Qatar: A focus on fintech

QATAR

By Amjad Hussain

The Qatar Financial Centre (QFC) has recorded an increase of 32% in the number of firms registered under its platform since the first quarter of 2020. A total of 136 firms registered their businesses under the QFC platform since the beginning of this year, of which 26% offer digital solutions and 10% offer fintech innovations.

In recent years, the QFC has been focusing on growing its digital and fintech sectors, including Islamic fintech. In its Qatar Fintech Report 2021, the QFC stated that it offers a number of benefits and incentives to fintechs seeking to expand their businesses to Qatar, including waiving certain registration application fees and providing rent-free workspaces for a limited duration.

The QFC's fintech report also highlighted that Islamic fintech in Qatar is expected to grow in the next few years, particularly through Shariah compliant venture capital.

The report further added that Islamic venture capital investments could be set up through programs offered by the Qatar FinTech Hub or through partnerships with Islamic investment banks.

According to the Global Islamic Fintech Report 2021, Qatar is expected to witness a growth in its Islamic fintech sector of 19.6% by 2025. We expect that the regulatory environment in Qatar will encourage the growth of the Islamic fintech industry through regulations and policies to facilitate its use and implementation.

QIIB has won an award from the Union of Arab Banks during a ceremony to honor the 'Best Arab Digital Financial Institutions 2020–2021'. It was recognized as the 'Best Digital Bank in Qatar' for its efforts in providing digital solutions to its customers and its innovative services.

QIIB's CEO, Dr Abdulbasit Ahmed al-Shaibei, noted that QIIB's progress in the digital field is a "reflection of the suitable environment provided by Qatar's economy", and highlighted that "QIIB's winning of 'The Best Digital Bank in Qatar' award comes on the heels of our bank being awarded the 'Best Islamic Digital Bank in Qatar' by the American World Economic Magazine".

Dukhan Bank recently announced the issuance of its additional Tier 1 US$500 million Sukuk, with a profit rate of 3.95%, which is considered the lowest rate for this type of issuance in the Qatari market. Dukhan Bank stated that the issuance attracted more than 84 investors in over 19 countries, and added that the Sukuk's oversubscription reflects investor confidence in the bank, noting that "the issuance of this Sukuk is a testament to Dukhan Bank's competitive market positioning post our merger".

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Where do Islamic finance graduates go for employment?

EDUCATION

By Dr Kamola Bayram

It is considerably tough when students have to choose their future profession or job due to the current uncertainties brought by the COVID-19 pandemic. Students are apprehensive about the employment chances in the fields they choose. So where do they go for jobs after graduating?

According to an IFSB Stability Report, the global Islamic financial services industry maintained its positive growth by an 11.4% increase (year-on-year) with the industry's total worth estimated at US$2.44 trillion in 2019.

Based on the segmental composition of the global Islamic financial services industry, the banking sector constitutes about 72.4%, the Islamic capital market 26.5% and Takaful 1.1%.

The number of countries where the Islamic banking sector is systematically important reached 13 in 2019. These are jurisdictions where the Islamic banking sector comprises at least 15% of the overall banking industry.

The preceding figures are significant to understand the nature of the employment of Islamic economics and finance graduates especially those pursuing Bachelor's and Master's degrees. A student from a country where Islamic banking is gaining momentum, with major attempts taken by the government to boost the share of Islamic banks, can aim for a job in the Islamic banking industry.

The number of educational programs offered in certain jurisdictions is favorably connected with the growth of the Islamic financial services industry in the corresponding country. For example, Turkey plans to reach about a 15% share in Islamic banking by 2025.

To achieve this objective, the government launched three state-owned banks and stressed on the importance of Islamic economics and finance education as well. Hence, in 2021, in addition to the two existing undergraduate programs, the state-owned higher education provider introduced an undergraduate program in Islamic economics and finance.

Due to the highest share (72.4%) within the global Islamic financial services industry, Islamic banks remain the largest employers of Islamic economic and finance graduates, thereby today nine out of 10 fresh graduates are employed by Islamic banks.

Hence, students enrolled particularly in the Islamic economic and finance undergraduate programs have a higher chance to be employed in the global Islamic banking sector.

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