

OPINION

# Are we ready to listen to the banks' financial advice?

By Claer Barrett

Advice, so the saying goes, is what we ask for when we already know the answer (but wish we didn't). One question I am asked repeatedly by friends and colleagues is, "Who can I trust to give me financial advice?" to which my response is always, "How much are you prepared to pay for it?"

All too often, the question many hope an adviser will answer is: "How can I quickly become richer?" This explains the stubborn presence of charlatans peddling investments that promise "financial freedom".

It is an unfortunate truth that most investment advice is quite simple and unexciting: rewards are reaped by consistent good behavior and the beneficial effects of compounding. There is an analogy, apparent at this time of year, in the multibillion pound diet books industry, which can effectively be boiled down into four words - "eat less, move more". But this does not stop us from wishing that drinking some vile green concoction will make us look more like Gwyneth Paltrow.

A further pitfall is that good advice is something your average consumer is not generally prepared to pay for (perhaps because, like a maturing wine, it will take quite a while before the quality of that advice is proven).

Many people tend to view financial advice in the same way they regard delivery of their online shopping - they want it to be provided for free, but expect it to be spot on, otherwise they will complain like mad.

This combination of high expectations and low cash outlay is not an encouraging one - but this week's news that Santander is to re-enter the financial advice market has given me cause for optimism.

Why? Because I think high street banks have a critical role to play in filling the so-called "advice gap" for mil-

BLOOMBERG



The HSBC Holdings Plc headquarters in London. HSBC is set to launch an investment service this year.

lions of financial consumers - those who need financial direction, but can't afford it or don't seek it.

The FT revealed that Santander would dip its toe back into advice, deploying 225 advisers in its branches by the end of March.

This comes three years after most high street banks abandoned the sector following fines for mis-selling, and complications arising from the Retail Distribution Review in 2013.

In the expectation that other banks will follow suit (HSBC is set to launch an investment service this year) there is, of course, a powerful school of thought that we should never trust the banks to sell us anything again.

A staggering £27bn has been set aside by UK banks to settle claims for payment protection insurance (ironically, with 8 percent interest on whatever you originally laid out for the policy, this has proved a great invest-

ment for many).

There have also been regulatory probes into sales of packaged bank accounts and fraud protection (though the Financial Conduct Authority has quietly dropped a study into retail investment advice and incentives used to sell products).

And I am regularly sent press releases about the terrible levels of interest banks pay on Isas and other cash savings products.

But the consumer masses need a mass-market advice service - more than ever in the age of pensions freedoms - and while the big banks have work to do to regain our trust, they are the ones with the infrastructure and reach to provide an affordable basic service.

As an FT Money reader, you can probably afford financial advice (or know enough about invest-

ment markets to make your own decisions). But this shouldn't stop us from worrying about those who languish in the advice gap - as before too long, we taxpayers may have to foot the bill for their ignorance.

Santander's foray back into the advice market is a start, but I fear it will do little to solve the problem I have described, since its new service will cater for customers who have more than £50,000 to invest and it will only recommend Santander's own products. Yet it is a sign of how the big banks are thawing in their attitude to providing advice.

Other companies are competing to advise people with spare cash - such as private banks, investment advisers such as Hargreaves Lansdown and digital entrants such as Nutmeg.

If you have more than

£50,000 to invest, paying fees or charges of a few thousand pounds for face-to-face investment advice will be something you will grudgingly accept. But if you have £10,000 or £20,000 (perhaps released through pensions freedoms) that you want to invest wisely, a big fee is something you can ill afford.

The banks know all too well that, though they will be less profitable, there are thousands more of the latter type of customer to go after than the former. So the challenge is how to address their needs responsibly without breaking the bank.

Technology will provide the answer. Behind the scenes, the big high street names (and some less well-known challengers) are working to provide "robo" services - automated, low-cost financial advice.

Given the huge success of online banking, this makes sense. What is needed is a simple digital service that prompts customers to input their means and expectations, then serves up a template of risk-adjusted choices, a range of probable outcomes, information about past performance and perhaps an indication of what similar customers are doing. The banks' digital platforms and high street networks provide a place where every consumer can access this.

The banks will find different ways of delivering this, though the advice will (predictably) have the same worthy but dull conclusion - "spend less, save more". And while I welcome their re-entry into the realms of advice, getting financial consumers to listen cannot be guaranteed.

Meanwhile, the Treasury and the FCA are expected to set out further measures to help solve the advice gap for smaller savers before the Budget.

Claer Barrett is the editor of FT Money

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“ The consumer masses need a mass-market advice service - more than ever in the age of pensions freedoms.

TOURISM

# Japan and the world - Put the word out and many more will visit

By Robert Shrimley

Japan has everything you would expect of a tourist destination. Everything, it seems, except the tourists.

To some people, of course, this might add to the allure. A destination unsullied by foreigners clutching selfie sticks sounds rather appealing. But Japan's relatively sluggish performance in winning overseas visitors is now an issue of prime ministerial concern. Things are improving. Japan looks likely to have attracted close to 20m visitors in 2015 - a big leap from the 13.5m it secured in 2014, a figure which placed it seventh in Asia behind China, Hong Kong, Malaysia, Thailand, Macau and South Korea. China attracted more than 55m visitors in the same year. 2015 is obviously significantly better than the year before but even 20m feels like a low bar for such an important nation.

More than half of Japan's tourists come from Taiwan, South Korea and China. Europeans account for fewer than 10 per cent of visits. Japan boasts a fascinating culture, spectacular scenery, beaches and mountains. It is safe, modern and - my children assure me, although they have not been there themselves - cool. A nation that prides itself on the quality of its hospitality is somehow failing to pull Asia-bound tourists.

To find out why, I joined a Nikkei colleague, Akira Kobayashi, and photographer Ken Kobayashi (no relation) on a sprint through Kyoto and Tokyo to see what tourists are missing and what might be putting them off. We took the shinkansen, or bullet train, from Tokyo main station to Kyoto and as we reclined in our seats I realised that the time difference meant that at this hour I would normally have been travelling to work on Network Rail. Akira informed me this was in fact one of the older rolling stock, so not quite up to snuff. In England it could be the royal train.

At Kyoto, we scrambled through the tumult of the main station and headed to a ryokan, or traditional Japanese bed and breakfast, replete with tatami matting, sliding screens and minimalist decor. Had I passed this establishment on the street, I would barely have given the unassuming exterior a second glance, but this was



Passersby walk on a Tokyo street that is closed off to traffic on Sundays

Tawaraya - widely regarded as the best ryokan in Kyoto and a once favourite haunt of Steve Jobs (though apparently Charlie Chaplin preferred the one opposite).

In our suite, we changed into traditional dress and sat back to enjoy a 10-course meal of the highest quality. Tawaraya is everything the romantic imagines about Japan. It is an 18-room hotel but we never heard the sound of anyone else and our suite offered a window on to an exquisite, miniature garden. My single futon mattress allowed as comfortable a sleep as any I have enjoyed. True, the cost of a room with dinner was commensurate with a luxury destination - at Y62,100 (£350/\$521) per person.

The following day was spent rushing between some of Kyoto's great sites. Japan's ancient capital boasts a fair few wonders, including some monuments to tranquility, notably the Golden Pavilion, and the Zen garden at the Ryoan-ji Gardens. Unfortunately the problem with being a world-renowned center of tranquility is that peace is the one thing you are guaranteed not to find, especially in the peak season of November. Suddenly Japan's tourist problem did not seem so apparent. Both sites bustled with visitors and school parties; the Golden Pavilion - a place I had long wished to

see - was crammed. Kyoto station seemed peaceful by comparison.

The Kiyomizu-dera Buddhist temple and the Nishiki food market were similarly crowded, though here at least the hubbub added to the atmosphere. Kyoto itself surprises at each turn. More than 1m people live in the city surrounded by hills. A view from a shrine on one of them shows how densely packed in everybody is.

## More than half of Japan's tourists come from Taiwan, South Korea and China

Kyoto's old quarter lives cheek by jowl with the new. Streets offer an unlikely mix of old-style machiya - wooden townhouse - buildings next to tacky bargain stores. Traditional tea houses vie for custom with the artisan roasters of a flourishing coffee culture. Their establishments are as tantalising as any in Europe or the US, although unpopulated as yet by the requisite hipster beards.

Then there is the food. After a long day's sightseeing, sitting in another minimalist, traditional restaurant, I watched the emotion on my colleagues' faces as we tasted the exquisite and unusual dishes, each served on different shaped plates designed to highlight the artistry of the cuisine.

In the smoked potato - crisp outside, sweet within - Akira could "taste autumn". A bowl of vegetables symbolised Kyoto and spoke of the hills surrounding the city: "With each dish we feel the questions asked of us by the chef," he noted, adding that "it is like a battle between chef and taster", as I polished off some grilled fig with a wafer-thin layer of beef.

If it was a battle the food wanted, I showed it no mercy. The seared tuna dissolved in the mouth and may have been the best I have tasted but it was clear I was missing the point. With each course I began to feel the inadequacy of my response. This was a flavor of Japan in more than one sense: the delight in the detail, the examination of the senses and the appreciation of the work that went into the food's creation.

In Tokyo, by contrast, we sought out modernity. We drank until late in the miniature bars of the Golden Gai district of Shinjuku, sampling the Suntory whisky from the Yamazaki distillery we had visited in

Kyoto that morning.

I shopped for presents in the huge manga - comic books - and electronics emporia of Akihabara and visited the burlesque of the Robot Restaurant. We waited for the show in an anteroom, as a man dressed as a silver Power Ranger strummed a ballad on electric guitar in a setting so bewitched it would have been too vulgar for Vegas.

The show - in which dancing girls fought with robots in what can only be described as a down-market Disney on acid - is a huge crowd-puller, although neither camp enough to be funny nor sufficiently titillating to serve some other purpose. I suppose it is meant to capture that crazy side of Japanese culture. There certainly was something unusual about hearing a majorette singing Ave Maria as illuminated robots glided across the floor.

Time constraints meant we did not even touch the museums or umpteen other notable sites. We did not see the beaches of Okinawa, the nightlife of Osaka or the ski slopes of Hokkaido. I did not venture into an onsen - hot spring - or brave Disneyland Tokyo. I spent little time perusing the shops, because, well, I spend little time doing that at home, but there can be no doubt of Tokyo's merits as a high-end shopping destination.

There were moments of

bewilderment. The public transport network is not as easy to navigate as one would wish. Kyoto main station is confusing. Of other diversions, I spent Y1,000 in a special parlour devoted to pachinko - a local form of pinball - and still do not have the slightest idea how to play the game.

I did, however, see more than enough to be sure that Shinzo Abe, the prime minister, is right to believe Japan could do better. I could find no compelling reason why tourists would not be coming.

Perhaps for westerners, this is down to perceptions of distance and cost; maybe the linguistic and cultural challenges seem too much like hard work, although I found no obstacle that could not be overcome with a little effort, especially with the aid of a deeply solicitous citizenry.

So perhaps the country is not saying the right things. I have, for example, never seen a travel advertisement extolling Japan. It is an island chain, yet one never thinks of its beaches. It has a Disneyland, yet somehow one does not think of it as a family destination.

Perhaps it is no longer enough to let a country's attractions speak for themselves. Sometimes it takes an invitation, an indication that you are wanted.

By Matthew Pennington  
in Washington

# China faces nuclear energy choice: reprocess or not?

**C**HINA is coming to a crossroads as it hurriedly increases nuclear power production to cope with rising electricity demand and cut carbon emissions: Should it reprocess its nuclear waste or store it?

Nonproliferation advocates warn that recycling waste would generate weapons-usable plutonium, posing a security risk and potentially stirring a nuclear rivalry in East Asia. A new Harvard University study, co-authored by a senior Chinese nuclear engineer, gives another reason against reprocessing — that it doesn't make economic sense.

The study says China could save tens of billions of dollars by storing the spent fuel, and the savings could be spent on research and on building nuclear reactors. It recommends postponing major investments in reprocessing and so-called "breeder" reactors that produce more plutonium than they consume.

"China has the luxury of time, as it has access to plenty of uranium to fuel its nuclear growth for decades to come, and dry casks can provide a safe, secure, and cost-effective way of managing spent fuel for decades to come, leaving all options open for the future," the study says.

China has aimed for a "closed" nuclear cycle — recycling reactor fuel instead of using it just once and disposing of it — since the early 1980s. The State Administration of Science, Technology and Industry for National Defense told The Associated Press that remained China's policy; to enhance its use of uranium resources and to cut production of nuclear waste.

But the numbers of countries that do reprocessing has dwindled, because of the high costs, technical difficulties involved and the growing availability of uranium on world markets. While reprocessing reduces the level of radioactivity in nuclear waste, The Union of Concerned Scientists — an advocacy group that was founded by scientists and students at the Massachusetts Institute of Technology — says it does not reduce the need for storage and secure disposal of waste.

Some within China's own nuclear establishment are also questioning the merits of reprocessing as the nation mulls huge capital investments in the sector, U.S.-based experts say.

One of the three authors of the Harvard study is Li Kang, who works within the China National Nuclear Corporation that oversees civilian and military nuclear programs. The preface says Li's contribution was primarily in making

AP PHOTO



Workers wearing protective suits and masks are seen near tanks of radiation contaminated water at the tsunami-crippled Fukushima Daiichi nuclear power plant

**China already has the world's fastest-growing nuclear energy program as it strives to double current atomic power output from the current level within five years**

cost estimates based on China's experience and that he should not be held responsible for arguments in other sections of the study — which, for example, highlight the costly experience of nations such as Japan in pursuing reprocessing. The other authors are Matthew Bunn, a former White

House adviser and expert at Harvard's Kennedy School of Government, and Hui Zhang, who heads the school's research initiative on China's nuclear policies.

Henry Sokolski, executive director of the Washington-based Nonproliferation Policy Education Center, said that Chinese nuclear experts who "care about making sure China's nuclear power program stays on schedule and safe are genuinely concerned about how financially, technically, and diplomatically risky recycling plutonium is." Sokolski, a former U.S. defense official, has written extensively on the risks of rising stocks of fissile material in East Asia.

China already has the world's fastest-growing nuclear energy program as it strives to double current atomic power output from the current level within five years — a key element of its commitment to produce 20 percent of its energy from low-carbon sources by 2030.

China has some experience with reprocessing. It previously produced plutonium for military uses, and in 2010 completed an experimental reprocessing facility for its civilian program at an adjacent site. The facility ran for just 10 days before shutting down because of technical problems.

According to Zhang, China has started site preparation for a new reprocessing facility using its own technology, and is considering a separate, much larger \$21.7 billion reprocessing plant with the French state-run nuclear company Areva. China is also considering taking a minority stake in the company.

China is an important market for the world's nuclear industry giants, including the United States. The U.S. last year eased restrictions on its civilian nuclear cooperation with China to allow the reprocessing of fuel from U.S.-designed reactors for nonmilitary purposes — similar to the arrangement the U.S. has with

its close ally Japan.

Some U.S. lawmakers say that could lead to spiraling quantities of fissile material in the region. China itself has strongly criticized Japan, which opposes nuclear weapons, for stockpiling enough separated plutonium in-country for more than 1,300 bombs. Japan has many tons more of plutonium stored overseas.

China may want to note Japan's experience with reprocessing. Its plant, built with Areva, has been more than 20 years in the making and has been plagued by delays and cost overruns.

The Harvard study also notes that in the wake of the Fukushima Dai-ichi reactor meltdown in Japan in 2011, "Chinese citizens are increasingly in favor of renewable energy."

Japan's reactors have been offline since the accident. It recently postponed until 2018 the reprocessing plant's opening to allow for more safety upgrades and inspections. AP

# Nine more Indiana turkey farms infected with bird flu

**TURKEYS** tested positive for bird flu at nine more Indiana farms near the location where authorities first confirmed a strain different from the one that ravaged the U.S. poultry industry last summer, Indiana authorities said on Saturday.

Farmers began euthanizing turkeys at the new farms even before final results of whether the birds were infected with the H7N8 strain, said Denise Derrer, spokeswoman for the Indiana State Board of Animal Health. Final results are expected soon from a government laboratory in Ames, Iowa.

The nine farms are located in Dubois County, about 70 miles from Louisville, Kentucky. All of the new infections are within a quarantine area set up around the first farm and that area has been expanded to four neighboring Indiana counties — Martin, Orange, Crawford and Daviess.

Confirmation of new bird flu cases alarmed industry officials after the rapid spread of



A worker wearing a contamination suit was carted up to a Dubois County farm

the H5N2 virus last year led to the deaths of about 48 million turkeys and chickens, and drove egg prices higher.

"We are very concerned and trying to figure out strategies to contain it," Derrer said of the outbreak.

She said officials are trying to determine how many birds

will have to be euthanized at the nine farms. The state animal health board website said one of the farms had 12,000 turkeys and another 23,500. It did not give figures for the other seven. All 60,000 turkeys at the first farm have been euthanized.

It isn't clear whether the

mild winter weather played a role in the current outbreak of the virus, state and federal officials said. The H7N8 virus has not yet been found in wild birds, suggesting that the virus could have developed in wild birds that spent the winter in southern Indiana, USDA spokeswoman Andrea

McNally said Friday.

Research has shown that wild birds' northern migration introduced the H5N2 virus, which began to accelerate from farm to farm last spring.

While the H7N8 strain is highly contagious for birds, the USDA said no human infections from the viral strain have been detected.

Indiana's poultry industry brings in \$2.5 billion a year, Derrer said, adding that the state leads the country in duck production, is No. 3 in egg production and fourth in turkeys. Dubois County is Indiana's top poultry producer with 1.4 million turkeys, she said.

The Indiana farm where the strain was first found is associated with Farbest Farms, a company that produces about 15 million turkeys a year and has contract growers in Indiana, Illinois and Kentucky. Derrer declined to say if the new infections also were on farms linked to the company.

Indiana Gov. Mike Pence met Saturday with state and local officials at an incident command center set up since the outbreak. Pence emphasized in a statement that the poultry industry is vital to Indiana and authorities are "bringing all necessary resources to deal with this situation." AP

## ASK THE VET

by Dr Ruan Du Toit Bester



### ASPIRIN: THE MOST COMMON POISONER OF DOGS

**ASPIRIN** may be highly harmful to a dog if the proper dosage is not used. Aspirin toxicity can cause life-threatening, long-term complications and even death, especially in young or small dogs. But, with the right dose, aspirin can be a very helpful medicine for your dog. Following a proper dosage schedule is critical; never give your dog over the counter aspirin without first consulting your vet.

#### SYMPTOMS OF ASPIRIN TOXICITY IN DOGS

Administered correctly, aspirin may indeed reduce pain and inflammation, making dogs feel more comfortable. However, toxic quantities of aspirin may adversely affect all systems of your dog's body: the circulatory system, causing impaired clotting of blood; the digestive system, causing ulcerations in the lining of the stomach, intestines and bowels, and possibly ushering in a dangerous bacterial infection of the abdomen; the neurological system, causing behavioural changes, lack of coordination and seizures; and, the renal system, causing acute kidney failure. Symptoms of aspirin toxicity in dogs include:

- Panting
- Vomiting
- Bloody vomiting

- Depression
- Anxiety
- Lethargy
- Black, tarry stools (melena)
- Diarrhea
- Lighter urine
- Pale gums
- Loss of appetite
- Extreme thirst
- Spontaneous bleeding

#### PROPER ASPIRIN DOSAGE AND FREQUENCY

The recommended aspirin dosage for dogs is 2.5 mg to 5 mg per Kg of your dog's weight, administered once during a 12-hour period. An adult aspirin is 320 mg; a baby aspirin is 80 mg. The lowest dosage will likely provide adequate relief. If not, your vet may instruct you to gradually increase the dosage. Aspirin can be toxic if given in high doses of about 15 mg per Kg. For example, a baby aspirin could poison a dog weighing 1 Kg or less, and an adult aspirin could poison a dog weighing about 5 Kg.

Do not administer coated aspirin, for your dog cannot digest it and excretes it in the stools. Puppies cannot tolerate aspirin in any quantity, because their bodies lack enzymes that break it down. Never give aspirin to puppies.



#### IF YOU SUSPECT ASPIRIN POISONING

If you believe your dog has ingested too much aspirin, do not treat your dog at home. Immediately take your dog to a vet's office or hospital to obtain a conclusive diagnosis and receive proper treatment. Other serious illnesses, like pancreatitis, cause symptoms similar to aspirin toxicity. However, you are advised to call en route for instructions on whether to induce vomiting before you reach the doctor's office.

#### PREVENTATIVE MEASURES

Prevention is the the best way to spare your dog the harmful effects of aspirin toxicity. Remember, your dog is a natural

detective, and can find aspirin tucked away in purses, wallets, baby bags and backpacks. Always keep aspirin in a dog-proof container, out of your dog's reach.

Hope this helps  
Till next week  
Dr Ruan

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