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COVER STORY

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Qatar: Going it alone

It has been over a year since Qatar's larger siblings in the GCC, led by Saudi Arabia, cut diplomatic and commercial ties to isolate the country both politically and economically. But has the freeze-out had the desired effect? Qatar claims to be doing better than ever, despite the difficult circumstances, and economic indicators tell a positive story. However, LAUREN MCAUGHTRY finds that behind the brave face, the strain could be starting to tell.

A strong story

At first glance the figures look great. The Qatar Central Bank (QCB) expects the economy to grow by 2-3% in 2018, on the back of an oil price recovery and a diversification drive. "Despite [an] unjust economic blockade in June 2017, the economy maintained its momentum and registered an average growth of 1.8% in the second half of 2017. The economic diversification strategy, followed in the recent years, aided in dealing with dislocation of [the] supply chain in the post-blockade period," said the bank in its latest report.

The country's internal and external balances have also improved markedly since the imposition of the blockade on the 5th June 2017. The budget deficit has improved to less than 6% of GDP, while the current account has managed to balance payments and reach a surplus of 3.8% of GDP. "With higher oil prices, the

positive terms-of-trade will strengthen the domestic fiscal and current account balance. On the other hand, the diversification strategy will continue to support growth in non-hydrocarbon sectors," said the QCB.

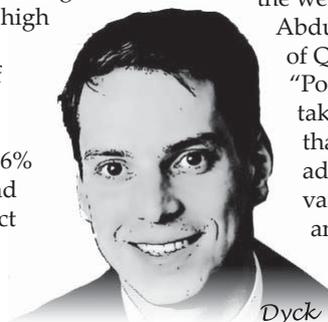
Although the blockade initially saw outflows equivalent to around US\$30 billion (or 18% of GDP) during the second half of 2017 as GCC clients repatriated their deposits and GCC banks withdrew funding, these stabilized toward the end of the year and about a third of the cumulative outflows reversed in the first five months of 2018, while the foreign exchange reserves of the QCB increased to US\$23.3 billion in May 2018 from US\$13.2 billion at the end of last year – rapidly approaching their pre-boycott level of US\$33.7 billion.

It is not only Qatar that is confident about its economic prospects – independent sources also support its optimism. The World Bank expects growth in Qatar to reach 3%, supported by rising oil and gas output and high levels of infrastructure spending in advance of the 2022 World Cup. The IMF is equally positive, projecting a 2.6% GDP growth in 2018 and downplaying the impact of the blockade, which it called "transitory". "Growth performance

remains resilient. The direct economic and financial impact of the diplomatic rift between Qatar and some countries in the region has been manageable," said its latest report, released in May 2018. "The availability of significant external and fiscal buffers and the strong financial sector should enable the country to withstand downside risks, including lower-than- envisaged oil prices, tighter global conditions and an escalation of the diplomatic rift."

Banking benefits

It is not just the economy that is performing well. The economic trend is trickling down into the banking system, which has had a strong year and is delivering for the most part positive results. Although the cost of funds is creeping up due to the Qatari riyal's peg to the stealthily strengthening US dollar, balance sheets remain strong and the sector shows stability. "There is an increasing confidence in our economy, because of our stability and the well-managed economy," said Dr Abdulbasit Ahmad Al-Shaibei, CEO of QIIB, in a recent media interview. "Post-blockade, the QCB has taken several measures to ensure that our banking sector is not adversely affected. Collectively, various ministries, departments and government agencies worked together to ensure that our economy functions well."



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Honoring excellence in Islamic finance

The Royal Award for Islamic Finance (The Royal Award) is a biennial award introduced in 2010 to honor Islamic finance visionaries for their outstanding contributions to the global Islamic finance industry.

The Islamic finance industry has grown by leaps and bounds over the last three decades, making a breakthrough into the mainstream public consciousness as various international financial hubs begin to recognize the Shariah compliant financial system as a viable alternative system that is rooted in sound ethical principles and in which transactions are based on real assets or productive activities. This global recognition is made possible by the tireless efforts, pioneering work and exceptional leadership of a number of Islamic finance stalwarts.

“ It is this inspiring and exceptional leadership seen from all corners of the world that is key to further advancing the world of Islamic finance forward ”

Seeking to honor global Islamic finance leaders for their vital long-standing influence in shaping and developing the industry, Bank Negara Malaysia and the Securities Commission Malaysia, in support of Malaysia’s World Islamic Finance Marketplace, spearheaded The Royal Award initiative. This unique



undertaking not only acknowledges the remarkable success achieved by these individuals, but also recognizes their fortitude, perseverance and ingenuity in overcoming obstacles and challenges in effecting real change and progress in the industry. Equally important, The Royal Award also serves to inspire a generation of new leaders to take up the mantle of building Islamic finance to the next level.

Unlike many other awards, The Royal Award is not based on specific transactions or deals. The recipient for this prestigious award is selected by an independent seven-member international jury panel comprising eminent leaders, Shariah scholars, Islamic finance practitioners and academicians.

Bringing years of market experience, deep understanding of the industry and insights from leadership roles to the table, the jury employs a rigorous selection process in assessing candidates based on a wide array of metrics including an individual’s contribution in driving policy development, developing and growing the market, advocating for Islamic finance, pioneering innovation, expanding the frontiers of knowledge and exercising exceptional leadership and influence.

The Royal Award 2018 received a record number of nominations with 53 submissions for 30 candidates following a global call for nominations from January to March 2018.

The geographical base of the candidates is well diversified with the majority coming from Asia (50%), the GCC

Past recipients of The Royal Award:

Year	Recipient
2016	Professor Dr Rifaat Ahmed Abdel Karim
2014	Dr Abdul Halim Ismail
2012	Iqbal Khan
2010	Shaikh Saleh Abdullah Kamel
2010	Dr Ahmad El-Naggar (posthumous award)

(23%) and the US (17%), with the rest from Africa and Europe. In terms of the primary field of expertise, most of the candidates are from the industry (50%) and academia (27%) and the rest from policy and Shariah with 13% and 10% respectively.

“This year sees a particularly exceptional pool of candidates for the jury to consider. The pool of candidates is geographically diverse and covers a wide spectrum of stakeholder groups in Islamic finance, including Shariah, academia, market practitioners, research institutions, government agencies and multilateral organizations. It is this inspiring and exceptional leadership seen from all corners of the world that is key to further advancing the world of Islamic finance forward,” said Musa Hitam, the chairman of the World Islamic Economic Forum Foundation and the chair of The Royal Award jury.

The Royal Award 2018 will be conferred at a special ceremony on the 3rd October 2018. (📍)

**THE ROYAL AWARD
FOR ISLAMIC FINANCE™**

**Honouring Excellence in
Islamic Finance**

3 OCTOBER 2018
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