

Blessed Ramadan



QATAR

By Amjad Hussain

The end of Ramadan signals entering into the summer months in Qatar, which means a relatively quieter period for business activities, including in the banking sector. However, this Ramadan has been blessed for the Qatari Islamic banking sector as we saw Barwa Bank complete its much-talked about merger.

Qatar's first full bank merger between Barwa Bank and the International Bank of Qatar (IBQ) is the talk of the town and is seen as a significant step toward improving the depth of the Islamic banking sector. The banks finalized their negotiations and obtained regulatory clearance in April.

The merged entity, operating as Barwa Bank, will have consolidated assets of over QAR80 billion (US\$21.64 billion) and shareholder equity of over QAR12 billion (US\$3.25 billion). The merger between the Islamic Barwa Bank and the conventional IBQ will create the third-largest Islamic bank in Qatar, the sixth-largest overall bank in Qatar and the ninth-largest Shariah compliant lender in the wider GCC.

Bank mergers are expected to play an essential part in establishing a well-capitalized and resilient sector and in creating new opportunities and diversification of the economy in line with Qatar's Vision 2030.

Qatar has continued its focus to become an Islamic finance hub through greater emphasis on fintech. The Qatar Financial Centre (QFC) has stated its belief that fintech could enable Islamic finance to attract more customers, reduce costs, offer more products and increase efficiency, which will help the Islamic finance sector to become more competitive against conventional finance.

The current Islamic banking and finance sector reaches around 100 million customers worldwide while the potential market is six times that size, said Ahmed Hafez, the head of Refinitiv Qatar, during the 'Qatar-UK FinTech Roundtable' organized by the QFC in partnership with Qatar Development Bank and Refinitiv. Ahmed added that Qatar,

through the QFC, is well positioned to make use of such opportunities to develop the country into a regional fintech hub.

In a move to attract more retail investors into the market, stock split options have been introduced to the Qatar Stock Exchange in June, beginning with the Commercial Bank of Qatar and the Qatar First Bank. Through the stock split, the nominal value of a share will become QAR1 (27.05 US cents) instead of the present value of QAR10 (US\$2.7), and it is expected to expand the ownership base of listed companies with the entry of new investors.

The financial and banking sector is likely to be the first to implement the stock split. The move will result in a better free float, which will increase liquidity, leaving the paid capital intact. Shareholders will not be required to take any action because of the move as the stock split will not affect the companies' market capitalization or the ownership of existing shareholders.

Qatar Islamic Bank (QIB) has been recognized as the 'Best Islamic Financial Institution in Qatar' and the 'Best Islamic Financial Institution in Sudan' by the New York-based Global Finance Magazine. QIB highlighted that the resilience of Qatar's banking sector and the overall national economy contributed to its growth and recognition.

Hamad Bin Khalifa University (HBKU) in cooperation with Al Farabi Kazakh National University and Astana International Financial Centre recently inaugurated an Islamic finance center in Kazakhstan. The center is equipped with advanced fintech tools offering training programs with an aim to become a hub for the research and educational cluster in Islamic finance. HBKU's partnership in this project is seen as a door to promote Islamic finance and build a bridge between Qatar and Central Asia in the Islamic finance sector.

The recent announcements and new trends in the market indicate a positive and promising outlook for the second half of the year. ☺

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