Amazon pay hike not a win for some

The Associated Press

AP / PATRICK SEMANSKY

Some longtime workers say that as Amazon lifts its minimum hourly wage they will lose monthly bonuses and a chance to buy company stock. One employee estimates she'll lose out on about $3,000 a year.

Amazon's announcement this week that it would raise its hourly minimum wage to $15 has been seen as a win for workers. But some longtime employees say they are losing out.

Those who already made $15 will get an extra dollar an hour when the change is made next month, but they will also lose two benefits they relied on: monthly bonuses that could top hundreds of dollars and a chance to own Amazon's sky-rocketing stock, currently worth nearly $2,000 a share.

At least four longtime workers, who spoke on condition of anonymity for fear they would be fired, said the $1 an hour raise would not make up for the lost benefits. The employees, who work in different warehouses around the country, said the $15 minimum wage was great for new workers, but the math didn't work out for those who have worked at Amazon's warehouses for a few years.

"I feel hugely disrespected," said a worker at a warehouse in North East, Maryland. "The ones who are loyal should be rewarded for loyalty, not smacked in the face."

According to Amazon, the wage increase will benefit 350,000 workers, including full-time, part-time, temporary and seasonal, as well as those at its grocery chain Whole Foods. Economists said the move could put pressure on other large employers to raise wages.

Amazon said in a statement the changes mean "compensation will be more immediate and predictable." The Seattle company, which has more than 100 warehouses around the country, said "the significant increase in hourly cash wages more than compensates" the benefits that will be phased out.

But others dispute that.

"They must have a different kind of calculator than us," said an employee at a Pennsylvania warehouse, who estimated she'll lose out on about $3,000 a year.

From January to September, she made about $150 a month in bonuses, which were tied to her attendance and productivity goals for the entire warehouse. But she earned an extra $400 a month in October, November and December, during the busy holiday shopping season when Amazon doubles the bonuses to motivate workers to show up on time and churn out packages quicker.

"They took away all the incentives to work super hard," she said, estimating that the $1 raise will give her about $160 extra a month.

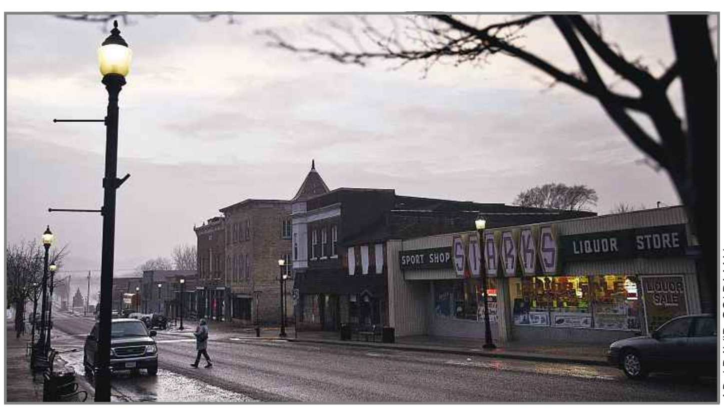
Amazon said its stock program, which typically gave workers one or two Amazon shares when they first started and then one a year, will be replaced with a method for workers to buy stock next year, but the company didn't provide details.

"Who that's making $16.25 an hour is going to have $2,000 to buy a stock?" said the person who works at the North East, Maryland, facility.

Thomas Kochan, a professor at MIT's Sloan Institute for Work and Employment Research, said taking away benefits from longtime workers can lead to morale problems and higher turnover.

Rates start to bite into bottom line

The Associated Press



AP / DAVID GOLDMAN

The effect of rising interest rates on America's Main Streets may get stronger as the Federal Reserve lifts rates amid the strong economy.

On the long list of concerns for small-business owners, the threat of rising interest rates is closer to the bottom than the top. Maybe not for long.

Rising rates are already starting to bite into some businesses' bottom lines, and the effect is likely to get stronger as the Federal Reserve continues to raise rates amid the strong economy. The Fed made its latest move last week, raising its benchmark rate by a quarter of a percentage point, and economists expect one more increase in December and at least a couple more next year.

"Most small businesses are saying, 'Rising rates won't affect my business,'" said Nalanda Matia, senior director in the econometrics practice of Dun & Bradstreet, which tracks data on small businesses. "But I think it's going to affect everybody."

She points to higher rates of credit-card delinquencies for small businesses as some of the first examples. Last month the delinquency rate was 2.7 percent, up from 2.3 percent in the summer of 2017. Rising interest rates didn't start the trend, which began in the middle of 2015, before the Federal Reserve began pulling rates off their record low near zero. But rising rates have helped to accelerate the trend recently, Matia said.

Small businesses are also using more of the available credit on their cards, up to 24.5 percent from 22.8 percent a year earlier. That could put them on the line for higher interest payments as rates on cards climb. The average interest rate on all credit cards was 14.14 percent in the second quarter of 2018, its highest level in eight years.

Only 2 percent of small firms say interest rates and financing are their top problem; 25 percent say the quality of labor is No. 1.

U.S. criminal probe of top Danish bank

The United States government has opened a criminal investigation into the flow of dirty money through the Estonian branch of Denmark's biggest bank, the lender said Thursday.

Danske Bank says it is "in dialogue" with the U.S. Department of Justice, which had asked for information after an internal report at the bank detailed a massive amount of money laundering through its subsidiary, with some reportedly even linked to family members of Russian President Vladimir Putin.

Danske's interim chief executive, Jesper Nielsen, said "it is too early to speculate on any outcome of the investigations."

The results of Danske Bank's internal investigation were published last month and found that some $235 billion flowing through the bank's accounts from 2007 to 2015 was suspicious. Its CEO resigned over the case.

The findings prompted Denmark's financial regulator to reopen a probe, and Danish prosecutors have started a criminal investigation.

The bank also said Thursday that Danish regulators have ordered it to reassess its finances to make sure it has enough capital to cover any potential fines or other losses related to the scandal.

The bank said Denmark's Financial Supervisory Authority told them its solvency need should amount to at least 10 billion kroner ($1.55 billion).

As a precaution, Danske Bank decided to discontinue a share buy-back program as of Thursday. The share buy-back for a total of 10 billion kroner, with a maximum of 85 million shares, was due to end by Feb. 1. — AP