

## Qatar: A resilient banking sector



QATAR

By Amjad Hussain

**QIIB has been presented with the Payment Card Industry Data Security Standard (PCI-DSS) Certification from SISA Company for the sixth consecutive year. The PCI-DSS is a high certification in information security and protection of customer information, and it is a testament to QIIB's investment in data protection and cybersecurity technology, and its efforts in training its personnel.**

The seventh Doha Islamic Finance Conference was held at the end of March under the theme 'Digital Economy and Sustainable Development'. The conference was attended by Ali Ahmad Al Kuwari, the minister of commerce and industry of the State of Qatar; and Sheikh Mohamed Hamad Jassim Al Thani, the chairman and managing director of Dukhan Bank; among other participants. A few of the topics discussed during the conference included the strength of the Islamic banking sector in Qatar and Qatar's commitment to continue

advancing its digital infrastructure, with a particular focus on the financial sector. Ali mentioned that Qatar is considering establishing an Artificial Intelligence Committee, which will be responsible for implementing Qatar's overall artificial intelligence (AI) strategy, managing programs and other AI initiatives, as well as supporting companies with their AI needs.

Ali added that the Islamic economic sector is "one of the most important solutions" to economic challenges caused by COVID-19, "considering that it is a safe haven for sustainable development and a safeguard against financial crises".

Qatar First Bank (QFB) has released its first quarter reports, showing a growth in net profits and stable income sources. QFB reported a net profit of QAR20.6 million (US\$5.61 million) in the first quarter of 2021, compared with a loss of QAR191.6 million (US\$52.15 million) during the same period in 2020. QFB's first quarter reports also indicate that the bank maintained stable income sources

from its Sukuk investments, which reached QAR2.5 million (US\$680,492) by the 31<sup>st</sup> March 2021.

Additionally, QFB announced its successful exit from Cambridge Medical Rehabilitation Centre, one of its private equity investments in the Middle East, worth US\$31.5 million, achieving an internal return rate of 19% for its investors. QFB CEO Abdulrahman Totonji stated that: "QFB remains committed to strengthening its investment portfolio in Qatar, regionally and globally."

Earlier this month, the State of Qatar announced new COVID-19 restrictions due to an increased number of infections in the state. We expect that the upcoming month will see business activity slow down as a result of the public health restrictions, as well as the holy month of Ramadan. ☺

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## Global Halal supply chain



HALAL INDUSTRY

By Dr Sutan Emir Hidayat

**The demand for Halal products has increased tremendously across the world, both from Muslim and non-Muslim countries. There are about 1.9 billion Muslims, and their estimated total consumption stood at US\$2.02 trillion in 2019 and is projected to grow to US\$3.2 trillion by 2024 across the Halal food, Halal lifestyle and pharmaceutical sectors while the Islamic finance sector had US\$2.88 trillion in total assets in 2019.**

The increasing demand for Halal products has prompted the need for Halal supply chain management. According to many scholars, the Halal supply chain starts from the point of origin to the point of consumption, including warehousing, sourcing, transportation, handling of products, inventory management, procurement and order management which must follow the Islamic

requirements or Shariah. Thus, Halal supply chain management can be defined as the management of a Halal network with the objective to extend the Halal integrity from the source to the point of consumer purchase.

There are several critical success factors in implementing Halal supply chain management, including government support, dedicated assets, information technology, human resource management, collaborative relationship and Halal certification, as well as Halal traceability.

Currently, several Muslim and non-Muslim countries have already established Halal logistics as part of the Halal supply chain. There are about 51 Halal logistic companies in Malaysia while around eight logistic companies, including warehousing service providers and transporters, have been certified Halal in Indonesia.

Meanwhile, for non-Muslim countries, Japan has a Halal warehouse owned by

Nippon Express and Singapore has Halal logistic companies such as Nissin Corp. Halal supply chain management is still in its infancy, but we can expect that in the future it will progressively become an important part of the development of the Halal industry and OIC member countries' economies.

In addition, a more integrated approach than the Halal supply chain to the development of the Halal industry is the Halal value chain. The latter includes the financing aspect where there should be convergence between the Halal industry and the Islamic finance industry. It also means that Halal industry players must only use Islamic financial products and services to fulfill their financing needs. ☺

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