

Fintech leads the way



QATAR

By Amjad Hussain

Activity in the Qatari market has been quieter than usual for this time of the year, but the financial industry has shown positive results over the first half of 2019 (H1 2019).

Qatar's banking sector has shown solid performance in H1 2019. The total profit of the eight commercial banks listed on the Qatar Stock Exchange increased by 4.6%, reaching an approximate figure of QAR12.56 billion (US\$3.45 billion). Moreover, the total assets of those listed banks witnessed an increase close to QAR44.6 billion (US\$12.25 billion).

In particular, total assets reached QAR1.53 trillion (US\$420.1 billion) at the end of H1 2019, compared with QAR1.49 trillion (US\$409.12 billion) on the 31st December 2018.

Similarly, the aggregated loans and advances of those banks increased by 2.8% in H1 2019.

PwC, who looked into key trends affecting the banking sector and the performance of the listed Qatari banks, noted that the industry performed strongly, with healthy aggregated profitability while asset composition remained mostly unchanged.

Qatar Financial Centre (QFC) has expanded the number of fintech activities to be licensed and conducted by companies registered on the QFC platform, in a move to reaffirm its commitment and goals to strengthen fintech in Qatar.

Under the new rules, the activities have been widened to include cybersecurity solutions, application programming interfaces, cloud computing, blockchain-based technologies and artificial intelligence.

It is reported that QFC has already penned numerous agreements with fintech companies globally, including the MoU with B-Hive, a European collaborative innovation fintech platform.

The move is in line with the QFC's goals to ensure that Qatar remains well positioned as a leading international fintech hub, as set out in Qatar National Vision 2030.

Qatar Islamic Bank (QIB) and Barwa Bank participated as the primary dealers in the International Islamic Liquidity Management Corporation (IILM)'s reissuance of US\$500 million Sukuk.

The ILLM reissued 'A-1' short-term Sukuk amounting to US\$500 million in two series with three-week and three-month

tenors. The reissuance came as a US\$200 million tranche with a three-week tenor and a US\$300 million tranche with a three-month tenor, both at a profit rate of 2%.

Alongside QIB and Barwa Bank, Abu Dhabi Islamic Bank, Al Baraka Turk, Boubyan Bank, CIMB Bank, First Abu Dhabi Bank, Kuwait Finance House, Maybank Islamic and Standard Chartered Bank also participated as the primary dealers.

The Global Islamic Finance Awards committee has conferred the 'Islamic Finance Personality of 2019' award on Sheikh Dr Khalid Thani Abdullah Al-Thani, the chairman and managing director of QIIB. The award came in recognition of his impressive leadership of QIIB, one of the largest Islamic banks, and his efforts to enhance Islamic finance within the region and internationally.

As fintech is reshaping the financial industry all over the world and is increasingly being introduced into the Qatari market, we anticipate seeing more collaboration between fintech and traditional banks over the coming months. ☺

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Takaful initiative announced in Malta



MALTA

By Reuben Buttigieg

The Malta Islamic Finance Association has communicated to its members that a new project regarding Takaful is in the pipeline. The association did not mention the promoters of the idea. However, it said that a team of lawyers is currently working on this possibility.

It has transpired that the structure will include a number of legislative instruments combined with the insurance legislation in Malta. Among these, there shall be the Cooperatives Societies Act and the Trust and Trustees Act. The Cooperative Societies Act shall act as the main shareholder of the insurance principal and the fund shall be held

in a trust which shall have an external insurance manager (the operator). The insured persons shall only be persons who are members of the cooperative society within such a structure. The beneficiary of the trust shall be the members of the cooperative society and the insurance principal.

The legal structure is coming into place in order to have the second Takaful initiative in the EU albeit the first one did not meet the expected targets. Indeed, the next phase with the promoters shall be a feasibility study on whether this initiative will be sustainable or not. The key success shall be the passporting of the initiative into other EU member states since the Maltese market is a relatively small market. There are only four insurance principals in conventional

insurance operating on the island. In spite of this, insurance brokers claim that there is scope for other principals given that on many occasions they have to enquire on the London market to cover certain risks or to get a premium that meets the clients' requirements or budget.

The initiative is expected to communicate further developments in the first quarter of 2020. In the meantime, investors or Takaful funds wishing to discuss this development are kindly requested to send an email to Erremme Business Advisors at avella@easl.com.mt as they are currently coordinating matters. ☺

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