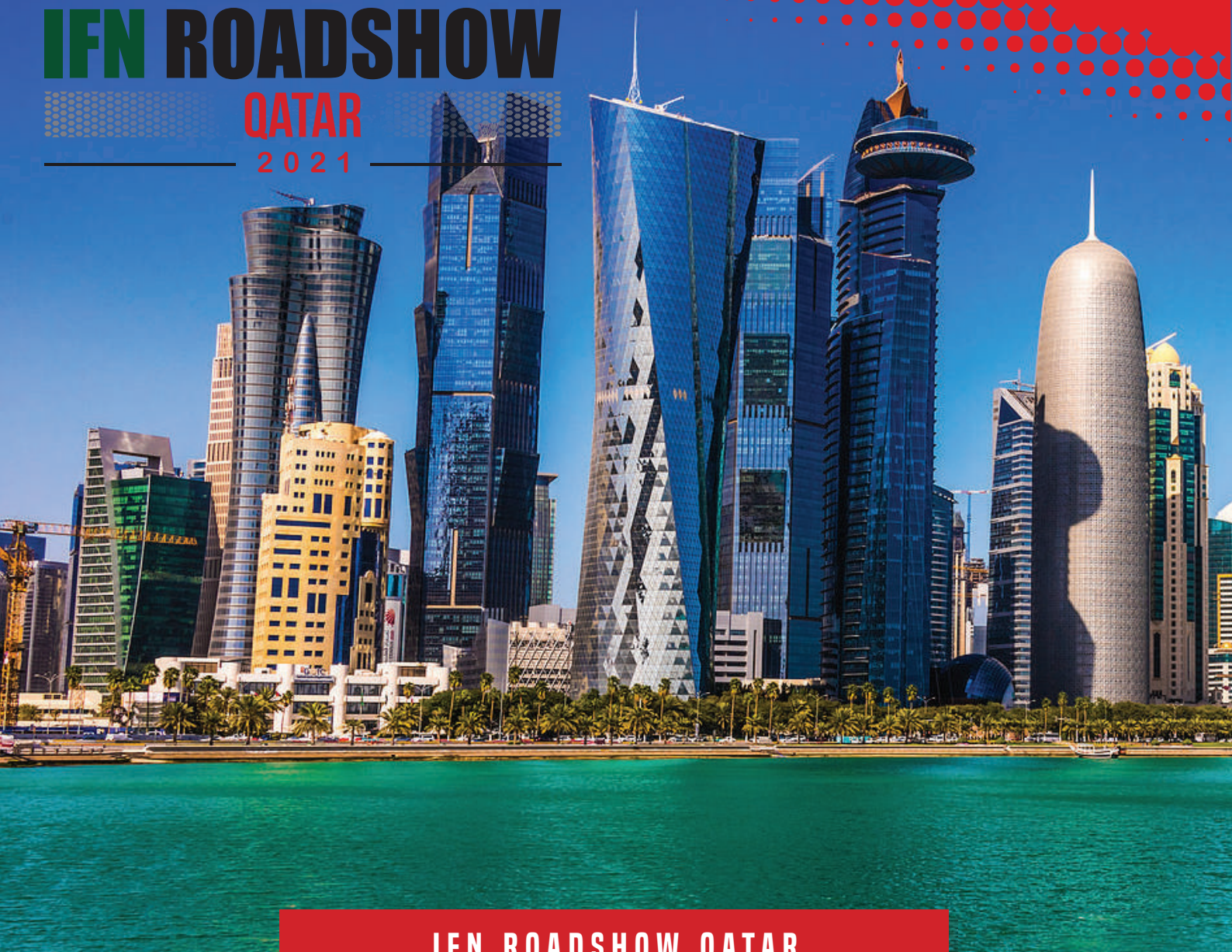


# IFN ROADSHOW

QATAR

2021



## IFN ROADSHOW QATAR 24<sup>TH</sup> MAY 2021

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## System Restart: Islamic Finance in Qatar

### Panelists:



**Lawrence Oliver** — Deputy CEO, DDCAP Group (*Moderator*)



**Dr. Andrew Mazen Dahdal** — Assistant Professor, Qatar University



**Ashraf Madani** — Vice-President – Senior Analyst Financial Institutions Group, Moody's Investors Service



**Professor Habib Ahmed** — Sharjah Chair in Islamic Law & Finance, Durham University Business School



**Hanna Mousa Al Khoury** — Group Treasurer, Qatar Islamic Bank



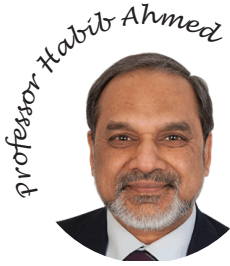
**Tanvir Aslam** — Country Manager, United Arab Emirates, The Islamic Corporation for the Insurance of Investment and Export Credit

IFN revisits Qatar after six years and unveils a wealth of developments, exciting opportunities and activities in the now, very developed Islamic finance sector.

The global economy and the financial and banking sector have gone through an unprecedented crisis. These events posed a new challenge to the financial and banking system in Qatar. The solid foundation and measures that Qatar has built over the years in Islamic finance have assisted the nation to focus on ensuring business continuity, supporting liquidity and providing support to affected sectors, and Qatar has managed to mitigate the implications of the crisis, maintain credit flow to economic sectors and achieve financial and banking stability in the country.

Islamic finance in Qatar is witnessing continuous development through policies and regulations that are being updated to ensure its continued competitiveness at both the regional and global levels.





Most of the GCC countries are trying to diversify their economies to non-oil sectors. For the financial sector, this requires adjustments and there will be a need to diversify financing in the productive non-oil sectors. For Qatar, the blockade was a blessing in disguise as it forced the country to produce many products domestically. The financial sector, including Islamic banks, has contributed to the new emerging non-oil sector growth in the country and is expected to continue doing so.

Moving forward, there would be a need to identify sectors that are likely to gain importance in the post-COVID-19 era, including the SME sector, the digital and information technology-related sector and the health sector, among others. Islamic banks can play an important role in investing in these sectors as they are aligned with Islamic finance's ethical and social values and principles.

Given the relatively small market in Qatar, Islamic banks need to strategically expand their businesses globally in countries with no Islamic finance presence. Expanding global Islamic banking practices will not only help the development of Islamic finance globally, it will also enable Qatar to have a footprint in the Islamic financial industry

worldwide and benefit from the growth potential of emerging economies.

Qatar has to compete with other GCC countries in fintech. The Network Readiness Index developed by Portulans Institute indicates that Qatar is lagging in rankings for regulations (Bahrain – 36<sup>th</sup>; the UAE – 52<sup>nd</sup>; Saudi Arabia – 60<sup>th</sup>; Qatar – 64<sup>th</sup>) but has best performance for trust (Qatar – 24<sup>th</sup>; the UAE – 30<sup>th</sup>; Saudi Arabia – 46<sup>th</sup>; Bahrain – 60<sup>th</sup>). The long-term growth of fintech in Qatar will depend on developing smart regulations that build trust and balance growth objectives with managing emerging risks.

With Qatar being a signatory to the UN Sustainable Development Goals and together with the four pillars or developmental goals in the Qatar National Vision 2030, there is a need to include social, human and environmental development in Islamic financial decision-making. In this regard, the Islamic social finance sector (Zakat, Sadaqah and Waqf) can also play an important role in the form of blended finance.

*Professor Habib Ahmed is the Sharjah chair in Islamic law and finance at the Durham University Business School.*

## TESTIMONIALS

|   |  |  |  |
|---|--|--|--|
| <p><b>TABREZ FAROOQUEE</b><br/>Takaful Oman Insurance SAOG</p> <p>"Short and sweet, well organized."</p>          |  | <p><b>EKO NUR CAHYO</b><br/>Coventry University, UK</p> <p>"This program was very insightful and excellent."</p>                               |  |
| <p><b>JAIME OON</b><br/>K&amp;L Gates (Qatar)</p> <p>"Excellent and professional."</p>                            |  | <p><b>HAKIM ASHAGIDIGBI</b></p> <p>"Very interesting, informative and insightful. A lot of quality information packed into just one hour."</p> |  |
| <p><b>EAMONN SWEENEY</b><br/>Huriya Gold</p> <p>"A knowledgeable and considered approach to Islamic finance."</p> |  |  |  |



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## Qatar: Against the odds

The Saudi-led GCC embargo on Qatar that started in 2017 was lifted in January 2021, and with it came an optimism about renewed cooperation in the region, particularly in the Islamic finance and banking arena. NESSREEN TAMANO writes an overview of the State's Shariah finance industry.

### Regulatory landscape

Qatar Islamic Bank (QIB), the country's first fully-fledged Islamic bank, was established in 1982 — a full 30 years before the Central Bank Law No 13 of 2012 came into effect, formally dictating the guidelines for Shariah compliant banking.

A year prior, in 2011, a directive by the Qatar Central Bank had prohibited conventional lenders from operating Islamic banking windows, which led to eight banks in the nation shutting down their Islamic units.

A centralized Islamic regulatory framework is currently under development, and the country, through the Qatar Financial Centre Authority, is an active member of the IFSB.

### Banking and finance

Qatar ranks sixth in the top jurisdictions for Islamic banking in terms of assets, according to the Islamic Financial Services Industry Stability Report 2020, with 26.1% of the total market share of global Islamic banking assets as at the third quarter of 2019.

In the same period, the country, which has five fully-fledged Islamic banks, recorded a positive growth of 10.4% compared with the previous year, an increase that could be linked to the merger between two of its Islamic banks — Barwa Bank and International Bank of Qatar in April 2019. Barwa Bank had, in October 2020, rebranded as Dukhan Bank.

Meanwhile, Masraf Al Rayan's merger with Al Khalij Commercial Bank, which is currently in the process of being finalized, is expected to lead to the formation of Qatar's second-largest bank.

Abroad, QIIB founded Ummia Bank, Morocco's first fully-fledged bank, in 2017. More recently, Masraf Al Rayan-owned Al Rayan Investment is working on establishing a fintech-

based Islamic bank in Kazakhstan's Astana International Financial Centre.

Islamic fintech is an area of focus for the country, with Qatar Fintech Hub launching incubator programs in mid-2020 to develop fintech start-ups focusing on Islamic finance, including Takaful tech and Shariah compliant cryptocurrency.

### Capital market

When the global Sukuk market expanded to a 24% growth in 2019, it was supported primarily by increases in issuances from countries that included Qatar with its thriving Sukuk landscape, particularly with corporate Sukuk papers, according to the IFSB.

The most notable issuance coming out of Qatar in the past few years was QIB's US\$800 million Formosa Sukuk facility in early 2020, which was listed in Taipei and Dublin. The Sukuk paper was upsized from its original US\$650 million following high investor demand.

In 2020, the government issued three Islamic papers — one of them by the central bank — worth a total of QAR1.8 billion (US\$494.23 million), and QIIB, Masraf Al Rayan (MAR) and QIB issued dollar Sukuk facilities. In early 2021, both QIIB and MAR, along with Dukhan Bank, announced plans to issue Sukuk.

Meanwhile, Qatar Investment Authority has expressed its interest in investing in energy projects in the Philippines through Sukuk issuance.

### Takaful

The country is a relatively small GCC Takaful player, but the sector's performance is strong. In 2019, Takaful contributions in Qatar recorded a growth of 2.3% or US\$324.3 million, compared with the previous year, according to IFSB data.

There are four Takaful operators in Qatar, collectively providing a domestic market share of 45%.

### Outlook

The State of Qatar came out of the years-long geopolitical blockade relatively unscathed, with its Islamic finance and banking industry's performance waning little, but the lift on the embargo is seen as a positive sign by market players to further develop the sector. Fitch Ratings expects global Sukuk to accelerate this year, particularly with the normalization of relations between Qatar and its neighbors, and also expects more consolidation to take place in the nation's overbanked system.

## Overall Evaluation Online Event

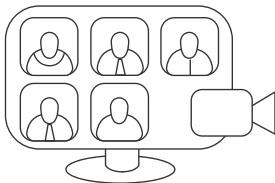


## Speakers



## Breakdown Delegate

**96%**  
Delegates



■ ONLINE CONFERENCE ■

**4%**  
Speakers

## Job Title

**15%**  
Board Level Management

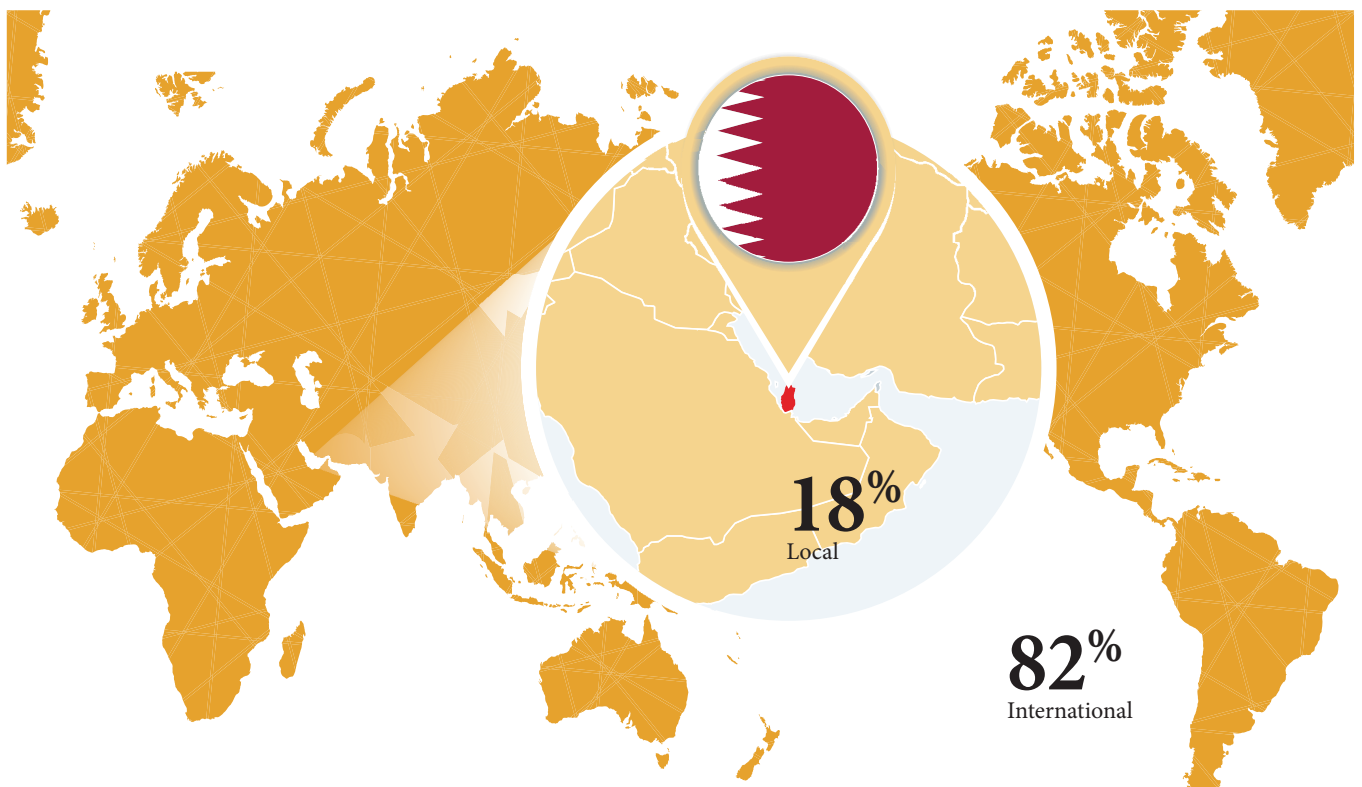
**20%**  
Senior Management

**49%**  
Management

**12%**  
Executive

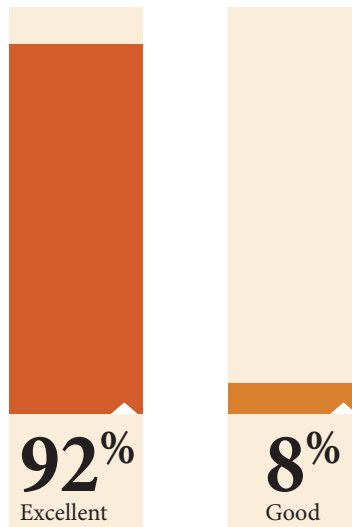
**4%**  
Others

## International & Local



### Session Evaluation

System Restart: Islamic Finance in Qatar



Delegates Who Would Like to Attend IFN Qatar OnAir Roadshow 2022



Viewership



|   |   |   |
|---|---|---|
| Ableace Raakin                                      | Financial Services Regulator                                | Psalm Fiduciary   |
| Academic  | Finepolis Consulting  | PwC Middle East   |
| Afrief  | FTSE Russell  | Qatar Foundation  |
| Al Huda CIBE  | Gate House Bank   | Qatar Islamic Bank  |
| Al Rajhi Bank Malaysia                              | Ghana Institute of Islamic Finance and Economics            | Qatar Islamic Bank  |
| Al Tamimi & Company                                 | Ghana Revenue Authority                                     | Qatar University  |
| Alwaseet Travel                                     | Global Educational Services                                 | QIB UK  |
| Amundi Aalam  | GlobalSadaqah.com (Ethis Ventures)                          | Refinitiv   |
| Amundi Malaysia                                     | Gulf Central Merchant Bank                                  | Refinitiv, an LSEG Business   |
| Artvin Coruh University                             | Hamad Bin Khalifa University                                | RHB Bank  |
| ASA Philippines Foundation                          | Huriya Gold   | S&P Global Ratings  |
| Astana International Financial Center (AIFC)        | IAIN Sultan Amai Gorontalo                                  | Safety Horizon  |
| Ataturk University                                  | ICD   | Sakarya University  |
| Azimut (ME)   | IFIM  | Sakeenah Group  |
| Bait Al Mashura                                     | IIBI  | SAL Group   |
| Bank Negara Malaysia                                | Ijara Capital   | Sealed Nectar Nigeria   |
| Barclays  | InfoPro   | Social Islami Bank  |
| Bedford Row Capital                                 | ING   | Spektr Konsalt  |
| Blida 2 University                                  | International Islamic University Malaysia                   | Squire Patton Boggs   |
| BlueMount Capital (WA)                              | Islamic Development Bank                                    | St Charles  |
| BML Istisharat SAL                                  | justblockchain  | Sutraq Technologies   |
| Bursa Malaysia                                      | K&L Gates (Qatar)   | TAJ Bank  |
| Bylur GmbH  | Keystone Law  | Takaful Oman Insurance SAOG   |
| Capital Banking Solution                            | Kuveyt Turk Participation Bank                              | The Islamic Corporation for the Insurance of Investment and Export Credit |
| Cardiff Metropolitan University                     | Labuan International Business and Financial Centre Malaysia | Treasury Department Kwara State, Ministry of Finance                      |
| Cbonds  | Licungo University  | Trowers & Hamlins   |
| CIMB Islamic Bank                                   | Marmara University  | Turkiye Finans  |
| Coventry University, UK                             | MCB Islamic Bank - Pakistan                                 | Umm Al-Qura University  |
| CUK   | Meacart   | Universitas Airlangga   |
| DDCAP Group   | MEC International   | Universiti Sains Islam Malaysia   |
| Dentons   | Moody's Investors Service                                   | University of Airlangga   |
| DigiAlly  | Mukas Capital   | University of Salford   |
| Distinct Model Schools                              | NumberTree  | Upright Management Consulting, Abu Dhabi                                  |
| Durham University Business School                   | Orrick Herrington & Sutcliffe (UK)                          | UzbekLeasing International  |
| Eiger Trading Advisors                              | Pairstech   | Vakif Katilim   |
| Emind Consultancy                                   | Pamecas   | Wahed Invest  |
| Eminence Global Asset Management                    | Pharisina Investment Concepts                               | Watson Farley & Williams (Middle East)                                    |
| Emirates red crescent                               | Pillsbury Winthrop Shaw Pittman                             | Weill Cornell   |
| Fairway Group - Jersey                              | Prince Sultan University                                    |   |
| Federation of International Gender and Human Rights | Private University  |   |