not enough to go out at night, you have to make a legend of it, and what better way to start than by spritzing yourself with this eau de parfum for men? Notes of clary sage and peppermint mingle with cedar and cool lavender tones for a scent that's 'mysterious and reassuring'.



## HANRO MEN'S PYJAMAS £312, [hanro.co.uk](http://hanro.co.uk)

Everyone likes waking up on Christmas morning and unwrapping a fresh pair of pyjamas. This silky number is part of a set of 'select' cotton pyjamas with a super soft feel. White piping adds a touch of sophistication and the pockets mean you can carry around a rolled up copy of the morning paper without getting newsprint on your hands. These pyjamas are what Sundays are made for.

## CHARBONNEL ET WALKER DARK SEA SALT CARAMEL TRUFFLES £24, [johnlewis.com](http://johnlewis.com)

There's nothing more decadent and on trend in the confectionary world right now than salted caramel. It's everywhere, but don't settle for anything. Encased in their own paper casing, each truffle is enrobed in the finest dark chocolate with a sea salt caramel centre, then dusted off in cocoa powder.



## GEORG JENSEN GOLD PLATED DAISY RING £185, [georgjensen.com](http://georgjensen.com)

Did you know that the daisy is Denmark's national flower? When Queen Ingrid gave birth to Princess Margrethe in 1940, Georg Jensen presented her with a special version of this ring to commemorate the event. Now you can own a piece of Danish design history, with the perennial flower depicted using white enamel atop a gold-plated sterling silver ring.

# THE CITY A.M. LUXURY CHRISTMAS GIFT GUIDE

## TECHNOLOGY



### GOOGLE PIXEL SLATE

From £549, [store.google.com](http://store.google.com)

Google's iPad-rival is a slick tablet running the newest iteration of its web-browser orientated operating system, which is now compatible with full-fat Android apps. A pair of front-firing speakers produces sumptuous sound, while the crisp 12.3-inch touchscreen display makes the Slate ideal for entertainment as well as productivity.



### IPHONE XR

£749, [apple.com/uk](http://apple.com/uk)

When Apple challenged itself to cram as many high-end features of its flagship iPhone XS device into its cheaper mid-range handset, the result was the iPhone XR. As much a feat of clever engineering as its bigger brother, this 6.1-inch phone has an edge-to-edge LCD screen, FaceID unlocking and the latest A12 Bionic chipset. It's smaller than the iPhone 8 Plus, but manages to have a bigger screen at the same time. Magic.



### PLAYSTATION CLASSIC

£90, [playstation.com](http://playstation.com)

Avoid your family this Christmas and wrap yourself in the comforting embrace of childhood nostalgia instead. The PlayStation Classic is a miniaturised version of the 1994 games console that changed the world, and comes pre-loaded with 20 classic titles, including Grand Theft Auto, Metal Gear Solid, Ridge Racer Type 4 and Final Fantasy VII.



### LEICA D-LUX 7

£995, [leicastore-uk.co.uk](http://leicastore-uk.co.uk)

The latest compact from Leica takes the first-class optics of its top-end cameras and places them in an inconspicuous and stylish smaller body. It's the ideal camera for the everyday photographer about town, with new features like Bluetooth connectivity, improved touchscreen controls and an innovative four thirds sensor allowing for exceptional shots in every conceivable condition.

## BOOZE



### COINTREAU

£45, [harveynichols.com](http://harveynichols.com)

This stunning, limited edition bottle created in the prestigious Design Laboratory at Central St Martins College will make the classic orange liqueur inside taste extra special, and it's available exclusively at Harvey Nichols.



### TALISKER

£30, [masterofmalt.com](http://masterofmalt.com)

You don't get to be a giant in the Scotch world for nothing – this fine bottle of single malt whisky will be just what the doctor ordered for the distinguished man or lady in your life.



### JAISALMER INDIAN CRAFT GIN

£35.45, [thewhiskeyexchange.com](http://thewhiskeyexchange.com)

Named after a state in Rajasthan, this unusual bottle would make a great gift for a booze connoisseur who's tired of the usual craft gins that do the rounds at this time of year. It has hints of lemon, coriander and pine. Delicious.



### LANSON BLACK LABEL

£32 in store at M&S

This most eminently drinkable of champagnes is now available in store at Marks & Spencer for the first time. It has an unmistakable fresh, fruity and elegant style, making it the perfect aperitif. Whether you're buying as a gift, or to serve to your guests over a festive meal, this bottle will make you very popular this Christmas.



### MAESTRO DOBEL HUMITO TEQUILA

£45, [masterofmalt.com](http://masterofmalt.com)

Tequila is the drink of the moment, with drinks industry buffs tipping it as the next big thing. This excellent bottle is a great way to get in on the action, with a clean, creamy flavour that can be enjoyed alone or mixed into a killer margarita. Leave the salt and lemon at home.

## SUBSCRIPTION SERVICES



### INDOOR PLANT SUBSCRIPTION

From £17/delivery, [bloomboxclub.com](http://bloomboxclub.com)

Subscription services are the latest craze, with everything from beer to books being posted through your door. For house plant loving millennials, this regular plant delivery service from Bloombox Club would make a perfect gift.



### BOOKS + BEER

From £10/month + P&P, [booksplusbeer.com](http://booksplusbeer.com)

This subscription service sounds like it came about during a brain-storming session of "things people like". Books! Beer! A concept was born. With this you pick what type of books you like – from the two genres of book, "non fiction" and "crime" – and they will be posted to you, along with some craft beer. Perfect.



### LUNA MAE BESPOKE LINGERIE SUBSCRIPTION

£20,000, [lunamae.com](http://lunamae.com)

This subscription comes with a very fancy gift box, and entitles the recipient to a fitting with the expert lingerie makers at Luna Mae, and six pieces of bespoke lingerie, loungewear or swimwear delivered to them six times over the following 12 months. The perfect gift for the pampered lady in your life.

## WATCHES

### LONGINES RECORD COLLECTION

**£3,280, longines.com**  
Longines is one of the most popular luxury watch brands in the UK – nay, the world – with the brand releasing hit after hit in recent years to an increasingly large fanbase. This Record Collection piece is inlaid with diamonds – welcome at any time of the year – and comes with an ultra-chic black dial and matching alligator strap. Perfect for party season...



### BREITLING PREMIER B01 CHRONOGRAPH 42

**£6,900, breitling.com**  
This handsome devil from aviation and diving specialists Breitling would look incredible on the wrist of the handsome devil in your life. Its white dial is highlighted by contrasting black 30-minute and 12-hour chronograph counters, while the transparent caseback gives you a view into its beautiful guts.



### JAEGER-LECOULTRE REVERSO TRIBUTE DUOFACE LARGE

**£19,700, jaeger-lecoultre.com**  
It's no exaggeration to call the Reverso one of the most iconic watches ever designed. Made to protect the precious faces of the watches of polo players, the entire thing flips in its case. This rose gold edition is available in a limited series of 100 editions and is exclusively available in Jaeger-LeCoultre Boutiques.



### RAYMOND WEIL PARSIFAL

**From £1,195, raymond-weil.com**  
These watches were inspired by Richard Wagner's last opera, with the latest iteration a lesson in pared-back luxury. It comes in a fetching two-tone of steel and gold, with the recognisable crenellated bezel. Even better, it comes in his 'n' hers versions, so you and your one true love will be able to reciprocate on this most extravagant of gifts.



### NOSY WINE CLUB

**£55/delivery, nosywineclub.com**  
Wine delivery clubs aren't a new thing, but Nosy Wine Club is a fun, super high-quality spin on the format. The box includes three bottles – often a white, a red and something a bit special – and you also get the Nosy Journal.

Telefonica

O<sub>2</sub>

Save £70 on the Huawei P smart

Now £129

Perfect with one of our 20GB for £22 sims  
Search O<sub>2</sub>

P smart  
HUAWEI

HUAWEI

Was £199 now £129. Offer ends 9 January 2019. Pay As You Go Only. Your Big Bundle tariff value, is the minimum monthly credit balance / top up required to activate and renew a bundled allowance of European Zone data allowance and allowance of minutes and texts in the UK which you can also use whilst roaming in our Europe Zone. Bundles expire after one calendar month and cannot be rolled over unless your tariff explicitly includes it. Handset subject to availability. Fair usage and terms apply, see o2.co.uk/terms

# OFFICE POLITICS

## What to do when the crew are jumping ship

As Theresa May has shown, it's crucial to keep a cool head when staff start dropping like flies



**Resignations are common in business, but for the Prime Minister, 15 November proved to be particularly testing**



**James Reed**

Esther McVey handed her notice in too. Clearly, with Brexit looming, these are exceptional political times. But even so, unless you're sat in Lord Sugar's boardroom on *The Apprentice*, it's rare to see more than one employee walk out the door on the same day.

A business can feel most vulnerable after a resignation. Other workers may ask "if they're leaving, maybe I should too?" or "if they got that offer, what could I get?"

Whether an employer can stop the snowball in its tracks, depends on how staff departures and replacements are handled.

When faced with staff resignations, there is a temptation to panic, when in fact the opposite is necessary. As May has shown, a cool head is needed in this critical time.

Assess the employee's role and the impact that their departure could have on the team. Aim to share the news with staff at the same time, and keep the message consistent to avoid unwanted office gossip.

Next, ensure that you have a robust recruitment plan to reassure staff and minimise collateral damage to team performance and morale. Prepare recruitment solutions in anticipation of a resignation and set up a handover

LOVE or loathe her, it's fair to say that Theresa May has had a tough time recently. As if being tasked with successfully navigating Britain's exit from the EU isn't enough, members of her cabinet have been dropping like flies.

Regardless of whether we're looking at the world of business or politics, every leader knows that a good captain needs a strong crew to weather stormy seas. But what happens when your crew decide to jump ship?

Resignations are common in business, but for the Prime Minister, 15 November proved to be particularly testing. The morning after she unveiled her draft Brexit agreement, Brexit secretary Dominic Raab resigned. A snowball effect began, leaving us questioning not if, but when the next resignation would be. And sure enough, work and pensions secretary



**NEW BLOOD**

**Shapr Free**

"It's my way or the highway" – that's what you said yesterday after laying down the law about that new deal for your company. But alas, your staff are fuming – in fact, they're saying the deal is the "worst of all worlds", and four of them have now handed in their notice. Guess it's time to get hiring... why not download the recruitment app Shapr?

rival, compare their business model to yours. It's not about emulating their culture, but about using competitors as a benchmark for what you could be offering employees.

It's also important to maintain respect for the departing employee, and ensure that their contributions are recognised by thanking them for their service. This will show staff that you value their hard work, while also ensuring a smooth transition to a new team setup without any bad blood.

That said, it's important to focus your energy on the future, namely finding good or preferably superior replacements for the person who's leaving.

Finding a strong candidate to match or exceed the work output and personality of the departing employee can be tricky. It's important not to rush into a decision and instead consider carefully whether a recruit is the right mix of technical ability and characteristics. Showing thought and care in any new appointment will demonstrate to your staff that their concerns are front of mind.

As Britain moves towards a new arrangement with the EU, May will know more than most that there's no such thing as a completely smooth transition. But the steps you take to steady the ship will ultimately prove to be the most important.

James Reed is chairman of recruitment company Reed.

### COFFEE BREAK

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#### SUDOKU

Place the numbers from 1 to 9 in each empty cell so that each row, each column and each 3x3 block contains all the numbers from 1 to 9 to solve this tricky Sudoku puzzle.

8	3		9	2				
	4				5			
			3	5	4			
						5	4	
		3		1				7
				2	3			
1	5			9	7			
4			2					
	9			1			8	

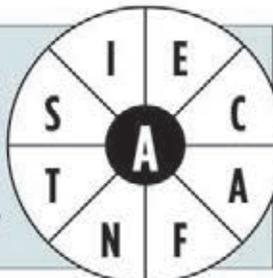
#### KAKURO

Fill the grid so that each block adds up to the total in the box above or to the left of it. You can only use the digits 1-9 and you must not use the same digit twice in a block. The same digit may occur more than once in a row or column, but it must be in a separate block.

12	23		16	6	9		39	9
12			20				15	
45								
23			34		7			
10				22				6
	4	38	17		19			
45								
37						7	22	16
	10				11			
18								
24					20			
45			12	14	5			
6			21				3	

#### WORDWHEEL

Using only the letters in the Wordwheel, you have ten minutes to find as many words as possible, none of which may be plurals, foreign words or proper nouns. Each word must be of three letters or more, all must contain the central letter and letters can only be used once in every word. There is at least one nine-letter word in the wheel.



#### WORDWHEEL

The nine-letter word was **SYNTHETIC**

#### SUDOKU

2	5	3	8	6	7	9	1	4
6	9	1	2	4	5	8	7	3
4	8	7	1	9	3	6	5	2
5	7	6	3	1	8	4	2	9
9	2	8	4	7	6	1	3	5
1	3	4	9	5	2	7	8	6
7	1	9	5	3	4	2	6	8
8	6	5	7	2	9	3	4	1
3	4	2	6	8	1	5	9	7

#### QUICK CROSSWORD

1		2		3		4		5		6
				7						
8	9					10				
11				12						
				13		14			15	
				16						
17										
						18		19	20	
21		22							23	
				24						
25								26		

**ACROSS**

- 1 Pandemonium (5)
- 4 Drop in a heap or mass (4)
- 7 Earnings (5)
- 8 Painting, sculpture, etc (3)
- 10 Sleeping places (4)
- 11 Bunch of cords fastened at one end (6)
- 13 Strategy (7)
- 16 \_\_\_ Oberon, film actress (1911-79) (5)
- 17 Bring forward (7)
- 18 Anchoring rope (6)
- 21 Expel (4)
- 23 Garment worn by Arabs (3)
- 24 Elevations of the land (5)
- 25 Binds (4)
- 26 Conjure up in the memory (5)

**DOWN**

- 1 Informal talk (4)
- 2 Social insects (4)
- 3 Pacify (7)
- 4 Disputation (6)
- 5 Utilise (3)
- 6 Puts into a letterbox (5)
- 9 Hastened (5)
- 12 Coniferous tree (5)
- 14 Make free of impurities or dirt (7)
- 15 Famous person (abbr) (5)
- 16 Insect that rests with forelimbs raised as if in prayer (6)
- 17 Roughly (5)
- 19 Milk pudding ingredient (4)
- 20 Infrequent (4)
- 22 That girl (3)

#### LAST ISSUE'S SOLUTIONS

##### QUICK CROSSWORD

P	R	O	W	L	T	B	S	
O	I	O	A	R	L	O	C	K
P	I	L	A	U	O	I		
U			S	I	G	H	E	D
P	O	S	S	E	S	S	E	
G	C	R	E	C				
A	F	R	C	H	S	I	A	
B	A	R	R	I	E	R		
E	L	N	U	P	S	E	T	
A	V	E	R	A	G	E	A	
D	T	L	T	A	P	E	R	

##### KAKURO

1	5		3	9	7		1	2
2	6	8	1	7	5	3	4	9
5	8	9		6	1	2	3	
		2	1	3		1	2	4
7	1		5	8	7	4	6	9
8	6	3	2		9	6	7	8
5	4	1	3	6	2		5	7
9	8	7		8	1	9		
	3	2	1	4		2	6	1
9	5	4	3	7	1	6	8	2
7	2		8	9	4		9	8

# ALTERNATIVE FINANCE



**P**AYDAY loan companies get a bad rap. And it's easy to see why, considering the predatory business practices and extortionate interest rates charged by lenders like Wonga, which collapsed into administration this year.

High-interest, short-term loans were back in the news this week, with the announcement that the fintech startup Monzo is considering offering such products. Some decried the move as a "desperate attempt" to drive profits, and lamented that Monzo is meant to be "one of the good guys".

But these products aren't inherently bad. In fact, they serve a crucial purpose.

In certain situations, people need access to a quick injection of cash, such as to pay an unexpected bill.

That may not seem like a challenge to most consumers who have savings, a current account with an overdraft, or access to a credit card, but this is not universally the case.

Some people have little to no credit history, such as migrant workers, and there are an estimated 1.6m "unbanked" (meaning no access to a bank account) working adults in the UK alone.

Both groups would likely be seen as too risky by banks for standard credit products, meaning that millions of people struggle to access the short-term funding they need.

## MAKING CREDIT ACCESSIBLE

This is where companies like Oakam enter the frame. It's a short-term lender trying to help these groups gain access to credit. Unlike a payday lender such as Wonga, where someone might borrow a large amount ideally to be repaid in a few weeks' time, Oakam is a "microlender": it lends smaller amounts, which are repaid over several months.

"We're dealing with customers who have lump sum requirements, like a single mum with three kids needing to pay for Christmas or back-to-school equipment," explains Frederic Nze, chief executive and founder of Oakam, which he started in 2006 with the aim of making short-term loans more accessible and affordable.

"They have a regular income and can pay £20 a week, but couldn't pay £600 in a short time."

Oakam customers can borrow between £200 to £1,750 and pay it back over up to 12 months. The headline interest rate is an eye-watering 1,584.5

per cent, but that's calculated by compounding on an annual basis, whereas that rate only applies to loans over a three-month period.

If you borrow £200 and repay it in three months, the total interest to pay would be £89.71, or less than £30 a month. Compare that to the unarranged overdraft fee charged by Natwest Bank of £8 a day, which caps monthly at £80 – you would be saving £50 a month.

That's the sort of decision that people with limited access to credit face, so comparing Oakam's loans with mainstream financial products can be misleading. Plus, that interest rate declines the longer a customer borrows for, as Oakam builds up a credit history about their ability to repay, often from scratch.

## GAMIFYING FINANCE

Nze adds that while the interest rate appears high, that's really aimed at new customers, and borrowers have other ways to bring it down.

For instance, when people make payments on time, they accrue cashback that they can release at a later stage, which brings down the overall cost of

# PAYDAY LOAN PAINS

Luke Graham finds out how one alternative lender is helping the unbanked become bankable

record something, and the camera so you can send a picture of your documents," Nze adds.

"We were lucky, as there was no guarantee that smartphones would be so quickly adopted by these lower income and migrant customers in the UK."

This means that Oakam is building up a wealth of data about an underground class of consumer who the traditional banks currently have little to do with nor knowledge about.

The endgame of all this is to encourage these unbanked or low-credit-history customers towards mainstream banking.

"We try to get financial capabilities into the hands of customers, so they can be more autonomous, they have a cheaper loan, and they graduate to the mainstream."

Then there are the unusual or harder to categorise scenarios that arise from Oakam's services. Nze describes how a group of people in Leeds all borrowed money from the lender at roughly the same time, all from the same computer.

The company suspected that it might be fraud, but instead of defaulting, the loans were being paid back. Oakam's underwriters investigated and found out that the group had borrowed the cash in order to finance buying a second-hand car for someone newly arrived to the UK, who could then work as a cab driver and earn money.

"This is creative, but how do we deal with this? When you're doing business in a country with strict know-your-customer laws, regulation is tricky. We have to understand how the community operates."

## ENGINEERING DISRUPTION

Since the financial crash 10 years ago, there has been a huge gap for new companies and fresh business models to come and disrupt the traditional banks.

In some cases, that market gap was abused by cowboy payday lenders, while others simply tried to repeat old ideas with modern technology.

However, we're now starting to see new methods of lending, such as the one employed by alternative providers like Oakam, that reach out to underserved communities, and make productive use of the wealth of personal data that technology can capture.

It's just a shame that it has taken 10 years for these kinds of models to finally emerge.

borrowing. If they repay late, they simply don't get the cashback.

Nze claims that his customers prefer this sort of positive reinforcement for making payments on time, compared to the traditional loan model which might punish a late-paying customer with additional fees.

Oakam also uses other such gamification techniques, such as earning points and unlocking achievements, to encourage better budgeting behaviour.

"The biggest aggravation our customers have had with banks was if they were delayed making a payment by one day, they were always charged a significant amount," Nze says. "When you design the incentive the right way, you don't create aggravation."

## DATA DRIVEN

Oakam is the definition of a smartphone-led business. While it has eight stores across the UK, borrowers mostly manage their loans through an app, which helps the company learn more about them.

"The smartphone gives us a lot of tools, like biometrics so I know who you are, geolocation so I know where you live, video so I can ask you to



We try to get financial capabilities into the hands of customers, so they can be more autonomous

## SPORT

FROM OUTCAST  
TO LINCHPIN

Jos Buttler is redefining Test batting since his England recall earlier this year, writes **Felix Keith**

**W**HEN Jos Buttler arrived at the crease with England wobbling and in danger of succumbing meekly in the second innings of the third Test against Sri Lanka last week he had one thing on his mind. His side may have been 39-4, just 135 runs ahead, on day three in Colombo and the hosts' spinners may have had their tails up on a turning wicket, but Buttler wasn't fazed.

"Trying to wrestle back momentum," he answered when asked later what he was thinking about. "The new ball seems to be a tricky place to bat against spin with some skidding on and some spinning. We've talked about playing in a brave way, looking to score, being busy, trying to get them off their lengths being the best way to go."

In the previous Test in Kandy Buttler scored the vast majority of his 97 runs across both innings through sweeps and reverse-sweeps. But one game later he looked a different batsman, frequently using his feet to come down the wicket to spinners.

His strategy worked. He scored 64 runs from 79 balls, putting on a partnership of 89 with Ben Stokes as England recovered to set Sri Lanka a record 327 to win.

With four England centuries scored by others across the series Buttler's wasn't the side's stand-out innings, but it was a perfect distillation of how they've instigated a collective revival this year.

It was an innings which showed England's newly-acquired tactics under the leadership of captain Joe Root and coach Trevor Bayliss – of confidence, flexibility and feeling to always counter-attack. It is a mantra which has bled into the Test side from Eoin Morgan's all-conquering one-day team, and which Buttler embodies better than anyone. And yet back in May Buttler was in the wilderness, a white-ball stalwart who had not

**BUTTLER'S PURPLE PATCH**

**Tests in 2018:** 760 runs at an average of 44.70 and strike-rate of 68.10; one century, six 50s.

**ODIs in 2018:** 671 runs at an average of 51.61 and strike-rate of 113.53; two centuries, four 50s.

**T20Is in 2018:** 246 runs at an average of 27.33 and strike-rate of 135.91; two 50s.

**Best innings**

**106 v India:** Buttler's maiden Test century in his 23rd match. He described the knock at Trent Bridge as his "proudest moment in an England shirt" despite defeat.

**110\* v Australia:** Buttler's nerveless ODI innings from just 122 balls ensured England chased 206 having been 114-8 to whitewash Australia 5-0 for the first time.

played with the red variety for eight months.

England owe Buttler's impact to national selector Ed Smith, who made the brave call to ditch tradition and pick a player on the back of a stint in the Indian Premier League.

Announcing his decision for the opening Test against Pakistan, Smith spoke of Buttler as a "destructive batsman", "fantastic competitive presence" and "dynamic athlete", who possessed "unique gifts" and "innate leadership skills". It sounded hyperbolic at the time, but it is certainly reflected in the truth now.

Buttler has enjoyed a brilliant 2018 and his reintegration now looks a masterstroke by Smith, who had only started his role as selector a month previously.

The 28-year-old has scored 760 runs

this year – the fourth most of any batsman in the world – and has passed 50 on seven occasions in 10 Tests. He has transferred his idiosyncratic style over into the Test arena expertly, scoring at a strike-rate of 68 runs per 100 balls – the highest of any of the top 35 batsmen in world cricket this year.

We've seen Sam Curran, Ben Foakes, Adil Rashid and more come to the fore for England in 2018, but Buttler's triumphant return to Test cricket after 17 months out has been the ultimate success story.

He may be England's second-most prolific run-scorer this year, behind Root – who has played six more innings – but it is more the way Buttler has scored the runs which has been so influential. The softly-spoken right-hander was installed as vice-captain, bringing with him a truly modern

mind.

Having made his name primarily as an inventive, destructive shorter format player, Buttler is used to thinking quickly and outside of the box. He has improved his defence, but largely he is scoring Test runs the same way he does in other formats.

In doing so successfully he has carried others along with him. Imbued with the spirit of the one-day side England are now pushing new boundaries in Tests. Buttler has propelled that gradual shift and in the process has set new trends in batsmanship.

"I've really enjoyed playing Test cricket again," he said last week. "It wasn't on my radar at the start of the summer." Now firmly back in business, other batsmen may have their radars trained on learning from the most exciting player in world cricket.

## How England can improve to become Test No1 once again

**E**NGLAND enjoyed an excellent Test series in Sri Lanka, winning 3-0 to continue their recent momentum under captain Joe Root.

Like the one-day side before them they now appear to be developing a strong, exciting and enjoyable brand of cricket. With eight wins from their last 10 Test matches they are clearly going in the right direction.

As well as they played, I don't think we should get too carried away with the result because Sri Lanka clearly aren't the team they used to be.

To his credit Root has said England want to keep improving, and having moved past South Africa to No2 in the Test world rankings, they now have the India's No1 position in their sights.

I played in the last England side to reach top spot between August 2011 and August 2012 and there are some

**CRICKET COMMENT**

Chris Tremlett

areas of weakness they need to address to get there again.

**TOP ORDER**

The most obvious problem England have is their top order. If you are going to be the best Test team in the world you need solidity and that is clearly not the case.

In my era we had a solid partnership in Andrew Strauss and Alastair Cook followed by a settled middle order which meant collapses were rarities.

For now questions remain over Keaton Jennings, despite his unbeaten 146 in Galle, while Rory Burns needs time to settle in having made his debut in the series.

Jonny Bairstow became the latest to bat at No3, scoring an emotional 110 in Colombo. There's no reason why Bairstow can't make the No3 position his own – he has the ability – but if he falls to the new ball too many times then national selector Ed Smith will need to go back to county cricket to find a

specialist.

Ben Foakes has nailed down the wicket-keeping position in my opinion so Bairstow needs to keep scoring runs and wait for his turn with the gloves.

**COMPETITION**

Trevor Bayliss has said the battle for places is a strength and he's right. Strong sides need at least 13 players vying for selection at all times.

My breakthrough in the 2010-11 Ashes came when Stuart Broad got injured, and when I then suffered a setback Tim Bresnan filled my shoes. It's a healthy position to be in.

With Broad 32 and James Anderson 36 that squad dynamic, and rotation where possible, will be key in squeezing the

**Bairstow scored 110 on return to the Test side**

most out of England's two most successful bowlers.

It should also give opportunities to blood young players. Olly Stone was close to making his debut in Colombo and I think his pace can offer something different on dry, slower pitches.

**RELENTLESS**

England kept their foot on the gas to clinch the series whitewash and that's a good sign. When we were No1 we didn't see any games as dead rubbers – it's all about amassing points.

The best sides in the world are incredibly strong at home, which makes away wins even more valuable. England have a chance against a mixed West Indies side in January to continue their trajectory towards the top.

Chris Tremlett is a former England and Surrey fast bowler. @ChrisTremlett33

## STILL ALIVE Eriksen's late goal sees Tottenham past Inter



Christian Eriksen came off the bench to score the game's only goal as Tottenham beat Inter Milan 1-0 to keep their Champions League hopes alive at Wembley. Harry Winks hit the bar and Jan Vertonghen headed wide before Eriksen finished a flowing move involving Moussa Sissoko and Dele Alli in the 80th minute. Spurs will go to leaders Barcelona in their final Group B game in second place, needing to match Inter's result against PSV Eindhoven to reach the last 16.

# Chelsea and Arsenal aiming to finish the job in Europa League

What England's clubs need to do this evening to top their groups. By Frank Dalleres

**C**HELSEA and Arsenal may have already guaranteed their progress to the knockout rounds of the Europa League, but there is still something to play for in both of their fixtures this evening.

The Blues can clinch top spot in Group L and, in theory, an easier draw in the last 32 with a game to spare when they welcome Greek league leaders PAOK to Stamford Bridge.

A home win would sew up first place regardless of results elsewhere, but even a draw is sufficient for the west Londoners if Vidi, who are a distant second, do not win at BATE Borisov. PAOK are bottom of the group but can keep their hopes of advancing alive with a draw, depending on results elsewhere.

Chelsea have been efficient if largely unspectacular in the Europa League this season, taking maximum points from their four games but winning all but one of them 1-0.

An early goal from Willian earned them victory over PAOK by that scoreline when the sides met in

### Q&A: ARSENAL'S UNCERTAIN FIXTURE

#### Why is there uncertainty over Arsenal's match with Vorskla?

In short, because Ukraine has decided to impose martial law in some areas of the country. Tuesday's ruling followed the capture of three naval boats and their crews by Russia on Sunday.



#### How has this affected the game?

In response to the martial law decree, European football chiefs Uefa ordered that the fixture be moved from Poltava to Kiev, which is further away from the border with Russia, on safety grounds.

#### So that's that then, right?

Not quite. Vorskla cast doubt on the game's relocation yesterday afternoon when they said they were still hoping to have it staged in Poltava. Later they appeared to indicate in a social media post that they were bound for capital Kiev after all.



Salonika in September.

Unbeaten domestically, PAOK have 10 wins from 11 games in the Greek Super League but just one so far in Group L, 4-1 at BATE on matchday two.

In the visitors' favour, however, is the absence of Chelsea's chief threat Eden Hazard, who sustained an ankle knock during Saturday's first defeat of the season against Tottenham.

### ARSENAL

Arsenal's trip to Ukraine to face Vorskla Poltava is more complicated, not least because doubts remained over whether the game would go ahead – or, if it did, in which city – with just 24 hours until kick-off.

The Gunners, too, have only to nail down first place in Group E, which they will do if they win – or failing that, match the result of their nearest challengers, Sporting Lisbon.

Vorskla must better Sporting's result to have any chance of beating the Portuguese to second place.

Unai Emery's team have coasted through the campaign so far, swatting aside Vorskla 4-2 and Qarabag 3-0 before two tighter contests – a 1-0 win and 0-0 draw – with Sporting.

They ended a run of three consecutive draws in the Premier League with victory at Bournemouth on Sunday.

Vorskla are seeking a more dramatic improvement, having lost their last three games in all competitions.

### LIVERPOOL'S EUROPEAN HOPES IN THE BALANCE AFTER PSG LOSS

● Liverpool face a nervy final Champions League group game after losing 2-1 to Paris Saint-Germain last night. Full-back Juan Bernat gave the hosts the lead early on before Neymar fired in a rebound following a counter-attack to make it 2-0. James Milner tucked away a penalty after Angel Di Maria fouled Sadio Mane but Jurgen Klopp's side failed to have another shot on target as they succumbed to a third successive away defeat in Europe. Liverpool are third in Group C and will need to beat Napoli at Anfield in their final match to reach the knockout stages.

### VILLA AND FOREST DRAW 10-GOAL THRILLER IN THE CHAMPIONSHIP

● Tammy Abraham scored four times for Aston Villa, but they could only draw 5-5 in a dramatic match against Nottingham Forest at Villa Park in the Championship last night. Abraham's hat-trick cancelled out goals from Lewis Grabban, Joao Carvalho and Matthew Cash at half-time. Joe Lolley fired in to give Forest the lead once more but the away side's Tobias Figueiredo was sent off and Abraham headed in for 4-4. Anwar El Ghazi appeared to have won it for Villa, but Grabban scored again late on for the 10 men.

### FOAKES RELISHING COMPETITION FOR ENGLAND KEEPER ROLE

● England wicket-keeper Ben Foakes says he is not concerned by the competition for places in the Test side following his breakthrough tour of Sri Lanka. Foakes kept wicket, won the

## SPORT DIGEST

man of the series award and scored 277 runs at an average of 69 after replacing the injured Jonny Bairstow. Bairstow returned for the final match, but Foakes is now the man in possession of the gloves. "There are a few of us around and there is a bit of competition for places but that is fine," he said. "You just try and be the best version that you can be of yourself."

### EX-SPURS STRIKER KEANE RETIRES TO JOIN IRELAND STAFF

● Former Tottenham striker Robbie Keane announced his retirement from football yesterday. The 38-year-old has joined Mick McCarthy's coaching staff with the Republic of Ireland, for whom he scored a record 68 goals in 146 international appearances. Overall Keane managed 325 goals in 737 matches for 10 clubs in his 23-year career. "It has exceeded all the hopes I had," he said.

### MURPHY AND DAY SUFFER SHOCK DEFEATS AT UK CHAMPIONSHIPS

● Former champion Shaun Murphy was knocked out of snooker's UK Championship yesterday by the world No124. Murphy, the 2008 winner, lead Chen Feilong 3-1 at the Barbican before the Chinese player took five frames in a row to clinch it. "I didn't see that coming," Murphy said. "He played so well and deserved it." Elsewhere, world No12 Ryan Day was beaten 6-2 by Joe O'Connor, who only turned professional this year.



## A swift half at lunch is of the utmost importance at Taylor's

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