

Editors Note: This briefing was customized for a banking executive with an interest in history and technology, particularly Mac products. It was sent to him each morning at 6 a.m. per his request.

DAILY BRIEFING - JULY 15, 2015

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BANKING AND FINANCE

AUTO LENDING ON THE RISE

Big banks continue to pump out auto loans although customers are taking longer to pay those debts back. During their quarterly earnings reports this week both Wells Fargo and JPMorgan said they committed significant resources to their auto lending efforts. Specifically, Wells Fargo said it lent \$3.7 billion to finance car buyers last quarter.

Why it matters: Although more people are financing their auto purchases, they are taking longer to pay them back. The percentage of delinquent payers, those who are late on their 30-day note, has increased. If consumers start to default on these loans, it could have a trickle down effect on auto sales; an impact that major car makers like General Motors and Ford are dreading and can't afford to absorb.

BANKS EXPLORING CLOUD COMPUTING

Experts say it's only a matter of time before skeptical U.S. bankers start storing information on the cloud, a practice the industry has been understandably hesitant to adopt for security reasons. But a recent partnership between two major companies is offering a system to help banks take advantage of the cost-saving method of storage. Infosys, a multinational corporation based in India but will Palo Alto headquarters in the United States, will provide e-banking and mobile front-ends to U.S. community banks on the cloud via New York-based Verizon. Through its Fincale core banking system, Infosys has already started offering the service to Discover Financial Services.

Why it matters: Infosys is a major player in the banking market globally. The technology company's international customers include large banks in India, South Africa, Ukraine and the United Arab Emirates to name a few. If Infosys' success globally is any indicator, then more U.S. banks may be open to exploring their services on the cloud. In the meantime it will be interesting to see how the deal with Discover plays out and whether or not nefarious hackers will be tempted to take a crack at the financial services provider.

MAJOR CHINESE INVESTMENT BANK PLANS IPO

A major investment bank based in China is gearing up for an IPO. China International Capital Corp. (CICC), a Beijing-based investment bank, hopes to raise \$1 billion when it goes public on the Honk Kong exchange this fall.

Why it matters: CICC, formed in 1995, was the first joint venture between a Chinese bank and foreign interest; specifically the China Construction Bank and Morgan Stanley. Morgan Stanley has since left the partnership but the Chinese institution remains strong and extremely influential. In fact, CICC has played a key role in advising the Chinese government on state-owned enterprise reform while also guiding the listing of the country's major overseas IPOs. It's likely to draw a lot of attention from investors when it goes public later this year.

GEOPOLITICS

IRANIAN NUCLEAR AGREEMENT REACHED

International negotiators have finally reached a landmark nuclear deal that will lift crippling economic sanctions from Iran while imposing strict limits on its nuclear activity. The plan will ease 12 years of economic sanctions against the Arab country.

Why it matters: The deal is probably the most significant event to take place on the foreign policy front in the last decade. While U.S. President Barak Obama has been quick to praise the deal, his rivals in Congress have already said they will do whatever it takes to stop it. Rhetoric aside, that won't be easy. Although Congress has 60 days to approve the deal, Obama has said he will veto any legal roadblocks. Meanwhile internationally, the deal is receiving mixed results. For example, Iranian adversary Saudi Arabia has already issued a warning to Tehran, cautioning the country to use its new economic freedom to help its people, not advance an agenda of isolation and aggression while Israel has called the deal a "stunning mistake."

TECHNOLOGY

APPLE PAY LAUNCHES IN UK; AT CHEVRONS IN THE U.S.

It's already been a big week for Apple. Not only did the company roll out its Apple Pay capabilities through the United Kingdom, but it finally saw implementation of the e-commerce technology in Chevron gas stations in the United States. The technology,

which essentially turns an iPhone into a digital wallet, will be offered at Chevron gas pumps in California to start. Chevron is the first and only gas station provider to adopt Apple Pay. Meanwhile, across the pond users in London several retail shops will be able to pay for products using the technology. The U.K. is Apple's first international market for Apple Pay although British users have been early adopters of digital purchasing technology from other providers.

T-MOBILE LAUNCHES NEW FAMILY PLAN

T-Mobile has launched a new family plan with no set expiration date that market watchers are saying is cheaper and better than both Sprint and Verizon. Subscribers will get the same benefits as other T-Mobile plans, including mobile hotspot use, rollover data, free overseas texting and data and free roaming in Canada and Mexico. The plan which provides 10GB of 4G LTE data per line starts at \$100 per month for two lines. Subscribers can add a third line with the same features for \$20 more per month. For those who sign up by Labor Day, T-Mobile is giving away a fourth line at no extra charge.

AMAZON CELEBRATES 20TH BIRTHDAY WITH SUPER DEALS

Amazon is capitalizing on the hype surround its 20th birthday today. Beginning at midnight, the e-tailer started offering major deals on everything from electronics to toys and pet supplies but only for Prime members. Prime members pay \$100 a year for free two-day shipping and other perks. Today, Amazon says it will open up its Prime membership to anyone willing to sign up for a free 30-day trial. Amazon rival Walmart is hoping to get in on the hype. It's offering similar deals on its website today to try and cut into Amazon's profit.

HISTORY

On this day in 1971 President Richard Nixon shocked the nation by announcing in a televised broadcast that he would visit communist China the following year. The statement and subsequent visit marked a major turning point in the U.S.-China dynamic especially considering that Nixon's political career had largely been built on anti-communist rhetoric. His visit launched the long and still controversial relationship between the United States and China.

CONVERSATION POINTS

Not everyone is losing out as a result of the Greek financial crisis. For those with the cash, there's never been a better time to purchase one of Greece's 6,000 islands, several of which are up for sale according to Private Islands Online. International luxury

realtors are predicting a run on the islands, some of which are selling for as cheap as \$3 million.

QUOTE OF THE DAY

Our quote of the day comes from Thomas Paine, the English-American political activist, writer, revolutionary and one of the founding fathers of the United States. Paine famously authored the two most influential pamphlets at the start of the American Revolution which ultimately inspired early Americans to declare independence from Britain in 1776.

“To argue with a person who has renounced the use of reason is like administering medicine to the dead.” - Thomas Paine.