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ECB plans to clamp down on banks ignoring its demands for fixes

Commercial Bank has long demonstrated solidarity with the wider community in Qatar, especially on Qatar National Day, and expressed the importance of inclusion and accessibility

Commercial Bank marks Qatar National Day and 50th anniversary with 'impactful' CSR activities

In celebration of Qatar National Day and to commemorate its 50th anniversary, Commercial Bank rolled out a series of impactful corporate social responsibility (CSR) initiatives.

Commercial Bank has long demonstrated solidarity with the wider community in Qatar, especially on Qatar National Day, and expressed the importance of inclusion and accessibility.

In line with its vision, the Bank launched an array of activities and gift distribution initiatives across several institutions including Qatar Academy Al Wakra, Moza Bint Mohammed Girls School, AlManar International School, and Al-Hedayah for Special Needs and The Rehabilitation for Girls & The Education Center to foster a shared sense of joy and belonging amongst all children alike.

The bank also extended its visit to include several Commercial Bank Malls branches, namely, Villaggio Mall, Doha Festival City, City Centre, Dar Al Salam, and Vendome Mall CB Premium Lounge.

Commercial Bank Group Chief Executive Officer Joseph Abraham said: "Our strategic approach has always centred around the advancement of our great Nation. Today, we not only celebrate the Bank's 50th anniversary but also Qatar National Day. These initiatives reaffirm our commitment to the growth of Qatar and well-being of its citizens."

To further celebrate Qatar National Day, the entire plaza at Commercial Bank was transformed into the vibrant colours of Qatar's flag, with national day themed songs playing in the background. Staff members were offered a unique opportunity to connect with Qatar's rich cultural heritage by creating their own traditional perfumes.

Hussein al-Abdulla, executive general manager (Marketing and CB Real Estate) of Commercial Bank, said: "Commercial Bank has played an integral role in Qatar's development, particularly, in community engagement. Giving back to society reflects our fundamental values and underscores our enduring commitment to creating a brighter future for all. We look forward to supporting Qatar on its journey towards sustainable development and prosperity for all its people."

GCC debt capital market reaches $1tn in November: Fitch Ratings

■ Qatar is among developed debt capital markets, says Fitch

By Pratap John
Business Editor

GCC debt capital market reached $1tn in November, Fitch Ratings said and noted it expects the GCC to remain among the largest emerging-market dollar debt issuers in 2025 and 2026 and the largest sukuk issuers and investors globally.

Qatar is among the developed debt capital markets, Fitch noted.

In a report, Fitch said it expects GCC countries' debt capital markets (DCMs) to grow further and for the Gulf Co-operation Council countries to remain among the largest emerging-market dollar debt issuers in 2025 and 2026 (excluding China), and the largest sukuk issuers and investors globally.

Oil revenues are among the main drivers of GCC DCM activity, it noted. Sovereign issuances are likely to rise as oil prices fall (2025F: $70/barrel; 2026F: $65), given modestly rising demand, and ample global supply. While not the key funding source, GCC banks and corporates are also likely to diversify through DCMs.

"After 11% year-on-year growth, the DCM reached a milestone of about $1tn outstanding at end-11M24, with 40% as sukuk," noted Bashar al-Natoor, Global Head of Islamic Finance at Fitch. "It is poised for growth in 2025 on the need to finance government projects, maturing debt, fiscal deficits, diversification goals, and regulatory reforms. We rate around 70% of GCC US dollar sukuk, 81% of which is investment-grade, and with no defaults."

Fitch expects the US Federal Reserve to cut rates by 125bp to 3.5% by Q4-2025 (end-2026F: 3.5%), and most GCC central banks are likely to follow suit. This should make the funding environment more favourable. The evolution of the Middle East conflict is uncertain and escalation could limit DCM growth, according to the report.

However, four out of six GCC sovereigns are investment-grade; all on stable outlooks. Shariah complexities, including from linked to AAOIFI Standard 62, could be a risk for sukuk. ESG debt reached $48bn outstanding, with 42% sukuk.

DCM development is fragmented across the GCC. Saudi Arabia and the UAE have the most developed DCMs, followed by Qatar, Bahrain, and Oman, with Kuwait being the least mature.

The new government in Kuwait is aiming to update the liquidity law to permit borrowing in capital markets, but the timeline is uncertain. The recent GCC fund passporting regulations could open new DCM investment options across the GCC, Fitch noted.

QNB recognised as 'Best Digital Experience' in Qatar

QNB has been awarded the 'Best Digital Experience' category award during the Qatar Digital Business Award 2024 ceremony organised by the Ministry of Communications and Information Technology.

QNB received the award in recognition of the bank's innovation in digital banking. The award, part of a highly competitive selection process, took into consideration the entire digital industry in Qatar, based on an evaluation by a group of technology and communication experts, as well as customers.

It recognises QNB's exceptional achievements in digital banking, and its commitment to deliver the best overall customer experience, by offering the most innovative digital solutions, which has set benchmarks in Qatar and beyond.

One of the newly recognised services was the recently launched Multi-currency 'Travel Card' through QNB Mobile Banking, which allows customers to open foreign currency card wallets in major currencies. Customers can manage all their foreign currency wallets through the app, and make instant, contactless payments – without worrying about exchange rates, additional fees, or security. This service is particularly useful for customers travelling abroad, providing a simple, smart, fast, and cashless payment experience, supporting QNB's commitment to sustainability.

"We are honoured to receive the Best Digital Experience award, which stands as a testament to our ongoing dedication to excellence in digital banking" said Adel Ali al-Malki, Senior Executive Vice-President, QNB Group Retail Banking.

"This recognition reflects our commitment to delivering seamless, customer-centric, and secure digital solutions. It inspires us to continue developing and leading the digital business sector in Qatar and beyond. We aim to push the boundaries of creativity and offer our customers tomorrow's digital banking, today." he added.

Recently, QNB launched a fully digital account and virtual card opening, allowing new customers to start banking with QNB within minutes through their mobile. Additionally, customers have the option to instantly open Savings and Fixed Deposit accounts, apply for an eLoan, create a Multi-currency Travel Card, or top-up their existing loan through QNB Mobile Banking.

This marks the bank's seventh major digital banking award in 2024. QNB was also recognised as "Best Retail Bank for Digital Customer Experience" in the Middle East, "Best Mobile App" for Qatar, and for "Excellence in Product Marketing" in the Middle East and North Africa region for its digitally innovative, and customer-centric approach.

QNB received the award in recognition of its innovation in digital banking

Yousuf Mohamed al-Jaida, QFC CEO.

QFC wins 2 accolades at Global Economic Awards 2024

The Qatar Financial Centre (QFC) has received the 'Outstanding CEO in Driving National Economic Growth' and 'Best FDI Strategy and Development Initiatives' awards at the Global Economic Awards 2024.

The Global Economic Awards recognise organisations that have made notable contributions to fostering a positive work culture and driving economic progress in their regions. These awards highlight QFC's ongoing efforts to support Qatar's economic diversification and sustainable growth.

QFC witnessed remarkable growth in 2024, with over 760 firms registering before the year-end, an increase of more than 130% compared to the number of firms that joined in 2023. The QFC community has expanded to include over 11,750 employees, playing a vital role in enhancing Qatar's economic landscape through skills development and workforce diversification.

Furthermore, QFC launched the Digital Assets Lab, which commenced with 29 participants, offering support for the development, testing, and commercialisation of DLT-based digital solutions and services. Complementing this initiative, QFC introduced the Digital Assets Regulatory Framework, a comprehensive regime for creating and regulating digital assets, including processes related to tokenisation, legal recognition of property rights in tokens and underlying assets, custody arrangements, and transfers and exchanges.

QFC CEO Yousuf Mohamed al-Jaida said: "The QFC is dedicated to supporting Qatar's economic development and diversification by providing a world-class legal, regulatory, and commercial environment that fosters business growth. We appreciate this recognition, which reflects the progress we are making towards achieving these goals."

QFC is committed to fostering a dynamic business environment that supports Qatar's economic transformation and attracts world-class enterprises. By continuing to facilitate innovation and growth, QFC underscores its dedication to positioning Qatar as a global commercial hub.

Honda, Nissan aim to merge by 2026 in historic pivot

- **Deal would create No 3 global auto group after Toyota, Volkswagen**
- **This is not 'rescue of Nissan', Honda CEO Mibe says**
- **Mitsubishi Motors to judge whether to join by end-January**
- **Honda, Nissan will list holding company shares in Aug 2026**

Reuters
Tokyo

Makoto Uchida, Director, Representative Executive Officer, President and CEO of Nissan Motor Corporation; Toshihiro Mibe, Director, President and Representative Executive Officer of Honda; and Takao Kato, Director, Representative Executive Officer, President and CEO of Mitsubishi Motors, pose for a photo following a joint press conference on their merger talks, in Tokyo yesterday.

Honda and Nissan are in talks to merge by 2026, they said yesterday, a historic pivot for Japan's auto industry that underlines the threat Chinese EV makers now pose to the world's long-dominant legacy car makers.

The tie-up would create the world's third-largest auto group by vehicle sales after Toyota and Volkswagen.

It would also give the two companies scale and a chance to share resources in the face of intense competition from Tesla and more nimble Chinese rivals, such as BYD.

The merger of Honda, Japan's second-largest automaker, with Nissan, its No. 3, would be the biggest reshaping in the global auto industry since Fiat Chrysler Automobiles and PSA merged in 2021 to create Stellantis in a $52bn deal.

Smaller Mitsubishi Motors, in which Nissan is top shareholder, was also considering joining and would make a decision by the end of January, the companies said.

The chief executives of all three held a joint press conference in Tokyo.

"The rise of Chinese automakers and new players has changed the car industry quite a lot," said Honda CEO Toshihiro Mibe, citing technological trends of electrification and autonomous driving.

"We have to build up capabilities to fight with them by 2030, otherwise we'll be beaten." The two companies would aim for combined sales of ¥30tn ($191bn) and operating profit of more than ¥3tn through the potential merger, they said.

They aimed to wrap up talks around June 2025 before setting up a holding company by August 2026, when shares of both companies would be delisted.

Honda, which has a market capitalisation of more than $40bn, roughly four times that of Nissan, will appoint the majority of the company's board, they said.

Combining with Mitsubishi Motors would take the Japanese group's global sales to more than 8mn cars. The current No. 3 is South Korea's Hyundai and Kia.

Honda and Nissan have been exploring ways to bolster their partnership, including a merger, Reuters reported last week.

In March, both said they were considering co-operation on electrification and software development. They widened the collaboration to Mitsubishi Motors in August.

Last month, Nissan announced a plan to cut 9,000 jobs and 20% of its global production capacity after sales plunged in the key China and US markets.

Honda also reported worse-than-expected earnings due to a China sales slump, although solid motorcycle and hybrid car businesses helped it secure a relatively stable financial base.

"This is not a rescue of Nissan," however, Honda's Mibe said, adding that Nissan's business turnaround was a "prerequisite" for the merger.

Like other foreign carmakers, Honda and Nissan have lost ground in the world's biggest market China to BYD and other domestic makers of electric and hybrid cars loaded with innovative software.

In a separate online press conference on Monday, former Nissan chairman Carlos Ghosn, now wanted in Japan as a fugitive for jumping bail and fleeing to Lebanon, said he did not believe the Honda-Nissan alliance would be successful, as the two automakers were not complementary.

French automaker Renault, Nissan's largest shareholder, said it would "discuss with Nissan and consider all possible options". Sources have said Renault is open in principle to a Honda-Nissan tie-up.

Taiwan's Foxconn, seeking to expand its nascent EV contract manufacturing business, approached Nissan about a bid but the Japanese company rejected it, sources have told Reuters. Foxconn decided to pause the approach after it sent a delegation to meet with Renault in France, Bloomberg News said on Friday.

Nissan chief executive Makoto Uchida, at Monday's press conference, denied a view that Foxconn's move prompted its merger talks with Honda.

Uchida said Nissan continued to work with Renault on a "project basis" if there was synergy, while Mibe said Honda would not change its relations with General Motors.

Shares in Honda ended the day up 3.8%, Nissan rose 1.6% and Mitsubishi Motors gained 5.3% after news of the merger plan, while the benchmark Nikkei index closed up 1.2%.

Green hydrogen prices to remain stubbornly high for decades

Bloomberg
San Francisco

Green hydrogen has been touted by politicians and business leaders alike as a key fuel for a carbon-free future. But it will remain far more expensive than previously thought for decades to come, according to a new estimate from BloombergNEF. Hydrogen companies worldwide are already struggling with cancelled projects and sluggish demand. In the US, billions of dollars of projects have been stalled waiting for President Joe Biden's administration to issue final rules for a tax credit meant to spur production.

BNEF had in the past forecast steep declines in the price of green hydrogen, which is made by splitting it from water with machines called electrolysers running on renewable power. But in its forecast published yesterday, the firm more than tripled its 2050 cost estimate, citing higher future costs for the electrolysers themselves. BNEF now forecasts green hydrogen to fall from a current range of $3.74-11.70 per kilogram to $1.60-5.09 per kilogram in 2050.

For comparison, the most common form of hydrogen used today — stripped from natural gas, with the carbon emissions vented into the atmosphere — costs from $1.11-2.35 per kilogram, according to BNEF. The research firm expects prices for such "gray" hydrogen to remain largely the same through mid-century.

"The higher costs for producing green hydrogen without any subsidies or incentives means it will continue to be challenging to decarbonize hard-to-abate sectors, such as chemicals and oil refining, with hydrogen produced via electrolysis powered by renewables," said BNEF analyst Payal Kaur.

Those industries along with steel mills and power plants have been tagged as possible end users of the gas. But doing so would require expensive new equipment, which has stunted demand. Only two markets — China and India — are likely to see green hydrogen become cost-competitive, according to BNEF. There, the cleaner fuel will reach a comparable price to gray hydrogen by 2040.

The forecast puts Biden's goal of driving US hydrogen costs down to $1 per kilogram by 2031 out of reach. Many analysts consider that price essential to convincing potential customers to start using the fuel. BNEF took an in-depth look at how green hydrogen will fare in New York, Texas and Utah. The report found that Texas will create the cheapest green hydrogen but costs will only fall from $7.22 per kilogram today to $4.82 in 2030. If Biden's planned tax credit of $3 per kilogram is included, Texas hydrogen costs could fall below $1 by 2040, according to the forecast.

The fate of US hydrogen policies remains uncertain, with President-elect Donald Trump set to take office in January. Although industry executives remain hopeful he will continue many of Biden's initiatives — in part because oil companies are interested in hydrogen — Trump has said little about it. His threatened tariffs on imported products could boost the price of foreign-made electrolysers, but BNEF's price forecast did not take tariffs or subsidies into account.

Slow hydrogen demand growth, meanwhile, has forced companies worldwide to scale back their ambitions. Equinor ASA, Shell PLC and Origin Energy Ltd all cancelled hydrogen production projects this year due to a lack of buyers.

Bloomberg QuickTake Q&A

Dot plot explained: Understanding how the Federal Reserve forecasts

By Christopher Condon

Every three months since January 2012, the Federal Reserve has sent analysts scurrying by updating its "dot plot", which has become the de facto monetary policy forecast of the US central bank — whether the Fed wants it to be or not

It's almost certainly the most closely scrutinised scatter chart in financial markets. Every three months since January 2012, the Federal Reserve has sent analysts scurrying by updating its "dot plot", which has become the de facto monetary policy forecast of the US central bank — whether the Fed wants it to be or not. It's also an important source of clues to dissent within the Fed's policy making committee, even if it can be as cryptic as it is crucial.

What is plotted on the dot plot?

It's a chart showing estimates of what the federal funds rate, the short-term interest rate controlled by the Fed, should be. Members of the rate-setting Federal Open Market Committee each assign a dot for what they view as the midpoint of the rate's appropriate range at the end of each of the next three years and over the longer run. Investors focus on the median dot. As many as 19 monetary policymakers — the seven governors on the Fed Board in Washington and the presidents of the 12 regional banks — can contribute a dot.

What good is a projection of the Fed funds rate?

The dot plot was invented in late 2011, at a time when Fed officials were considering how to prepare markets for the shift they hoped to make away from the unprecedented array of monetary support measures they'd put in place after the financial crisis. The Fed chairman at the time, Ben Bernanke, and Janet Yellen, who served as Bernanke's deputy before a four-year stint as chair, saw the dot plot as a way of giving markets a look into the Fed's thinking beyond any immediate decision-making. FOMC statements focus mainly on current economic conditions and the immediate interest-rate target, though they've evolved over time and can be used to deliver sometimes-forceful forward guidance.

Why does it matter?

When the dot plot shifts, it can send a powerful message to investors on whether the US central bank expects to speed up or slow down its planned easing or tightening of monetary policy. It also creates a benchmark that can be used to highlight differences between the Fed's official view and that of the financial markets.

Can I tell which Fed official offered which dot?

No. The dot plot carries no names, so there's no way to tell, say, which estimate was offered by the Fed chair (though analysts have their suspicions). The anonymous nature of the dot plot is one reason it has critics as well as fans.

What else do dot plot detractors say?

Maybe the biggest beef is that the projections aren't an official consensus forecast. (Fed staff explored hammering out a consensus dot, but officials decided that it would be too hard to get agreement among so many officials with such disparate views.) Each individual member may base his or her forecast on a different economic model or set of assumptions, which means there's no consistency in how the dots are generated and no sense of the thinking behind them. Further complicating things, of the 12 regional Fed presidents, only five are voting members of the FOMC in any given year. That raises questions over how well the dots accurately reflect longer-term FOMC intentions.

How do Fed leaders view the dot plot?

With mixed feelings. In 2014, at her first FOMC press conference as chair, Yellen said people "should not look to the dot plot" as "the primary way in which the committee wants to or is speaking about policy to the public at large." But in 2016, after Fed officials had trimmed their forecast for the number of rate hikes that year to two from four, Yellen told reporters that the shift in dots "largely reflects a somewhat slower projected path for global growth" and a tightening in credit conditions. Jerome Powell, who took over from Yellen as chair in February 2018, often plays down the dot plot, telling lawmakers in March that it's "not a plan." But it's also proved an aid on occasion, such as in June 2023, when policymakers refrained from hiking rates but the dot plot showed more increases to come later in the year — helping avoid any burst of investor exuberance over the tightening cycle being over.

DCICAI conducts 'Public Listing: Regulation and Compliance' event

The Doha Chapter of the Institute of Chartered Accountants of India conducted an event titled 'Public Listing: Regulation and Compliance', which gathered over 100 finance professionals from leading organisations across various sectors.

The Doha Chapter of the Institute of Chartered Accountants of India (ICAI) recently conducted an event titled 'Public Listing: Regulation and Compliance', which gathered over 100 finance professionals from leading organisations across various sectors.

Arun Somanath delivered the opening remarks while chapter chairperson, Kamlesh Tibrewal, emphasised the significance of registration and participation in the upcoming WOFA event organised by ICAI in New Delhi, India. He also highlighted the importance of the inaugural GCC Conference, scheduled to take place in Oman.

The session featured a presentation by Seif Hourani, partner and capital market leader, Consulting HAUS, who provided an overview of the public listing process, regulations, and compliance requirements. He highlighted the numerous benefits of public listing, the condition to be fulfilled for listing, the importance of timing for listing, and the strategic considerations for selecting the marketplace - direct listing in the primary market or via venture capital routes. Members of the ICAI residing in Qatar and those aspiring to join the Doha Chapter can contact Kamlesh Tibrewal at 55928942 or vice-chairperson Kishore Alex at 55046010 for further information.

US consumer confidence takes unexpected hit in December

AFP
Washington

US consumer confidence fell unexpectedly in December, according to survey data published yesterday, as concerns were raised about the impact of tariffs on the economy before Donald Trump takes office.

The president-elect pledged on the campaign trail to implement sweeping tariffs on goods entering the US, which many economists predict would have an impact on the cost of everyday items.

Responding to the criticism, Trump has continued to insist that, "properly used", tariffs would be positive for the US economy.

"Our country right now loses to everybody," he told reporters at his Florida residence earlier this month, adding: "Tariffs will make our country rich." US consumer confidence index slipped to 104.7 in December, down from a revised 112.8 last month, The Conference Board announced in a statement.This was sharply below the market consensus of 113.5, according to Briefing.com

"The recent rebound in consumer confidence was not sustained in December as the Index dropped back to the middle of the range that has prevailed over the past two years," Conference Board chief economist Dana Peterson said in a statement.

"While weaker consumer assessments of the present situation and expectations contributed to the decline, the expectations component saw the sharpest drop," she added. Tuesday's release is the last before President Joe Biden hands over the keys to the White House to Donald Trump in January, whose campaign focused on immigration and the cost of living.

But Trump's threats to impose widespread tariffs appear to have led at least some to grow less optimistic, according to the Conference Board, which noted that write-in responses to its survey found a rise in mentions of politics and the impact of tariffs.

US crypto industry eyes possible day-one Trump executive orders

Reuters
New York

The cryptocurrency industry is pushing President-elect Donald Trump's team to kick start his promised crypto policy overhaul when he takes office next month with executive orders that would help push tokens mainstream, according to industry officials.

Trump plans to issue a flurry of executive orders and directives on everything from immigration to energy on his first day in office on January 20, Reuters reported this month.

On the campaign trail, Trump courted crypto cash with promises to be a "crypto president", and the industry wants him to make good on that pledge with executive orders creating a bitcoin stockpile, ensuring the industry can access banking services, and creating a crypto council, the people said.

They are pushing for those executive orders within Trump's first 100 days in office, and expect at least one could come on January 20, said two other people with knowledge of the matter.

"Given the tenor of the campaign, it would be imperative for executive orders to really set out what the actual priorities will be on day one and provide some kind of roadmap," said Rebecca Rettig, chief legal and policy officer at crypto company Polygon Labs.

Worried about crime and volatility, President Joe Biden's regulators cracked down on crypto companies, but Trump has pledged to reverse course. His crypto policy team is already taking shape, with the announcement this month of crypto-friendly Securities and Exchange Commission chair Paul Atkins and White House crypto czar David Sacks.

"There has been an effort in the Washington bureaucratic swamp to stifle innovation… but President Trump will deliver on his promise to encourage American leadership in crypto," Trump transition team spokesperson Brian Hughes said in a statement.

Bitcoin, the world's largest cryptocurrency, hit new records above $107,000 this month after Trump reiterated his plan, first unveiled in a speech in July, for a strategic bitcoin reserve. Bitcoin has since fallen back below $100,000.

Analysts are divided on whether Trump could use executive powers to create the reserve, potentially via the Treasury Department, or whether an act of Congress would be necessary.

One industry group, the Bitcoin Policy Institute, has gone as far as to draft a text of a potential executive order Trump could use to establish such a stockpile.

That draft would designate bitcoin as a strategic reserve asset and require the Treasury Secretary to spend $21bn over a year to amass a national bitcoin stockpile, according to the draft seen by Reuters.

Zack Shapiro, the Bitcoin Policy Institute's head of policy, said the US should get ahead of geopolitical rivals in monetizing bitcoin, "rather than have the price run up without the US having any reserves." He declined to say if the group had shared the draft with Trump's team.

Trump also said in July that he would not let banks "choke" crypto firms out of the traditional financial system, and some executives expect he will also try to address that issue with an executive order.

Crypto companies have long complained that banks won't work with them due to regulatory scrutiny, although regulators say banks are free to lend to crypto firms that follow the law.

While an executive order directing bank regulators to go easy on crypto would send a signal to agency officials and provide them with political cover, it's unlikely to have legal force since federal bank regulators are independent, some executives warned.

ECB plans to clamp down on banks ignoring its demands for fixes

Bloomberg
Frankfurt

The European Central Bank (ECB) is set to crack down on lenders that are slow to deal with fixes the supervisor demands of them, after growing frustrated with a perceived lack of responsiveness.

The ECB has issued more than 5,000 supervisory measures a year on average since it started overseeing the euro region's top banks in late 2014.

But banks have at times been slow to respond to the watchdog's demands, creating a backlog that the ECB is now trying to reduce in an effort to make its oversight more effective.

The central bank, which doesn't publish data on how quickly banks process their action points, has grown frustrated with the speed of action and is planning to push banks harder next year to tackle the backlog, people briefed on the matter said. They asked for anonymity discussing internal deliberations.

A spokesperson for the ECB declined to comment.

The move is a test of whether Claudia Buch, the ECB's top banking watchdog, can see through her pledge of making supervision more effective. Bankers were already bristling over regulators' efforts to become more "intrusive," especially as US competitors seek a laxer approach under the next Trump administration.

The headquarters of the European Central Bank in Frankfurt. The ECB is set to crack down on lenders that are slow to deal with fixes the supervisor demands of them, after growing frustrated with a perceived lack of responsiveness.

As part of the ECB's crackdown, banks will be pressed to have a plan for reducing their stock of findings and measures, and to demonstrate that they have capacity to carry out those plans, one person said. Lenders that repeatedly miss deadlines will be in particular focus, and those not progressing could face fines, the person added.

The ECB's measures are graded by severity and can touch on a broad range of issues, from managing market risk to governance. They can come from the onsite supervision team conducting special investigations, like the ECB's probe this year into leveraged finance.

Ordinary regulatory interactions, such as the ECB's Supervisory Review and Evaluation Process, or SREP, can also result in such orders.

Last year's independent review of the SREP process - the so-called 'wise persons report' - cited issues with the "follow-through process" for some orders, because "the late or inadequate remediation of qualitative measures does not trigger any automatic escalation or reassessment."

Several bank executives, who asked for anonymity, said their institutions had been struggling with the volume of demands, and that their stock of outstanding findings and measures had been swelling.

A senior manager at one of the biggest US banks said the ECB's demands were so great that they outstripped the combined requests from all the firm's other regulators.

Some of the backlog of findings and measures may have become outdated, said another person, for instance when a subsidiary that had been singled out by the supervisor is being sold, or when a bank has addressed the concerns at the group level but some subsidiaries still show them as 'outstanding'.

Outlining its priorities for 2025-2027, the ECB in December flagged a "progressive shift in focus from risk identification to risk remediation" next year.

"Accordingly, banks with unresolved material shortcomings will be asked to step up their efforts to fully comply with supervisory expectations and implement sound remedial action plans in a timely manner," the ECB said.

After Northvolt, Europe's battery hopes rely heavily on China

Reuters
Voderady, Slovakia

Northvolt's financial collapse has not entirely crushed Europe's dream of developing its own electric vehicle batteries but fulfilling it is likely to require Chinese cash and expertise.

InoBat CEO Marian Bocek's Slovakian start-up had to work hard to secure funding until China's fifth-largest battery maker Gotion bought a 25% stake last year and formed a joint venture with InoBat to build European gigafactories.

On Friday, InoBat announced 100mn euros ($104mn) in Series C funding, taking its total raised to well over 400mn euros.

Coming just weeks after Northvolt's downfall, the investment shows European EV battery projects can still raise money.

But instead of an independent European industry, the norm in future may be joint ventures that likewise rely on China's low-margin EV battery dominance, according to interviews with a dozen executives, investors and analysts.

They cited the Gotion-InoBat Batteries (GIB) tie-up and a deal announced last week between Stellantis and CATL.

Battery startups are "just not the flavour of the month," said Lacie Midgely, a research analyst at UK investment bank Panmure Liberum. "Institutional investors are looking for strategic investors before they'll get on board." In 2023, Hefei-based Gotion had around 150 gigawatt hours (GWh) of nominal battery capacity, enough to produce batteries for between 1.5mn and 2mn cars.

Morningstar analyst Vincent Sun forecasts it should hit 270 GWh in 2025 — dwarfing Europe's current capacity.

"It made a big difference that InoBat has a partner like Gotion on board," said Vikram Gourineni, executive director at Indian battery maker Amara Raja, a lead investor in InoBat's Series C round. Amara Raja also participated in InoBat's Series B round and has signed a licensing deal for GIB battery technology.

Gourineni said high-profile failures by start-ups like Northvolt and Britishvolt have left automakers demanding proven scale "because they don't want to risk their EV programmes".

A Northvolt logo on a car outside of the Northvolt Ett factory in Skelleftea, Sweden. Northvolt's financial collapse has not entirely crushed Europe's dream of developing its own electric vehicle batteries but fulfilling it is likely to require Chinese cash and expertise.

InoBat has a pilot production line making high-performance EV batteries in Voderady, near Bratislava, and will also be Gotion's "European face" for larger gigafactories, Bocek said.

"Investors look at us and see our big brother (Gotion) will ensure our cells get produced," Bocek told Reuters. Sweden's Northvolt raised more than $10bn but failed in its plans to mass-produce EV batteries and compete with China's experienced and deep-pocketed BYD and CATL.

That has left investors questioning other battery projects as the energy transition proceeds more slowly than expected.

At least eight companies have postponed or abandoned European EV battery projects this year, including joint venture ACC, led by Stellantis and Mercedes-Benz.

Europe's battery pipeline capacity out to 2030 has fallen by 176 GWh in 2024, according to data firm Benchmark Minerals.

But other projects are slowly gearing up. France's Verkor, backed by customer Renault, has secured around 3bn euros for a 16 GWh gigafactory in Dunkirk that will produce batteries for 300,000 EVs annually when completed around 2028.

Verkor must show it can deliver to Renault before a "significant number" of potential automaker customers sign up, CEO Benoit Lemaignan said, adding: "They are happy to interact with us, but they want to see the product first." Britain's Ilika will provide test EV battery cells in 2025 to 17 automakers and battery makers, including Tata Motors unit Agratas. Rather than building a gigafactory, Ilika wants licensing agreements to mass-produce its solid-state batteries, CEO Graeme Purdy told investors during an early December tour of its pilot production line. It already has such a deal with US firm Cirtec Medical, which will start producing tiny batteries for medical devices next year.

Michael Rae, a clean-tech fund manager at M&G who was on the tour, said Ilika currently falls below his fund's market cap threshold but could become an investment candidate.

Battery makers like Ilika must still win major automotive customers, he said, requiring a "totally different skillset".

Gotion's expertise helps InoBat solve problems, said CEO Bocek, adding: "This helps us move faster and conserve cash." He said high-performance European automakers including Ferrari are currently testing InoBat's energy-dense batteries, to be made at the low-volume, high-margin 4 GWh gigafactory the company is building in Voderady.

The GIB joint venture is meanwhile focused on high-volume, lower-margin production leveraging Slovakia's position as Europe's fourth-largest car producer and its proximity to German, Czech and Hungarian auto plants.