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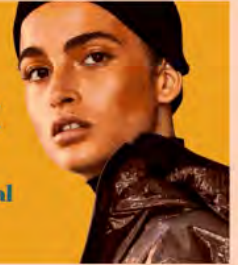
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Fed acts to soothe febrile markets

◆ Central bank to inject \$90bn ◆ Move to calm repo rate surge ◆ Further flare-up feared

ADAM SAMSON — LONDON
JOE RENNISON — NEW YORK

The Federal Reserve stepped up its efforts to reduce volatility in short-term lending markets yesterday, announcing that it would inject up to \$90bn in two-week loans into the financial system from next week.

The facility was revealed after the New York Fed offered overnight loans for a fourth consecutive day, helping steady conditions in the US repo market, where banks and investors make short-term loans in exchange for Treasuries and other high-quality collateral.

The central bank said it would expand its intervention beyond overnight loans

after the lending rate for two-week funds rose sharply — an indication that investors were anticipating a fresh financing squeeze at the end of the quarter, when companies and traders settle their accounts. “The fact they are willing to telegraph this over quarter-end reduces the potential for funding market volatility like we have seen over this week,” said Benjamin Jeffery at BMO Capital Markets. “It should hopefully offer some stability to repo markets over the next 10 days.”

The central bank's New York branch offered \$75bn of overnight funds yesterday, after an unusual jump in borrowing costs this week caused it to intervene in the short-term money markets for the

first time in a decade. The overnight Treasury repo rate had surged as high as 10 per cent on Tuesday. By yesterday, it had receded to 1.95 per cent.

The effective federal funds rate, which is the Fed's main policy tool, also fell back to within the intended range of 1.75 per cent to 2 per cent. Earlier in the week, it shot above its target in an unusual breach, which some analysts said suggested the central bank had at least temporarily lost control of the market.

A rise in the two-week repo rate to 2.7 per cent yesterday, up from 2.35 per cent in previous days, suggested lending availability over the period had tightened. Banks would have generally stepped into the repo market but falling

‘It should hopefully offer some stability to repo markets over the next 10 days’

excess reserves meant they were less willing to use cash in repo transactions.

US banks and investors have warned that a flare-up may occur again during quarter and year ends, when there is typically a high demand for cash.

“We think investors should be prepared for deteriorating liquidity in the funding markets into year-end... with potential costs for levered strategies and risk assets,” said Jerome Schneider, a managing director at Pimco. “None of these pressures was extraordinary or unforeseen but together they had an extraordinary impact.”

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Steve Schwarzman

has Lunch with Lionel Barber

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Grayson Perry on super-rich design

HOUSE & HOME



Call for change Millions strike in global action

Protesters walk through the centre of Maastricht in the Netherlands yesterday as part of the global climate strike.

Millions took to the streets of the world's biggest cities for the largest climate protest in history, ahead of a UN summit at which about 60 countries are expected to make new climate commitments. The movement that began last year when Swedish teenager Greta Thunberg went on a solo “school strike” in Stockholm has now swelled to more than 150 countries.

Demonstrations took place yesterday across the globe, from Sydney to New Delhi and Boston.

German €54bn programme page 4



Protesters march through Maastricht, Netherlands, yesterday demanding action on climate change



Power and money put Palm Beach in spotlight

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Google achieves ‘quantum supremacy’ with computer that only does one task

MADHUMITA MURGIA — LONDON
RICHARD WATERS — SAN FRANCISCO

Google claims to have built the first quantum computer that can carry out calculations beyond the ability of today's most powerful supercomputers, a moment that has been hotly anticipated by researchers.

A paper by Google's researchers seen by the Financial Times, which was briefly posted this week on a Nasa website before being removed, claimed that their processor was able to perform a calculation in three minutes and 20 seconds that would take today's most advanced classical computer, known as Summit, about 10,000 years.

The researchers said this meant that “quantum supremacy”, when quantum computers carry out calculations that had previously been impossible, had

been achieved. “This dramatic speed-up relative to all known classical algorithms... heralds the advent of a much-anticipated computing paradigm,” the authors wrote. “To our knowledge, this experiment marks the first computation that can only be performed on a quantum processor.”

The system can only perform a single, highly technical calculation, according to the researchers, and the use of quantum machines to solve practical problems is still years away. But the Google researchers called it “a milestone towards fullscale quantum computing”.

They also predicted that the power of quantum machines would expand at a “double exponential rate”, compared with the exponential rate of Moore's Law, which has driven advances in silicon chips in the first era of computing. While prototypes of so-called

quantum computers exist, they can only perform the same tasks that classical computers can, albeit quicker. Quantum computers, if they can be built at scale, will harness properties beyond the limits of classical physics to offer exponential gains in computing power.

A November 2018 report by Boston Consulting Group said they “change the game in such fields as cryptography and chemistry (and thus material science, agriculture and pharmaceuticals) not to mention artificial intelligence and machine learning... logistics, manufacturing, finance and energy”.

Steve Brierley, founder of Riverlane, a quantum software start-up, said: “It's a significant milestone, and the first time that somebody has shown that quantum computers could outperform classical computers at all.”

“It's an amazing achievement.”



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Cyprus	€4.30	Pakistan	Rs450
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Denmark	Dir40	Portugal	€4.30
Egypt	€150	Qatar	Qr20
Finland	€5.20	Romania	Ron70
France	€4.00	Russia	€100
Germany	€4.00	Serbia	Rs200
Gibraltar	€4.00	Slovak Rep	€4.00
Greece	€4.30	Slovenia	€4.00
Hungary	For500	South Africa	R700
India	Rs360	Spain	€4.30
Italy	€4.30	Sweden	Sk95
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Africa's New Wallet

Global payments group, Allied Wallet, aims to transform Africa. Founder and CEO Dr Andy Khawaja and his partners explain the vision.

It is rare to find tech innovators with such an eclectic range of interests and talents as Lebanese-born Californian Andy Khawaja, the founder and CEO of Allied Wallet, a leading online payment service provider, headquartered in Los Angeles. Khawaja speaks five languages, hob-knobs in Doha and Hong Kong, Abu Dhabi and Beverly Hills, and serves as commissioner of the US Commission for International Religious Freedom. His smart phone sports friendly photos of himself with Barack Obama, Larry King, LA Mayor Eric Garcetti, and Pope Francis.

Although commerce and fintech entrepreneurship excite Khawaja, who has amassed a significant fortune of \$16B since creating his company in 2005, nothing seems to stimulate his passion as an engaged global citizen more than his belief in the future of youth and the incontestable attractiveness of Africa as the world's most promising market.

Khawaja believes that Africa is the future. "Investing in the human capital of youth, creating jobs, helping the massive 15-22 year old market become self-supporting, that is what I really want to do. Allied Wallet is a powerful tool for helping young people break out of their dependency on governments," he says.

The key to running a successful business in online payments is mastering a diverse field of interrelated issues such as cybersecurity, the banking industry, and the interface between public policy and global trade. Khawaja seems adept in all. His global outreach may be a positive by-product of his early life. Born in Beirut, his parents migrated to the US when he was only seven, and young Andy's orientation to life shifted from war-inflicted Lebanon to the freewheeling lifestyle of southern California. A drop-out of City College of New York, Khawaja blames his eagerness to launch "a brilliant idea."

While globalization for some companies has meant manufacturing in markets where labor-costs are low or simply growing profits by selling imported goods from China, Khawaja's Allied Wallet has incorporated a deeper understanding of global. Its NextGen Payment Gateway figured out a way of accepting "more alternative payment methods globally than anyone else," he says. Allied Wallet's functionality has been extended to embrace the technical requirements of multi-currency payment systems in 164 countries, while accounting for cultural and commercial nuances.

The company plans to enter the African market later this year, starting with the Portuguese-speaking southern African nation of Angola followed by The Democratic Republic of Congo (DRC) and Rwanda, local cash-based economies.

It was tough going in the beginning as Khawaja's requests for loans were turned away by 350 banks at a time when belief in Africa was hard to find. Following a chance meeting with an executive from Deutsche Bank his luck changed. The German bank agreed to grant Allied Wallet's first seed loan.

Today, Allied Wallet foresees an increasingly growing global payment network as well as a robust digital security environment. The company already uses a protected state-of-the-art system and PCI-DSS Level 1 Compliance, as well as SHA-256 SSL encryption. As the ecosystem gets larger and the risks increase so will the need to stay "five steps ahead," the CEO says. To that, he adds that the price of making secure payments will have to continue to drop. With connectivity to third party features and new payment solutions, he says, "you'd think that prices would climb. We'll continue to go the other way." Allied Wallet already offers rates starting at less than 1%. As Africa's youth come onboard, the size of the user base is expected to grow, and Allied Wallet is planning to lead the way with accessible prices. Khawaja expects the company will double in size before 2025.

Solutions including improved experiences with the eWallet will ensure that people all over the world can shop online or at point of purchase in stores with linked prepaid cards. Supported mobile point-of-sale purchases will grow exponentially, and the world according to Khawaja will include improved consumer experience and an environment where nearly everyone can become the merchant. "In the very near future, especially in Africa," he says, "business will be in the hands of the people—the one-woman or one-man enterprise connected to the world, creating wealth with guaranteed freedom of mobility."

The Allied Wallet Africa has compiled a team of diverse experts in the sector to support the African market through their insights, expertise, and vision. Joining Khawaja is Hisham Itani, Chairman and CEO of Resource Group based in Beirut, N'Gunu Tiny, current Chairman of Emerald Group based in Angola, Bilal Joueidi, co-founder of Allied Wallet Africa and commercial real estate expert based in the UAE, and Rwandan business leader Aimable Mpoore.

Teaming up with strategic experts has provided the company with a lot of market research and market insight on the African continent. "We are building a strategic partnership with Resource Group, a business incubator and a leading technology investment group with a portfolio of diversified businesses that capitalizes on technology and human talent for value creation," he says. The Group has excelled in national scale KYC, biometrics, and mobile technologies, and has a deep understanding of local markets across the Middle East and Africa.

Resource Group innovates with customer-centric solutions focused on the needs of African people. "We want to ensure financial inclusion and allow unbanked and under-banked populations to join the global economy with direct access to digital goods, online content, and e-commerce," Itani adds. Accordingly, there are several obstacles that need to be avoided in order to sustain a long-term positive business environment in Africa. "We have been diligently working together to mitigate the challenges that range from the underlying technology infrastructure to the market landscape," he explains. His partnership with Allied Wallet will fuel these local economies by empowering local citizens with reliable, convenient, and accessible banking solutions," the business leader says.

Itani pushed expansion into different technology verticals including digital security, smart card manufacturing, mobile value-added solutions, cyber-security and secure communication solutions following intensive investments in R&D. Telecom infrastructure, elections supply chain services, and mobile and virtual reality games are all part of what Itani brings to Allied Wallet's push into Africa.

"Our visions intersect in supporting the youth in this digital era," states Khawaja. "We strongly believe in the youth potential to drive a country's economic growth and to fuel the knowledge economy."

African business associate and Angolan banker, N'Gunu Tiny, commented that the business environment in Africa is both dynamic and complex. "The continent still lacks basic structure that many investors would not find attractive. The biggest challenge is to change the mindset of investors towards the continent. Historically, investor sentiment towards Africa has been shaped by the perception of a continent exploited solely for its raw materials and a headline country risk assessment. It is important that the investment community divorces from the mentality that Africa is one country," he says.

His Emerald Group, self described as "human-centric," specializes in frontier market investments with a strong portfolio in natural resources and finance in Africa. "Africa will need some 600 million jobs in the future, and payment tools will be one way of offering opportunity for self-reliance to many," claims Tiny.

The traditional "western style branch" banking system is not capable of answering the present African needs, and an evolution toward a mobile framework will be the key for the 66% of the unbanked population, according to Tiny. Allied Wallet is a "technology orchestrator" to which Emerald Group brings its unique technique for entwined development and operations under one roof. "Africa can leapfrog to the forefront of e-commerce while aiming for the integration of digital ledger technology (blockchain) into the mix," he adds.

Allied Wallet Africa partner Bilal Joueidi brings a strong track record for attracting foreign capital to large-scale infrastructure projects such as airports, roads, and hospitals, as well as a history of completing such projects. Aimable Mpoore, former CEO of some of Africa's largest mobile companies including Telecel, introduced the first cellular phone operation in Africa.

With the recently endorsed single African market expected to be one of the world's largest single markets, accounting for \$4 trillion in spending and investment across 54 countries, it is not surprising where Dr Andy Khawaja's Allied Wallet and its partnership team are focusing their attention—nor why some of the industry's forward-thinking heavy-weights are backing them.

— Paul Trustfull



Dr. Andy Khawaja, Founder/CEO of Allied Wallet Group



Aimable Mpoore, Rwandan business leader



Bilal Joueidi, Co-founder of Allied Wallet Africa



Hisham Itani, Chairman/CEO of Resource Group

