

# Financial curbs on airlines 'monitored'

By AHMED AL OMARI

BAHRAIN'S banking watchdog says it is monitoring the country's financial institutions as they impose precautionary restrictions on Gulf Air and Bahrain Air staff.

The Central Bank of Bahrain (CBB) pledged it would take action if appropriate, after Bahrain Air announced it was going into voluntary liquidation last month and Gulf Air commenced a major downsizing that involves redundancies.

The *GDN* reported last week that banks had frozen the personal accounts of Bahrain Air staff.

This followed news that Credimax had suspended accounts of all Bahrain Air employees, as well as expat staff at Gulf Air, until

## Gulf Air cuts 15 per cent of staff

BAHRAIN'S national carrier Gulf Air has cut 15 per cent of its staff to date and dropped four loss-making routes as part of its restructuring, the carrier said yesterday.

Gulf Air, which has cut its fleet to cope with tough market conditions, said further adjustments would be made across all levels of its organisation, but that it was on track to complete all big workforce-related changes in the second quarter of 2013.

"In January a total workforce reduction of six per cent was realised. This to date has

increased to 15pc," the carrier, which had approximately 4,000 staff last year, said in a statement. It did not specify how many more jobs might be lost.

Gulf Air chief executive Samer Majali, brought in to restructure the airline's operations in 2009, resigned in November last year.

Competition from other Middle East airlines such as Abu Dhabi's Etihad, Qatar Airways and Dubai-based Emirates, and the damage to Bahrain's tourism industry from

anti-government protests over the past two years, have reduced passenger numbers for carriers in the kingdom.

Smaller carrier Bahrain Air shut down last month, blaming political unrest and the government's refusal to pay it compensation.

Last November Gulf Air cut its order for Boeing 787 Dreamliners to 12-16 planes from an earlier order of 24.

It also revised a deal with Airbus. It currently has a fleet of 26 aircraft.

they could prove they were employed.

It has now emerged that at least one bank, Standard Chartered Bank, is no longer immediately accepting cheques written by Gulf Air if the beneficiary has outstanding loans or credit card debt.

The measures have been introduced amid fears that staff laid off by the airlines, particularly foreigners, could leave the country after getting their severance packages without paying off their loans.

A senior banker told the *GDN* last week that customers should

be given 15 days' notice of their credit cards being frozen, while lawyer, former MP and member of the National Institution for Human Rights Fareed Ghazi said banks must obtain a court order before a personal account could be frozen.

However, the CBB said the

rules were defined by individual contracts between banks and their customers – unless they violated a specific regulation.

"The precise rights and obligations that exist between a bank or credit card issuer and its customers are primarily determined by the terms and

conditions governing that relationship, save to the extent that these are contrary to a specific rule of law or regulation," said the CBB in a statement to the *GDN*.

"Without a thorough investigation into each and every relationship, it would be impossible for the Central Bank or anyone to say with any certainty whether rights or obligations have been violated.

"The Central Bank is however aware of the general nature of these developments and we continue to monitor the situation closely and will take action where we consider appropriate."

The *GDN* saw an internal memo to staff at a branch of Standard Chartered yesterday informing them not to immediately accept cheques written by Gulf Air and two other companies.

An official at the bank said this was an instruction from management, but did not mean that the cheques would be refused.

"It doesn't mean that the cheque has been refused, but that we want to check if that person (the beneficiary) is still working at the company," said the source.

### Foreigners

"The (Gulf Air) redundancy packages are being given as cheques and if we just cash them, it can leave the bank with all the debt (from outstanding loans and credit cards).

"This is especially for foreigners, as they can take their money and leave the country with a lot of debt.

"But if a person comes in with no debt or credit card, the cheque will be approved immediately.

"If not, the person will have to settle loans and cancel their credit card service if they have one.

"An alternative is to prove employment elsewhere."

The source explained that those unable to pay off their debts might have their assets held, but claimed this was within the rights of the bank.

"When anyone takes a loan they have to supply a transfer salary form signed by their employer," the source said.

"That form states that the employer will transfer the severance package to the bank.

"That is why we are able to hold those cheques until the debts have been settled."

The Bahrain Association of Banks could not be reached for comment yesterday, while Standard Chartered Bank did not officially comment.

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More than 100 students have taken part in AIESEC Bahrain's ninth annual National Training Conference (Natco) held at Bahrain Polytechnic, Isa Town. Local and international universities took part in the event, which consisted of intensive theoretical and practical workshops delivered by 14 facilitators from Bahrain, Greece, Brazil, Germany, Ukraine, Russia and Poland. It focused on functional training, leadership, project management and member development. Above, participants at the event

## Drunk man strips in airport drama

A NEPALESE man who was held by airport security in Bahrain stripped in protest of his detention.

The transit passenger was reportedly intoxicated before boarding his flight to Kathmandu on Saturday and was disturbing others at Bahrain International Airport, said sources.

Security personnel intervened and escort him away from the crowd. However, the man then started to take off his clothes.

An airport official confirmed the incident and said it did not happen in a public area.

"The transit passenger arrived from Dubai and was waiting to board a flight to Kathmandu," he said.

Last year, an Ethiopian housemaid tried to strip at the airport while she was being deported.



A spring fashion campaign launched at Bahrain City Centre yesterday continues until the end of the month. It features a fashion display, a prize draw on April 1, a Zumba party at 9am on March 16 to mark Mother's Day and free treatments and consultations from March 27 to 30. Two hundred mother-daughter teams can register for the Zumba contest, with a free spa package on offer for the winners. Above, City Centre senior mall manager Duaij Khalifa Al Rumaihi, second from right, with staff at the launch.