

# business

## Google to invest \$550m in Chinese e-commerce giant

Reuters|Singapore

Google will invest \$550 million in Chinese e-commerce powerhouse JD.com, part of the U.S. internet giant's efforts to expand its presence in fast-growing Asian markets and battle rivals including Amazon.com.

The two companies described the investment as one piece of a broader partnership that will include the promotion of JD.com products on Google's shopping service. This could help JD.com expand beyond its base in China and Southeast Asia and establish a meaningful presence in U.S. and European markets.

Company officials said the agreement initially would not involve any major new Google initiatives in China, where the company's main services are blocked over its refusal to censor search results in line with local laws.

JD.com's investors include Chinese social media powerhouse Tencent Holdings Ltd, the arch-rival of Chinese e-commerce leader Alibaba Group Holding Ltd, and Walmart Inc.

Google is stepping up its investments across Asia, where a rapidly growing middle class and a lack of infrastructure in retail, finance and other areas have made it a battleground for U.S. and Chinese internet giants. Google recently took a stake in Indonesian ride-hailing firm Go-Jek, and sources have told Reuters that it may also invest in Indian e-commerce upstart Flipkart. Google declined to comment on the rumored Flipkart deal. The JD.com investment is being made by the operating unit of Google rather than one of parent company Alphabet's investment vehicles.

# Regulatory environment to better FinTech sector: BAB

● Arab central banks have realized the critical impact of FinTech on banks, says Chairman of Bahrain Association of Banks

● Central banks are encouraging local banks to take several initiatives with the aim of creating appropriate ecosystem for FinTech industry

TDT|Manama

Several Arab central banks have initiated legislation on the regulatory environment to provide FinTech services, followed by encouraging

alliances between locally emerging companies and well-known global partnerships, according to Adnan Ahmed Yousif, Chairman of Bahrain Association of Banks (BAB).

Central banks are encouraging local banks to take several initiatives with the aim of creating the appropriate ecosystem for the success and prosperity of the industry, said Adnan.

"But we believe that the journey is still at its start and we will witness profound changes in the legislative and regulatory environment that keep pace with the rapid changes taking place in this industry," he said.

Central banks are affecting asset prices through primary intermediaries and banks that offer liquidity at fixed prices, he said.

"FinTech industry is not only linked to its impact on banking



Adnan Ahmed Yousif

industry and national economies, but also on the regulatory aspects of industry. Regulators and central banks wondering how FinTech will change the central banking landscape over the next generation," said Ad-

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ADNAN AHMED YOUSIF,  
CHAIRMAN BAB

will expand, public scrutiny and political pressure may increase which will require clearer interaction between different banking system partners," he said.

"We have clearly noted that Arab central banks have already realized the critical impact expected of FinTech industry developments on banks in their countries. If banks are not able to meet their technology-savvy customers, they risk losing competition with the rapid changes in the financial sector," Adnan said.

Adnan pointed out that these banks have shown an understanding of the wide impact of FinTech industry on business models and jobs, and it seems that there is no alternative to the decision to adopt FinTech to raise the pace of innovation, which is the only option for the preparation to the next phase.

## Franklin Templeton gets QFI status in Saudi

● Around \$3 billion in foreign flows has come into the Saudi market in 2018, taking total foreign investment in local equities to \$9 billion

Arab News|London

US fund manager Franklin Templeton is to allow foreign investors to invest directly in Saudi Arabian stocks for the first time, after announcing that its funds have been granted Qualified Foreign Investor (QFI) status by market regulators.

The firm's increased commit-



The US fund manager is attracted by fiscal and social reforms in Saudi Arabia

ment to Saudi Arabian stocks follows the steady easing of restrictions on foreign investors by regulators in the Kingdom,

as part of capital markets and economic reforms within the country.

The Saudi Capital Market

Authority (CMA) announced measures to ease restrictions on foreign investment in the local stock market from this January and allowed eligible foreign enterprises to acquire a larger stake of up to 10 percent of any issuer's shares, up from 5 percent.

"Bold fiscal reforms, including steps to reduce its reliance on oil, will put the Kingdom's economy on more sustainable footing over the long-term," said Bassel Khatoun, managing director, frontier and MENA, Franklin Templeton Emerging Markets Equity.

"At the same time, impressive capital-market reform is culmi-

nating in classification upgrades by key index providers. Finally, social reform continues unabated, leading to new investment opportunities across the economy. As a firm, we are excited to be part of these positive developments."

Saudi stocks are expected to be upgraded to emerging market status by index provider MSCI on Wednesday, following a similar upgrade by fellow index provider FTSE Russell at the end of March.

Around \$3 billion in foreign flows has come into the market already in 2018, taking total foreign investment in local equities to around \$9 billion.

## Young Iraqis use innovation to make a living in oil-rich south

● The job market for youths has become starkly different in the post-Saddam Hussein era Iraq

AFP|Basra

From a roving cafe to scrap metal sculptures, young Iraqis unable to tap into the country's oil wealth are having to find creative ways to make a living.

While their parents generally went straight into public sector jobs after graduation, the job market for Iraqi youths has become starkly different in the post-Saddam Hussein era.

In the decade which followed the US invasion and the dictator's ouster in 2003, authorities continued to increase state hirings -- with a heavy dose of nep-

otism. But now, as 26-year-old Karrar Alaa discovered, there are no more guarantees.

Three years ago, he was counting on his business degree leading to a public sector job in the southern port city of Basra. But tired of waiting, he has turned entrepreneur. After gathering up all of his savings and borrowing money from relatives, Alaa invested in a car and transformed it into a coffee shop on wheels.

"It's the first of its kind in Basra. I got the idea from a video shot in Europe and posted on Facebook," he told AFP.

The "Coffee 2 Go" car has a giant plastic cup mounted on the roof, while an image of a cup of cappuccino and coffee beans is emblazoned on the body. An initial investment of \$20,000 has led to daily earnings of around 150,000 dinars, or \$120, from cups of coffee made in a machine installed in the car boot.

“The common view is that there's no choice but to work in the public sector. Young people who go to work in the private sector say it's a temporary move before getting a post in the public sector

AHMED ABDEL HASSAN,  
ECONOMICS PROFESSOR,  
UNIVERSITY OF BASRA

Engineers driving taxis

Mashreq Jabbar earns similar sums from his little bookshop squeezed into a corridor of a Basra fashion mall.



A youth at his workshop in Basra. From a roving cafe to scrap metal sculptures, young Iraqis unable to tap into the country's oil wealth are finding creative ways to earn a living.

"Renting a shop costs \$6,000 a month; I only pay \$2,500 for my hallway," said the slim 26-year-old, as he tidied shelves of school books, romantic novels and po-

etry collections. The geology graduate had also hoped to get a job as a public official, confident that his degree would make him employable in the local oil

industry. But even though the sector accounts for 89 percent of the state budget and 99 percent of Iraq's export revenues, it provides only one percent of jobs as the majority of posts are filled by foreigners.

The lack of opportunities is nationwide; from the capital Baghdad to second city Mosul in the north, and from the agricultural east to the western desert.

It is not uncommon to find engineers working as taxi drivers, or sandwich stalls manned by literature graduates in a country of avid readers. Officially, 10.8 percent of Iraqis are jobless, while youth unemployment is twice as high in a country where 60 percent of the population are aged under 24.

A mushrooming number of private universities -- with Baghdad boasting around 30 -- has made the situation even worse among graduates.