

Regulators urged to find Silicon Valley Bank buyer as industry frets about fallout



A man puts a sign on the door of the Silicon Valley Bank as an onlooker watches at the bank's headquarters in Santa Clara, California, U.S., on March 10, 2023.
● NATHAN FRANDINO/REUTERS

Economy Desk

Some financial industry executives and investors were growing increasingly concerned on Saturday that the collapse of Silicon Valley Bank could have a domino effect on other U.S. regional banks if regulators did not find a buyer over the weekend to protect uninsured deposits. Startup-focused lender SVB Financial Group became the largest bank to fail since the 2008 financial crisis on Friday, roil-

ing markets and leaving billions of dollars belonging to companies and investors stranded, Reuters reported.

The Federal Deposit Insurance Corporation (FDIC), which was appointed receiver, was trying to find another bank over the weekend that was willing to merge with Silicon Valley Bank, people familiar with the matter said on Friday.

Spotlight on other banks

Some analysts and prominent investors warned that without a resolution by Monday, other banks could come under pressure if people worried about their deposits. "The good news is it is unlikely an SVB-style bankruptcy will extend to the large banks," risk and financial advisory firm Kroll said in a research note. However, small community banks could face issues and the risk is "much higher if uninsured depositors of SVB aren't made whole

and have to take a haircut on their deposits," Kroll added.

Silicon Valley Bank had an unusually high level of deposits that were not covered by the FDIC's guarantees, which are capped at \$250,000.

Some industry executives said such a merging deal would be sizeable for any bank and would likely require regulators to give special guarantees and make other allowances for any buyer.

According to CNBC, more than three hundred venture capital firms have signed a joint statement vowing to do business again with Silicon Valley Bank if it is "purchased and appropriately capitalized," after the financial institution failed.

With \$209b in assets, the Santa Clara, California based lender was the 16th largest U.S. bank, making the list of potential buyers who could pull off a deal over a weekend relatively short, they said on condition of anonymity because the situation is in flux.

The U.S. Federal Reserve and the FDIC were weighing the creation of a fund that would allow regulators to backstop more deposits at banks that run into trouble, Bloomberg reported.

Regulators discussed the new special vehicle in conversations with banking

executives and hoped such a measure would reassure depositors and help contain any panic, the report said.

However, it was not clear if regulators would have political support to throw a lifeline to the bank, which catered to Silicon Valley startups and investors.

The White House said on Saturday that President Joe Biden had spoken with California Governor Gavin Newsom about the bank and efforts to address the situation.

Global dominos

In Britain, the government said it is working "at pace" on a plan to prevent UK tech firms caught in the collapse of Silicon Valley Bank running out of cash. The Treasury said it wanted to "minimise damage to some of our most promising companies in the UK" after the US bank's failure. US regulators shut down the lender on Friday in what is the largest failure of a US bank since 2008.

The bank's UK subsidiary will be put into insolvency from Sunday evening. Prime Minister Rishi Sunak, Chancellor Jeremy Hunt and Bank of England Governor Andrew Bailey "were up late last night" and have been "working through the weekend to come up with a solution" to the collapse of Silicon Valley Bank UK, Hunt said.

NEWS IN BRIEF

Aramco becomes latest energy firm to post record profits



CNN – Saudi Arabian oil giant Aramco on Sunday reported a record annual net profit of \$161.1b for 2022, up 46% from the year earlier, on higher energy prices, increased volumes sold and improved margins for refined products.

The profits follow similar reports in February from international peers BP, Shell, Exxon Mobil and Chevron which have mostly posted record profits for last year.

Meta's news access policy for Canadians



REUTERS – Facebook-parent Meta Platforms Inc said on Saturday that it would end availability of news content for Canadians on its platforms if the country's Online News Act passes in its current form. The "Online News Act," or House of Commons bill C-18, introduced in April last year laid out rules to force platforms like Meta and Alphabet Inc's Google to negotiate commercial deals and pay news publishers for their content.

Czech central bank governor says inflation will continue to slow

Czech consumer price growth has begun to slow and the trend will continue in the coming months, central bank Governor Ales Michl said.

Michl reiterated his previous comments that strong koruna, keeping elevated rates for a longer period of time and budget deficit cuts are key for taming inflation. Consumer price growth slowed to 16.7% in February, data showed on Friday, in what the central bank said was the beginning of a path toward single-digit inflation later this year.

German airports face disruption today as staff plan pay strike



A passenger uses a self check-in terminal at Berlin airport in Berlin, Germany.
● KRISZTIAN BOCSI/BLOOMBERG

German airline passengers are facing severe disruption today, with commercial departures canceled at Berlin's biggest airport as ground staff plan to strike amid a protracted pay dispute. Hanover and Bremen will also be affected by walk-outs and flight cancellations are likely, the Verdi labor said in a statement Saturday. Hamburg has joined the capital's BER Airport in calling of all regular departures, according to the operators. The planned industrial action comes less than a month after Deutsche Lufthansa AG scrapped at least 1,200 flights due to strikes at its main Frankfurt and Munich hubs. While Verdi said talks over pay have been going

on for years, recent protests in Europe's largest economy have also been fueled by surging living costs stoked by Russia's "military operation" in Ukraine.

"Air traffic has been booming again," said Lars Stubbe, Verdi official in Hamburg. "With the strikes on Monday, the airport workers will once again give a strong signal that we will enforce our very justified demands for substantial pay increases."

Public-sector workers in Germany are seeking a 10.5% pay bump, though talks with employers have yet to yield a result. Postal workers in the country have also gone on strike in their push for pay increases.

Saudi unveils new airline to fuel aviation boom

Saudi Arabia announced Sunday the creation of a new national airline, part of a plan to turn Riyadh into a global aviation hub rivalling regional leaders like Dubai and Doha.

Riyadh Air "aims to launch flights to more than 100 destinations around the world by 2030," AFP quoted the official Saudi Press Agency (SPA) as saying.

Tony Douglas, former head of Abu Dhabi-based Etihad Airways, has been appointed CEO, SPA said. The Persian Gulf kingdom is pursuing ambitious aviation goals as part of Crown Prince Mohammed bin Salman's wide-ranging "Vision 2030" reform agenda, including more than tripling annual traffic to

330m passengers by the end of the decade.

It also wants to move up to five million tonnes of cargo each year.

Last November officials announced plans for a new airport in the capital Riyadh spanning 57 square kilometres (22 square miles), that is set to accommodate 120 million travellers by 2030 and 185m travellers by 2050.

Sunday's announcement said Riyadh Air would operate a "fleet of advanced aircraft", but did not specify how big the fleet would be or from where it would be sourced.

The Wall Street Journal reported on Saturday that the Public Investment Fund, the sovereign wealth fund that will own

the airline, was "close to a deal" with Boeing for an aircraft order "valued at \$35b".

The kingdom's busiest international airport is currently in the Red Sea coastal city of Jeddah, where flag carrier Saudia is based.

Known as the "Gateway to Mecca", the city welcomes millions of Muslims performing the hajj and umrah pilgrimages each year.

Officials have in recent years tried to position Riyadh, in central Saudi Arabia, as a rival to business hub Dubai.

The capital currently has around eight million people, but officials have said they want the population to grow to 15-20m by 2030.

French Senate adopts Macron's unpopular pension reform

If Macron's government fails to assemble a majority ahead of the vote, Borne could use a rarely used constitutional tool, known as article 49/3, to push the legislation through without a vote. Unions, which

have fiercely opposed the measures, had hoped to force Macron to back down. However, the protests against the reform were smaller than previous ones, with 368,000 demonstrators marching through various cities on Saturday, according to

figures from the Interior Ministry.

Tensions flared on Saturday evening, with Paris police saying they had made 32 arrests after some protesters threw objects at security forces, with rubbish bins burned and windows broken.

In a joint statement, the French unions called on the government to organize a "citizens' consultation" as soon as possible. The unions plan to keep up the pressure with an additional day of nationwide strikes and protests scheduled for Wednesday.

Marylise Leon, deputy leader of the CFDT union, said, "This is the final stretch. A lot of things can still happen next week. Will the text be voted in the National Assembly? We have to rally. It's now or never."