

## Qatar's energetic drive toward Islamic finance



QATAR

By Amjad Hussain

**Qatar will be launching the Energy Bank, an energy projects financing Islamic bank with a targeted capital of US\$10 billion. The bank will be the largest of its kind in the world as a specialized Islamic bank. The Energy Bank will finance both domestic and global projects starting in the fourth quarter of 2019. The bank will be making loans for large energy projects in energy-rich countries such as Kazakhstan, Uzbekistan, nations from the Caucasus region, Russia and Sudan through syndication. All energy types such as alternative energy, oil, gas, hydrocarbon and petrochemicals will be included.**

The Qatar Financial Centre (QFC) is creating a new strategy aiming to serve the US\$2 trillion global Islamic finance market through three main markets: Qatar, Turkey and Malaysia. The announcement was made by the QFC's CEO, Yousuf Al-Jaida, at the World Economic Forum on the Middle East and North Africa which was held earlier this month in Jordan. The announcement reaffirms that Islamic finance is a focus area for both Qatar and the QFC which started in 2018 when Qatar launched the world's largest single country Islamic exchange-traded fund with an initial asset value of US\$120 million.

The first Islamic platform to exchange e-currency (i-Dinar) which is supported by gold was launched in Qatar last month during the 5<sup>th</sup> International Islamic Finance Conference. In February 2018, the Qatar Central Bank announced in a circular that trading bitcoin is not allowed in the State and penalties will be levied upon violation of the new law. The platform will act as an e-symbol based on the exchange of digital currency. The initial value of one dinar is supported against one gram of gold. However, i-Dinar is not only digital currency, but it is in exchange for real gold. The digital i-Dinar with the remarkable and continuous progress of the e-exchange chain technology can be used as a common denominator for the execution and settlement of many financial, exchange and trading operations.

Qatar Islamic Bank (QIB) has successfully issued a US\$750 million five-year Sukuk facility at par with a profit rate of 3.98% that is equivalent to a credit spread of 150bps over US dollar-denominated midswaps. The issuance was met with high investor demand with an order book closing at US\$3.1 billion, representing an oversubscription rate of 4.1 times. The Sukuk facility was allocated to Asian, Middle Eastern, European and other investors. About 77% of the Sukuk was allocated to non-Middle Eastern investors, making

it a remarkable outcome and one of the highest international allocations achieved by any other bank in the region.

London will be hosting Qatar Day later this month with a focus on developing Islamic finance and fintech, according to Lord Mayor of the City of London Peter Estlin. The event is expected to see agreements being finalized to establish tech incubators in Qatar in the fields of financial services, health and energy. About 160 delegates from the UK, including asset managers, the governor of the Bank of England and the CEO of the London Stock Exchange, are expected to participate in the event. The main focus of the event will be fintech to encourage UK-based entities wishing to expand into Qatar and those interested in developing Islamic financial products on digital platforms.

We are witnessing more development in the Islamic finance and banking sector in Qatar and a strong drive toward introducing digital products into the industry. We expect more growth in this area which will support Qatar's goal to lead in the Islamic finance and banking sector. ☺

*Amjad Hussain is a partner at K&L Gates. He can be contacted at Amjad.Hussain@klgates.com.*

REDmoney seminars

### STRATEGIC BALANCE SHEET MANAGEMENT & OPTIMIZATION: Scenario-Driven Perspective

15<sup>th</sup> - 17<sup>st</sup> July 2019, InterContinental Hotel, KUALA LUMPUR

Reach out to us for more information

**REGISTER NOW**



Dr. Tiziano Bellini  
PhD (Statistics)



[www.redmoneyevents.com](http://www.redmoneyevents.com)



[seminars@redmoneygroup.com](mailto:seminars@redmoneygroup.com)



+603 2162 7800