

## Regulatory updates



**QATAR**

By Amjad Hussain

The Qatar Financial Centre Regulatory Authority (QFCRA) announced that it is planning to amend the prudential framework for authorized Islamic banks in the Qatar Financial Centre (QFC), and issued a consultation paper on proposals to update the Islamic Banking Business Prudential Rules 2015 (QFCRA Islamic Banking Rules).

The purpose of this update is to align the QFCRA Islamic Banking Rules with the Islamic Financial Services Board prudential standards for Islamic banks and certain sections of the Basel Framework set forth in the standards of the Basel Committee on Banking Supervision.

The proposed updates to the QFCRA Islamic Banking Rules are significant and cover key areas including, among other things, capital adequacy requirements, credit risk management framework and the capital charge framework for counterparty credit risk for Shariah compliant hedging instruments. The QFCRA has published the proposed amendments to allow Islamic banks in the QFC to review the proposals and provide comments. The QFCRA intends to issue the revised QFCRA Islamic Banking Rules in July 2024.

The Commercial Bank of Qatar has launched a Sustainable Finance Framework, under which it can issue green, social or sustainability instruments including bonds, loans and Sukuk. The categories covered under the framework include clean transportation, renewable

energy, pollution prevention and control, wastewater management, sustainable food systems and others. This framework is in line with the Qatar National Vision 2030 and is aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines of the International Capital Market Association.

The Chairman of the Sustainability Committee at Commercial Bank, Antonio Gamez Munoz, commented on this achievement, stating that “Commercial Bank is committed and aims to actively contribute to the goals of Qatar National Vision 2030 as well as Qatar’s broader sustainability agenda.”

According to a recent report by QNB Financial Services, the overall loan book and deposits of the banking sector in Qatar improved in October 2023. The total assets of the banking sector increased by 1% m-o-m in October to reach QAR1.93 trillion (US\$519.28 billion), and the loans increased by 1.5% in October to reach QAR1.28 trillion (US\$349.83 billion). Both the public and private sectors contributed to the growth in loans.

The latest Purchasing Managers’ Index (PMI) survey data from the QFC revealed that the non-energy private sector in Qatar has witnessed an improvement in business conditions towards the end of 2023, with particular demand for financial service companies. We look forward to further improvement in the non-energy private sector and to a bright and hopeful 2024. ☺

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