

Qatar: A calm November



QATAR

By Amjad Hussain

While we move toward the end of the year, Islamic banks in Qatar have been relatively quiet; they have been collecting awards and discussing how best to improve standardization.

Qatar Islamic Bank (QIB) recently received the award for being the 'Best Consumer Digital Bank in Qatar'. This demonstrates the significant progress that Islamic banks are making in deploying digital solutions and modernizing their offerings. QIB has demonstrated steady growth over the past five years in its consumer banking base.

The Qatar Financial Centre partnered with Reuters and held an Islamic finance panel on the sidelines of the 2018 Annual Meetings of the Boards of Governors of the IMF and the World Bank Group in Bali, Indonesia. Delegates explored the key challenges and opportunities facing the Islamic finance industry.

The panel highlighted the need for Islamic finance standardization as a way to increase global harmonization and gain wider acceptance among international investors of Islamic instruments. This would lead to an increase in the trade in cross-border Sukuk. The panel also discussed opportunities for Islamic finance in financing infrastructure, Islamic insurance/Takaful, aviation, pensions and endowments.

Qatari Islamic banks have enjoyed the lowest cost-to-income ratios throughout 2017-18, according to the IFSB. There have been consistently low non-performing financing rates leading to a cost-to-income ratio of between 22% and 24% during that period.

The IFSB's Islamic Financial Services Industry Stability Report of 2018 stated that Qatar accounted for 6% of global Islamic banking assets during this period and Islamic banking assets constituted 26% of the total banking assets in Qatar.

The Qatar Stock Exchange has reported decent year-to-date gains. The 20-stock Qatar Index settled 0.21% higher at 10,390.01 points on the 11th November, up 21.9% year-to-date. Market capitalization grew QAR29 million (US\$7.93 million) mainly on accounts of midcap equities. While non-Qatari individuals and domestic institutions were seen bullish on the market, the Islamic stocks were seen gaining faster than the other indices.

Qatar First Bank (QFB) has released its financial results for the nine-month period ended the 30th September 2018, recording a net loss of QAR425.5 million (US\$116.36 million).

QFB's head of treasury and investment management said significant progress has been made with the bank's new strategy, evidenced by the exit of investments in Memorial Health Group, and it is currently in discussions to realize additional exits from investments in English Home and Kuwait Energy following the execution of definitive agreements.

QFB is currently keen on increasing its assets under management by multiple deal-by-deal transactions through direct sourcing and structuring while ensuring prudent liquidity management measures.

We anticipate that banking activity in Qatar will slow down in December as the region approaches National Day holidays. ☺

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