COMMENT GEOFF HO

TSB customers have been given first-hand experience of how IT failures can cause chaos and seriously disrupt lives, but people with other banks should not sit too comfortably, as computer meltdowns could easily affect them.

If you ask people to describe the IT infrastructure of banks, most say that they operate on state-of-the-art, super advanced systems. That is true, but up to a point. Although banks do operate modern computer systems, unfortunately, very often they are run in parallel with ancient networks that are still responsible for key parts of their infrastructure.

Britain's big banks are the products of decades of mergers and acquisitions, which has left them with a mishmash of old IT systems, over which they have layered new, modern technology. In the words of one bank technology veteran, who is responsible for ensuring that the ATM network of one of the high street's biggest lenders works, IT systems across the sector are held together by "Sellotape and prayer".

The vast majority of the people that know how these old systems operate and how to fix them either retired long ago or were made redundant by the banks. The aforementioned IT worker has tried to leave his bank a number of times, through redundancy and early retirement, but it will not let him as he is one of only three people left in the company with deep knowledge of its legacy systems.

Although TSB's disastrous migration to a modern, bespoke IT platform shows the potential pitfalls and dangers banks face when moving off legacy systems and transitioning to new technology, it is something that has to be done.

The longer it takes banks to pension off their ancient systems, the greater the chances are of a costly, chaotic problem developing. Not to mention the fact that most of the older programmers and IT engineers that could fix the problems are working now as consultants and the fees they charge are growing, due to their dwindling numbers.

Old technology is a problem that will cost the sector billions to fix, but it is one that has to be addressed urgently.

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No interest rate rise until August

By **Geoff Ho**

THE Bank of England will keep interest rates at 0.5 per cent this week and push back plans to begin normalising them until late summer, economists say.

The Bank is expected to say that the nine members of its Monetary Policy Committee (MPC) voted 7-2 to keep rates on hold, having previously signalled a rise.

Weak economic data, combined with poor gross domestic product (GDP) growth of 0.1 per cent for the first quarter, is believed to have killed off the chances of a rate hike on Thursday.

The respected EY ITEM Club think-tank, which uses the Treasury's models to produce its economic forecasts, said that instead of seeing two interest rate rises in 2018, it is likely that there will only be one in August now.

ITEM Club chief economic adviser Howard Archer said that while the UK should see GDP growth bounce back to 0.4 per cent for the second quarter, the MPC will want to see a sustained run of positive economic data before raising the base rate.

Archer said: "The interest rate outlook has changed significantly as a consequence of the UK economy slowing more than expected in the first quarter of 2018. GDP growth of just 0.1 per cent quarter on quarter was the weakest performance since the fourth quarter of 2012 and below the most pessimistic of forecasts.

"We suspect that the MPC will again sit tight on June 21 after its meeting. We now expect the Bank to raise interest rates from 0.5 per cent to 0.75 per cent at the August MPC meeting. This is likely to be the only interest rate hike in 2018, but we expect the Bank to raise them twice in 2019, by 25 basis points. This would see interest rates reach 1.25 per cent by the end of 2019."

Pantheon Macroeconomics chief UK economist Samuel Tombs said: "While it (the MPC) is likely to mention that it expects to raise rates a few times over the next few years, it probably will refrain from giving clear guidance over the timing of the next hike.

"Markets are pricing-in a 60 per cent chance of an August hike, we broadly agree, and its hard to see why the MPC would want to steer that probability higher when the incoming data remains weak and the political uncertainty is still high."

Fashionable thinking outside The BOX

FASHION events start-up The BOX is forecasting turnover of £4million by 2020, thanks to the swish stock and sample sales it holds for designers, ***writes Maisha Frost.***

Founded in January 2017 by Natalie Basrawy, the firm hosts weekly sales in its east London showrooms where shoppers can browse catwalk and limited-edition pieces in a comfortable setting akin to high-street stores, complete with changing rooms and mirrors. It manages the sales for designers or provides them with the space if they want to do it themselves.

Sample and stock events can often feel a bit like a jumble sale and Basrawy explained: "I wanted to create an environment for excess stock that does not devalue it. Our concept, which includes being a longer term outlet for clients, appeals because it does not disrupt their full price business. We extend the value and life of stock, clearing it in a sustainable way with reductions of up to 80 per cent."

Annual growth is running at 30 per cent and the sales it hosts for up-and-coming and established brands attract male and female shoppers. Its next sale is on May 17 and features items from super chic Parisian house Isabel Marant and French brand APC's tailored staples.

BETTER BY DESIGN: Founder Natalie Basrawy

Ashley in House of Fraser legal row

RETAIL mogul Mike Ashley has launched legal action against House of Fraser, the embattled department store group that is fighting for its future.

Ashley's Sports Direct holds an 11.1 per cent stake in House of Fraser and it is seeking a High Court injunction to force the chain to provide it with a copy of its corporate plans, as it feels that it has been frozen out by management.

House of Fraser last week said that it will close some of its 59 stores and seek rent reductions at others, using an insolvency process called a Company Voluntary Arrangement, in a bid to put itself on a firmer financial footing.

The restructuring will also see Hamleys toy shop Chinese owner C.banner become its majority shareholder.

KPMG is advising House of Fraser on its restructuring plan, details of which are expected to be finalised in early June.

House of Fraser is currently controlled by Chinese conglomerate Manpower and its troubles came to the fore in January, after it suffered a sharp drop in sales over Christmas.

Engineering needs lift to beat skills gap

STUDENTS and school pupils need to be encouraged to take up science, technology, engineering and mathematics in greater numbers to beat Britain's skills gap Electrocomponents chief executive Lindsley Ruth says.

He said the UK needs a strong engineering sector but currently suffers from a shortfall of around 20,000 engineers. As part of efforts to inspire more young people to take up STEM subjects and engineering careers, the FTSE 250 electronics and engineering tools group teamed up with Electronics Weekly on Thursday to hand awards to Britain's best young engineers.

EW said there was a 75 per cent increase in the number of people entering the BrightSparks awards this year and that encouragingly, 20 per cent of the entrants were women. Only 9 per cent of engineers in the UK at present are female.

"Our aim is to inspire them in order to influence the uptake of STEM subjects in education, plus show how exciting and creative engineering careers can be," Ruth said.