MICHAEL FÖRTSCH/UNSPLASH

Coins.ph, Globe tie up for crypto transactions

COINS.PH, a fiat and crypto wallet services provider in the Philippines, said on Wednesday it has partnered with Globe Telecom, Inc. for a new offering for its loyalty program Globe Rewards.

"Starting July 20, prepaid and postpaid subscribers can start exchanging rewards points in their new GlobeOne app for Bitcoin and cryptocurrency vouchers redeemable at Coins.ph," the crypto wallet company said in an e-mailed statement.

Through the partnership, users can redeem rewards points and complete a crypto transaction without using their own money. The new feature on the Coins.ph application is called Redeem Crypto. Users must be "Level 2 verified" to redeem.

"The available denominations are P5, P10, P25, P50, and P100, each with a corresponding number of points required for redemption," the company said.

The goal is to "empower Filipinos in their quest for financial freedom," said Wei Zhou, CEO of Coins.ph.

"Customers can now take advantage of mainstream loyalty programs such as Globe Rewards for a low- or almost zero-risk approach to get started with their crypto journey."

The company also said that it will be opening opportunities for enterprises to diversify their loyalty program offerings to "remain competitive and maximize their potential for growth."

The platform gives access to 24 cryptocurrencies and crypto tokens, including BTC (Bitcoin), ETH (Ether), BCH (Bitcoin Cash), BAT (Basic Attention Token), XRP (Ripple), USDC (USD Coin), USDT (Tether), AAVE, AXS (Axie Infinity Shard), CHZ (Chiliz), GALA, KNC (Kyber Network Crystal v2), LINK (Chainlink), MATIC (Polygon), MKR (Maker), SAND (The Sandbox), SLP (Smooth Love Potion), UNI (Uniswap), and YGG (Yield Guild Games).

"Cryptocurrency values are highly volatile and prices may go up and down in real time. Buying Bitcoin and other cryptocurrencies carries a high level of risk and may not be suitable for everyone," Coins.ph said. — **Arjay L. Balinbin**

Digital risks may weigh on PHL banks' credit ratings — Fitch

PHILIPPINE BANKS' credit ratings, as well as those of lenders in the region, could face pressure from rising risks of cyberattacks due to an increase in digitalization in the sector, Fitch Ratings said.

A Fitch report on Asia-Pacific (APAC) banks' technological risks published last month said increased digitalization in the sector due to the coronavirus disease 2019 (COVID-19) pandemic increases the risk of cyberattacks that could cause reputational damage and affect their viability ratings. The report was written by Fitch Asia-Pacific Financial Institutions Director Willie Tanoto and Associate Director Priscilla Tjitra.

"Banks across APAC have been digitalizing their service offerings at varying paces and the imperative to do so was accelerated during the COVID-19 pandemic when service channels overwhelmingly moved online. Faster adoption of digital banking presents new business opportunities and banks that managed the transition well have reinforced their business profiles compared with competitors," Fitch said.

"However, increased digitalization also amplifies the technology-related operational risks that banks face, and can expose them to reputational damage that weighs on their franchises. Cases of technological failure in APAC since 2016 have shown the potential to transform into wider financial risks that have an adverse impact on bank ratings," it said.

Fitch said while specific incidents of technological failures have not had an immediate impact on its ratings of banks in the region, this could change if these incidents and vulnerabilities recur or persist, as this could show a weakness in lenders' risk management.

"Technological failure events could have varying impact on banks according to the frequency and the severity of the incidents," Ms. Tjitra said in a virtual interview with *BusinessWorld*.

"Direct impact on banks could arise from monetary compensations to customers or fines imposed by the regulators, while indirect costs could come from reputational damage. All of these could influence our assessment of a bank's ratings," she added.

Fitch Asia-Pacific Financial Institutions Director Tamma Febrian said in the same interview that the technological risks faced by Philippine banks are the same as those seen by other banks in the region.

"Externally, they are exposed to hacking incidents, phishing scams and ransomware, among others. Internally, some also have had a fair share of experience in dealing with system failures in the past, partly because they had to grapple with systems that are very outdated and not as scalable for use in the increasingly digital world," Mr. Febrian said.

He said Philippine banks still need to improve the readiness and sophistication of their systems to combat the risks that come with increasing digitalization in the country.

INVESTMENTS IN TECHNOLOGY LAGGING

Mr. Febrian noted that lenders in the Philippines could face heightened risks as they are "a bit lagging" in terms of technology investments and only began to ramp up spending when the pandemic hit, compared with banks in countries like Singapore that have been doing it 10 or more years ago.

"But I think the banks are aware of these risks and shortcomings, and are taking appropriate actions to address them," he said.

"BSP (Bangko Sentral ng Pilipinas) is similarly as invested in ensuring that cyber risks are being properly controlled and mitigated within the banking system, as evident, for example, from the latest requirement that asks banks to implement an automated and real time fraud-monitoring system," Mr. Febrian added.

Ms. Tjitra said in emerging markets like the Philippines, rules on cyberattacks on banks are less strict compared with those in advanced economies.

"In terms of the regulatory implications, we noted that the rules and the supervisory actions taken in relation to banks' tech operational issues in developed markets are more stringent than in emerging markets, including the Philippines, which are typically still evolving," Ms. Tjitra said.

The analysts and the report cited recent cases of cyberattacks involving lenders in the Philippines, including a 2021 hacking incident involving BDO Unibank, Inc. and UnionBank of the Philippines, Inc., as well as the Bangladesh Bank heist in 2016 that involved Rizal Commercial Banking Corp. (RCBC). Bank of the Philippine Islands in 2019 also experienced some disruptions to its services due to issues encountered while upgrading its core banking system.

BDO and UnionBank faced sanctions from the BSP due to the 2021 online fraud incident where hackers stole about P1.2 million from more than 700 BDO clients. BDO also reimbursed affected clients.

Meanwhile, RCBC had to pay a P1-billion fine for lapses that enabled the cybercriminals to allegedly run off with $81 million from the account of Bangladesh Bank at the Federal Reserve Bank of New York and their transfer to four accounts registered under fictitious names at RCBC's Jupiter Street branch in Makati City. The amount is the biggest ever monetary penalty imposed by the BSP on a lender.

The Fitch report also mentioned an incident experienced by banks in Southeast Asia, including those in the Philippines, in March 2020, where over 200 thousand credit card details were leaked. — **Keisha B. Ta-asan**

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HYUNDAI Motor Group global headquarters.

Hyundai Motor, South Korean union agree on 9% wage hike deal

SEOUL — Hyundai Motor Co. and a union representing its South Korea workforce have sealed a wage deal that will boost annual pay by about 9% just days after the automaker committed to building its first new Korean car plant in nearly 30 years.

The union, one of the biggest in South Korea with more than 46,000 members, said late on Tuesday that a total of 62% of its voting members approved the tentative agreement reached last week, while 38% rejected it.

The accord, reached after 15 rounds of talks that started in May, comes after Hyundai announced a plan to build a dedicated electric vehicle (EV) factory in South Korea.

"With the latest agreement, we hope the company and the union will be able to collaborate closely and share vision to lead the future mobility industry," Hyundai Motor said in a statement to Reuters on Wednesday.

The unionized workers had voted earlier this month for a possible strike over demands for higher wages amid anger that management was prioritizing overseas investment. Hyundai Motor workers last went on strike in 2018.

The union had urged Hyundai to invest in the country to support new business, including urban air mobility, purpose-built vehicles and electric vehicle-related auto parts manufacturing. One of its demands was the building of an EV-related manufacturing facility.

In May, Hyundai Motor Group, which includes Hyundai Motor and Kia Corp., said it would invest 63 trillion won ($48 billion) in South Korea through 2025.

Separately, the South Korean auto group said it would invest more than $10 billion in the United States by 2025, which includes its plans to invest $5.5 billion in Georgia to build EV and battery facilities.

Shares in Hyundai Motor were up 1.3% in morning trading, versus a 1.2% rise in the KOSPI benchmark. — *Reuters*

Russia seen restarting gas exports from NS 1

MOSCOW — Russian gas flows via the Nord Stream 1 (NS 1) pipeline are seen restarting on time on Thursday after the completion of scheduled maintenance, two sources familiar with the export plans told Reuters.

The pipeline, which accounts for more than a third of Russian natural gas exports to the European Union, was halted for 10 days of annual maintenance on July 11.

The sources, speaking on condition of anonymity because of the sensitivity of the issue, told Reuters the pipeline was expected to resume operation on time, but at less than its capacity of some 160 million cubic metres (mcm) per day.

Kremlin-controlled energy giant Gazprom cut gas exports through the route to 40% capacity last month, citing delays in the return of a turbine Siemens Energy was servicing in Canada.

"They (Gazprom) will return to the levels seen before July 11," one of the sources said of the gas volumes expected via Nord Stream 1 from Thursday.

The benchmark Dutch front-month contract was down 3% following Reuters' report flows will resume on Thursday.

Earlier in the day, the contract traded higher after the *Wall Street Journal* reported that the European Commission did not expect the pipeline to restart after the maintenance.

Gazprom and Nord Stream 1 did not reply to requests for comment on Tuesday.

RUSSIA SAYS IT IS A RELIABLE SUPPLIER

Nord Stream 1, which runs on the bed of the Baltic Sea to Germany, has been in focus since Russia sent troops to Ukraine on Feb. 24 in what Moscow describes as a "special military operation".

REUTERS

PIPES at the landfall facilities of the Nord Stream 1 gas pipeline in Lubmin, Germany.

The West has accused Russia, the world's largest gas exporter and second-largest crude oil supplier, of using its energy supplies as a tool of coercion.

Russia has refuted the accusations, saying it has been a reliable energy supplier.

In a letter dated July 14, however, Gazprom said it was retroactively declaring force majeure on supplies from June 14, a legal clause meaning it cannot guarantee gas delivery because of exceptional circumstances.

The *Kommersant* newspaper reported on Monday, citing people familiar with the situation, that Canada had sent the turbine needed for Nord Stream 1 to Germany by plane on July 17 after repair work had been completed.

Siemens Energy declined to comment.

One of the sources on Tuesday told Reuters the turbine was unlikely to be re-installed by July 21.

Germany's economy ministry said on Monday it could not provide details of the turbine's whereabouts.

But a spokesperson for the economic ministry said that the turbine was a replacement part that was meant to be used only from September, meaning its absence could not be the real reason for the fall-off in gas flows prior to the maintenance. — ***Reuters***

France to pay $10 billion to take full control of EDF

PARIS — France's government is offering to pay €9.7 billion ($9.85 billion) to take full control of EDF, in a buyout deal that gives it a free hand to run Europe's biggest nuclear power operator as it grapples with a continent-wide energy crisis.

The finance ministry said in a statement on Tuesday that the government would offer EDF's minority shareholders €12 per share, a 53% premium to the closing price on July 5, the day before the government announced its intention to fully nationalize the debt-laden group.

EDF shares, which resumed trading on Tuesday after a one-week suspension pending details of the government buyout plan, had jumped 15% to €11.80 by 0836 GMT.

The state already owns 84% of EDF, which has been dogged by unplanned outages at its nuclear fleet, delays and cost overruns in building new reactors, and power tariff caps imposed by the government to shield households from soaring electricity prices.

The war in Ukraine has deepened the crisis at the group, forcing it to buy electricity on the market at historically high prices and sell it at cheaper levels to its competitors.

France has said EDF's nationalization will increase the security of its energy reserves as Europe scrambles to find alternatives to Russian gas supplies.

Rising prices have squeezed energy suppliers across Europe, and earlier this month Germany moved to bail out Uniper, its biggest importer of Russian gas.

France, which would normally be exporting electricity at this time of the year, is currently importing from Spain, Switzerland, Germany and Britain, and the supply crunch is likely to worsen this winter.

"Nationalization is ultimately the only way to save the company and ensure electricity production," said Ingo Speich, head of sustainability and corporate governance at Deka Investment, which has a small stake in EDF. "This is a bitter but necessary step."

With rating agency S&P estimating EDF's debt could reach close to 100 billion euros this year, a bondholder in the group said the proposed buyout was a welcome signal of support from the government.

However, far more needed to be done to stabilize the balance sheet, the bondholder added.

A banker with knowledge of the matter said that the state, which provided the bulk of a 3 billion euro capital increase for EDF in the spring, will likely have to inject more money soon.

EDF was listed on the Paris stock exchange in 2005 at 33 euros per share, so investors who bought the stock then would be nursing a big loss. — ***Reuters***