

FOUR DECADES OF ENSURING SOUND BANKING SYSTEM

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CBUAE: Setting exemplary regulatory track record



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

The apex bank has been proactive by helping the financial system to tide over of the liquidity crunch with the launch of the Targeted Economic Support Scheme (TESS) in March 2020.

The Central Bank of the UAE has been setting an exemplary track record with its timely and critical interventions as the nation's currency regulator and "lender of last resort" to ensure economic and monetary stability since its inception 40 years ago.

In its traditional role as the institution responsible for providing the nation's economy with funds when commercial banks cannot cover a supply shortage, the CBUAE has come to the fore to prop up the economy and the financial system during several critical periods – the most recent being its crucial intervention to help the UAE banks and businesses navigate the worst financial crisis in the nation's history consequent to the Covid-19 pandemic outbreak and the crippling lockdown.

The CBUAE has been proactive by helping the financial system to tide over of the liquidity crunch with the launch of the Targeted Economic Support Scheme (TESS) in March 2020 even as governments and institutions across the globe started rolling out \$10 trillion in stimulus packages to contain the severity of the debilitating economic impact of the pandemic. In April 2020, the central bank doubled its TESS programme from Dh1.26 billion to Dh25.6 billion and allowed banks and finance companies in the country to extend deferrals of principal and interest payments to their customers until December 31, 2020.

The new funds consisted of Dh50 billion capital buffer relief banks, Dh50 billion funds available at zero cost to extend finance, Dh9.5 billion to ensure

there is enough liquidity in the market and Dh6.1 billion reduction of cash reserve requirements.

The initiative has been effective in enhancing the banking sector's capacity to support their customers impacted by coronavirus pandemic, as well as to give a fillip to the economy. By ensuring loan repayment relief through deferrals the CBUAE has been instrumental in facilitating many a distressed households and businesses to withstand the unprecedented challenges and pivot them to swift resilience.

The latest action of CBUAE was to relax two prudential ratios, the Net Stable Funding Ratio and the Advances to Stable Resources Ratio, in order to

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■ Continued from previous page

The CBUAE has come to the fore to prop up the economy and the financial system during several critical periods.

enable the local and foreign banks with enhanced flexibility and capacity to support the economy and better manage their balance sheets at a time when loan defaults are on the rise. With such measures, the central bank is ensuring enough liquidity in the system so that people and businesses in need get credit support and become resilient to the changing economic climate.

Abdulhamid Saeed, Governor of the Central Bank of the UAE, said the relaxation of NSFR and ASRR will further

facilitate the flow of funds from banks into the economy.

“This measure will support the implementation of the already adopted measures worth Dh256 billion. The temporary relaxation of NSFR and ASRR will supplement the other measures the central bank has taken under to mitigate the impact of Covid-19 pandemic on private corporates, small and medium-sized enterprises and individuals,” he said.

Another action initiated by the Central Bank in recent times is the introduction of a new overnight deposit facility to enable conventional banks operating in the UAE to deposit their surplus liquidity at the apex bank on an overnight basis.

The introduction of the Overnight Deposit Facility (ODF) is the first step towards implementation of the new “Dirham Monetary Framework” announced earlier this year. The ODF shall be the prime facility for managing surplus liquidity in the UAE banking sector prior to the launch of the Monetary Bills Programme and shall replace issuance of one-week Certificate of Deposits.

According to the CBUAE governor, the introduction of the new facility is a reflection of the CBUAE’s continuous efforts to achieve the objectives of its monetary policy and to foster money market developments in the UAE.

“This new facility will support banks operating in the UAE in proactively managing their day-to-day liquidity and help in aligning overnight money market rates with the Base Rate in normal market conditions.”

Established under the Federal Law No.10 of 1980 as a public institution, the Central Bank of the UAE promotes financial and monetary stability, efficiency and resilience in the financial system, and the protection of consumers through effective supervision that supports economic

growth for the benefit of the UAE and its people.

In July, 2020, President His Highness Sheikh Khalifa bin Zayed Al Nahyan issued a Federal Decree restructuring the Board of Directors of the Central Bank of the UAE, CBUAE, under the chairmanship of Sheikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Presidential Affairs.

Pursuant to the Decree, the Board of Directors of the CBUAE was reconstituted. The current members of the board include Abdulrahman Saleh Al Saleh as vice-chairman; Abdulhamid Mohammed Saeed as governor; and Younis Haji Al Khoori, Khalid Mohammed Salem Balama, Khalid Ahmad Humaid Al Tayer and Dr Ali Mohammed Bakheet Al Rumaithi as members.

The apex bank’s official mandate includes the following: Preparing and implementing monetary policy in line with the national agenda; exercising the privilege of currency issuance; organising licensed financial activities, establishing the foundations for carrying them out and determining the standards required for developing and promoting prudential practices; setting up appropriate regulations and standards for protection of customers of licensed financial institutions; monitoring the credit condition in the state in order to contribute to the achievement of balanced growth in the national economy; managing foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base; and regulating, developing, overseeing and maintaining soundness of the financial infrastructure systems in the state, including electronic payment systems, digital currency, and stored value facilities.

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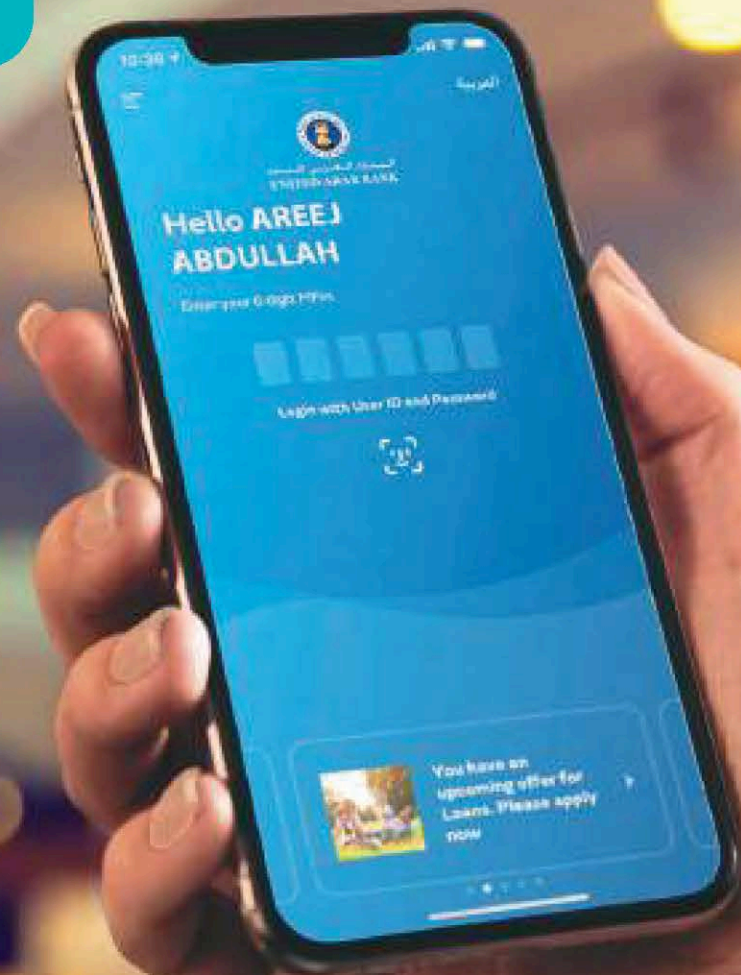
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Cybersecurity landscape growing in the UAE

Prominent local regulations include the CBUAE requirements to comply with the information assurance standard, strengthening of digital channels and implementing card-security roadmaps.

The proliferation of digital technologies has been the main factor driving the cybersecurity market in the Middle East and African (Mena) region. This is due to the increase in storage of confidential data in digital form which puts organisations at risk if no adequate cybersecurity safeguards are in place.

Between January and March 2019, the UAE alone have experienced 1.1 million instances of phishing and 23 million instances of malware. The Kaspersky Lab report has indicated that the region is facing 3.16 million attacks in crypto-mining malware and 5.83 million attacks in phishing.

As a result, expenditure on cyber security technologies have increased significantly in the UAE and it is projected that the Middle East and Africa cyber security market would reach \$66.5 billion by 2025.

Banks in the Gulf region are probably at the forefront in terms of investing in cybersecurity capabilities. This is mainly driven by the following factors:

- Banks inherently tend to have minimal appetite for cyber risk
- The myriad local and global regulations that have to be complied with, depending on the jurisdictions in which they operate

- The variety of hackers potentially targeting banks and the wider financial services sector, including nation-state actors, organised crime groups, hacktivist groups and individual hackers
- The imperative to build strong digital capability for customers across all channels, with the need for securing complex business interdependencies by connecting authorities, partners, vendors and suppliers within the banking ecosystem

These factors represent the increasing gravity of cyber risks posed to banks, but also indicate a promising shift in the cyber-risk management approach adopted by banks operating in the UAE.

Currently, the more progressive banks recognise cybersecurity is not purely a 'technology problem' but rather a wider business challenge that requires business ownership and strategic development, with clear, aligned support from technology teams. These banks tend to have their information-security risk management processes closely integrated with the overall enterprise risk management framework, to ensure every risk decision is made based on their defined-risk appetite. Chief Information Security Officers (Cisos) have generally reoriented their focus from just 'keeping the lights on' to being fully cognizant of the business side of these issues.

Banks in the UAE share a common challenge in managing mounting global, regional and local regulations that can create cumbersome compliance obligations. Prominent local regulations include the UAE Central Bank's requirements to comply with the information assurance standard, the strengthening of digital channels, and implementing card-security roadmaps.

—Source: KPMG

'Reliability and trust benefit UAE banks'

The 2019 Trust Index Survey highlighted that the UAE banking sector has a higher trust score than many other developed nations

UAE Banks Federation (UBF) has unveiled the results of its 2019 Trust Index Survey revealing growing customer confidence in UAE banks, with 76 per cent of respondents having high trust in the banking sector, up from 74 per cent in 2018.

The 5th edition of the Trust Index Survey, conducted in collaboration with RFI Group, a global data-driven insights provider, also revealed that customers trust traditional banks more than any other financial service provider to keep their money safe. Traditional banks received a score of 7.2 out of 10 in relation to keeping customers' money safe, followed by card schemes with a score of 6.6. Digital banks and FinTech scored 5.2.

AbdulAziz Al Ghurair, Chairman of UBF, said: "Trust is an essential underpinning element of the banking sector. For traditional banks in particular, it is a fundamental asset that must be preserved and strengthened to give banks a competitive edge over new players entering the industry. However, trust is no longer inherent or awarded by default - it must be continuously earned. UAE banks are no different, and they've consistently worked tremendously hard to instill confidence in customers. The latest edition of UBF's Trust Index Survey strongly reflects this, and is a clear indicator of the UAE banking industry's collective commitment to excellence and improvement, time and time again."

The survey highlighted that the UAE banking sector has a higher trust score than many other



// The RFI Group carefully selected respondents from a diverse range of nationalities and demographics to ensure a representative sample.

developed nations, including the USA, UK, China, Japan, France and Germany, with 82 per cent of UAE consumers strongly agreeing that their bank is honest, trustworthy, and fair; substantially outperforming the global average of 66 per cent.

Furthermore, the survey found that UAE banks generally measure up favourably compared to banks in expats' home countries.

"While we are delighted to see such positive results, we accept that there is still room for improvement. Despite banks increasingly offering digital customer service options, for example, there is still a reluctance among some consumers to adopt them. We will continue to leverage these findings to steer the UAE banking industry towards greater resilience and competitiveness for the benefit of the wider country," Al-Ghurair added.

The UAE banking industry has been undergoing a digital transformation in recent years. The Trust Index found that 77 per cent of consumers in the UAE used digital channels monthly, falling short of the global average of 87 per cent. However, Covid-19 pandemic has accelerated the adoption of digital banking products and services in the UAE, and this trend is likely to continue post-pandemic.

Launched in 2015 by UBF to measure consumer perceptions and confidence in the UAE banking industry, the annual Trust Index Survey gathers valuable data which helps drive corrective measures and strategic action plans throughout the sector.

This year's edition surveyed a group of 2,068 randomly-selected adults based in the UAE in 2019. The RFI Group carefully selected respondents from a diverse range of nationalities and demographics to ensure a representative sample. Through specialised research approaches, data, and information collecting, RFI group successfully provided UBF with key insights and recommendations to further understand its customer's viewpoints and enhance the banking sector.

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Banking on blockchain

Research indicates that investment banks worldwide could save up to \$10 billion by using blockchain to enhance the efficiency of clearing and settlement.

■ Rhonita Patnaik

Digital ledgers and peer-to-peer networks are fast becoming the “new normal” among future-facing companies, reshaping how the world transacts. Banks can consider which processes may be ripe for blockchain transformation—for instance, Know Your Customer (KYC), derivatives or securities trading, payments, and customer experience. Blockchain is a shared digital record of transactions or information of value, between two or more parties. Traditionally, online validation requires multiple systems that can be coordinated by multiple parties. Blockchain potentially enables a more integrated solution. It is a decentralised, distributed ledger. This potentially means that transactions are shared, replicated and authenticated in

real time on computers located at every node, thus promising verifiability independent of a single source. Transactions are stored in batches inside “blocks” that become part of a contiguous “chain,” with each block time-stamped and continuously verified by the blocks that precede and follow it. This makes the ledger permanent and virtually tamper proof. Many organizations across the UAE have embraced blockchain. For instance, Emirates NBD’s ‘Cheque Chain’ has integrated blockchain into issued cheques to strengthen their authenticity and minimise potential fraud. Cheque Chain utilises a unique quick response code which is printed on every leaf of newly issued cheque books. The code registers each cheque on the bank’s platform. After the cheque is received and cleared, bank staff can validate the cheque’s authenticity and access its source at all times, thereby helping to reduce the risk of forgery.

Ahead of the curve

Meanwhile, the Dubai Land Department, in partnership with UAE-based Mashreq Bank, has released a blockchain-based mortgage platform, which can serve as a repository for mortgage records. It is also designed to enable confirmation that mortgages comply with registration policies. Dubai is also aiming to be the first city to offer blockchain-based payment solutions to its residents. Emcredit, a state-backed subsidiary of the Department



Blockchain potentially enables a more integrated solution. It is a decentralised, distributed ledger. This potentially means that transactions are shared, replicated and authenticated in real time on computers located at every node, thus promising verifiability independent of a single source.

of Economic Development, is working on releasing ‘emCash’, a digital currency. After all, the intention of the pseudonymous creator of Bitcoin was to work “on a new electronic cash system that’s fully peer-to-peer, with no trusted third party”, and to create a network that prevents double spending.

The World Economic Forum (WEF) recently published a white paper analysing learnings from more than 60 governmental and nongovernmental entities across the UAE that are actively exploring or implementing blockchain. It estimated that “by adopting blockchain technology, the UAE government expects to save Dh11 billion (\$3 billion) in transactions and documents processed routinely, 398 million printed documents annually and 77 million work hours annually.”

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AI and RPA: A new era sets in

AI market is set to grow by a stunning 83 per cent, from \$290 million in 2019, to \$530 million in 2022.

■ Rhonita Patraik

While most organisations are looking to adapt their businesses in the light of the 'digital' tsunami, the technologies that have seen the highest levels of adoption and interest are undoubtedly Artificial Intelligence (AI) and Robotic Process Automation (RPA).

Even though there are others in the realm of emerging technologies, AI and RPA seem to grab most of the headlines largely due to nature of impact they tend to have on organisational efficiencies and customer experience.

While Robotic Process automation focuses on imitating human interaction by automating repetitive and non-value adding tasks, AI looks to mimic human intelligence through unsupervised learning and cognitive capabilities. We experience these technologies every day - whether it is the 'captcha' (to prevent bots from executing transactions) or Senior Uber estimating your fare as you confirm your booking or social media recommendations for a probable 'friend' or what should you 'binge watch' next based on your past online activities.

The banking sector in the UAE has recently become very competitive due to active development of new technologies. For instance, Emirates NBD's Pepper, the AI powered humanoid robot, has learnt to speak Arabic as it seeks to help more of the bank's customers.

The Middle East's financial hub aims to assist local banks in becoming more agile, competitive, while adhering to the relevant regulatory requirements. The nation's government has been helping local Fintech providers with meeting the changing requirements of local consumers.

There are 23 local and 26 multinational banking institutions in the UAE. The nation's five largest

financial institutions account for a round 60 per cent of the industry's total assets. Small institutions like the National Bank of Fujairah (NBF) are increasingly adopting Fintech solutions in order to function as a full-service corporate bank.

Also, one of the oldest banks in the UAE, Mashreq Bank actively uses software robots to optimize the company's processes in such departments as banking operations, compliance, customer support, etc. As part of its digital transformation journey, Mashreq Bank is continuously evolving its strategies to innovate and transform its banking operations. This helps address changing consumer needs by developing new products and services and providing seamless, convenient, and secure banking services to its customers.

Mashreq is the first private bank in the UAE to implement an automation platform that integrates emerging technologies such as robotic process automation (RPA), artificial intelligence (AI), machine learning (ML), and cognitive capabilities to deliver seamless digital customer experiences and improve operational efficiency for the bank's staff so they can better service customers.

After the introduction of the first software robots, they were able to achieve the following results:

- The robot makes more than 150,000 secure and error-free transactions per day
- Reduced the number of customer complaints by 90 per cent
- Productivity of individual branches increased by 60 per cent

NBF also uses RPA and AI to successfully compete with local giants. Two years ago, they began testing RPA solutions and actively discussing the introduction of digital technology with all stakeholders. Now the company has automated over 50 processes, which has significantly improved the processing time of applications.

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Digital transformation to boost banking sector

A KPMG study has found that financial institutions that leverage technology and data will be best positioned to grow in the UAE's financial market.

Adapting to new technologies, effectively using digital assets and building a strong risk management strategy will be key to succeeding in the UAE's financial services industry.

According to KPMG's fifth annual UAE Banking Perspectives 2020 report, the financial services industry is facing unprecedented disruption.

This is being driven by several key factors including the rise of blockchain technology, the emergence of fintechs, digital banking firms and unconventional competitors and a more stringent regulatory and compliance landscape.

So too has the COVID-19 pandemic dramatically altered the environment in which banks, fintechs and other players now operate.

The age of digitalisation

Specifically in the UAE, KPMG notes a trend towards consolidation in the market, with prominent mergers

including First Gulf Bank and National Bank of Abu Dhabi, Dubai Islamic Bank and Noor Bank and several more.

The report notes that "as we enter an age of tremendous interconnectivity, many banks are keen to digitalise their customer experience, their services and their products, and expand beyond the confines of their traditional bricks-and-mortar service models".

KPMG expects further market consolidation. It also predicts an increased focus on connected banking, using technology to place customers at the heart of development and using data more effectively to drive business growth.

The emergence of the banking ecosystem will also play a crucial role in the transformation of the sector. This will, says KPMG, revolve around an interconnected set of services where customers can fulfil a variety of needs through a single, integrated experience.

It notes that this "may represent the cornerstone of digital banking in the future".

Overcoming disruption

With those challenges and changes in mind, KPMG states that financial organisations that make best use of technology and data, and that are able to navigate the regulatory landscape most effectively, will be the best place to grow.

They will also, it explains, be better positioned to overcome the disruption caused by the global coronavirus pandemic.



Rapidly evolving customer expectations are placing considerable strain on the development trajectory of organisations. In addition, increased scrutiny from regulatory bodies is forcing banks to modernise across their entire operations more efficiently.

Abbas Basrai, partner and head of financial services at KPMG, explains: "Banks and other financial institutions are faced with tough times ahead, but technology can help mitigate negative effects for customers and business."



Connecting the unbanked

LuLu Exchange offerings is of significant benefit to blue-collar workers.

LuLu Exchange – leading financial services in the UAE – has been contributing significantly to the UAE's plan for digitisation of financial services.

The company's activation of salary cards as a payment option on its digital offering, LuLu Money, has been of immense benefit to last-mile remittance services among the UAE's unbanked population, which comprises nearly 60 per cent of the country's adult working population.

Salary cards provided by LuLu Exchange, also called as MyPay MyCard, are provided to customers whose companies have enrolled with LuLu Exchange under the UAE's Wage Protection System (WPS).

Approved by the UAE Government in 2009, WPS is a fool-proof mechanism implemented and developed by the Central Bank of the UAE (CBUAE) to meet the desired objectives of the Ministry of Labour to ensure that companies honor the payment terms as outlined in their employees' labour contracts.

By becoming part of their WPS offering, LuLu Exchange empowers companies to streamline their payroll management, in line with government regulations. The arrangement also supports a significant number of blue-collar workers who are guaranteed timely wage payments.

LuLu Exchange, which is among the leading WPS service providers in the country, supports over 30,000 corporates and 500,000 customers under this service. Customers holding the MyPay MyCard, a 100 per cent WPS compliant and acts as an international debit card, can access money through select ATMs across UAE and the globe.

The card also allows customers to avail exclusive services at LuLu outlets and conduct instant shopping payment options at various UAE and international retail outlets. Thus, literally, helping the unbanked access the advantages of a formal banking system.

The online payment option using salary cards – designed and approved by the CBUAE, has given a new lease of life to the payment needs of UAE's migrant workforce, and with more such innovative service offerings in the pipeline, the company expects to achieve its goal of 30 per cent digitisation of users by the end of 2020 and contribute to the UAE's vision for digitisation of financial services.



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CONTACTLESS: The new normal

Consumers in the UAE Make the Move to Contactless Payments for Everyday Purchases, Seeking Touch-Free Payment Experiences.



Contactless is Here to Stay

We are in a sustained period in which consumers are making purchases in a very focused way; it's reinforcing contactless use in markets where adoption is more mature, and it's stimulating use in newer markets. This trend appears to be here to stay. Three in four UAE respondents (74 per cent) confirmed that the pandemic has led them to use less cash, and 83 per cent of UAE respondents said they will continue to use contactless post-pandemic.

"The UAE government is setting a great example in keeping residents safe and in addition to social distancing between people, this should also apply to publicly shared devices, like point of sale terminals and checkout counters," said Girish Nanda, general manager, UAE and Oman, Mastercard. "Contactless is already quite prevalent in the UAE, though conditions resulting from this pandemic are advancing consumer adoption further. UAE shoppers are increasingly recognising contactless as a safer, more hygienic, faster way to pay, especially since control over physical proximity is critical at that moment."



Contactless technology provides the fastest, most convenient and highly secure way to pay for both consumers and merchants, enabling simple 'tap' payments.

Visa also welcomed the UAE Central Bank's move to increase the Card Verification Method (CVM) limit for contactless transactions in UAE to AED 500 (from AED 300).

The 67 per cent increase in the PIN-free transaction limit will allow consumers to simply tap-to-pay using their card, mobile phone or a wearable device for larger purchases. Visa is working closely with local bank partners and merchants to implement the new limit on Visa contactless cards in the UAE.

This move is in line with similar changes in the Middle East and North Africa region where Visa has been working with local governments to increase the limits to support the growing appetite for contactless payments.

Contactless technology provides the fastest, most convenient and highly secure way to pay for both consumers and merchants, enabling simple 'tap' payments. According to a 2019 Visa-DED Stay Secure study, about 80 per cent of people in the UAE who already use contactless payment technology trust this payment method. With more than 50 per cent of card transactions in the UAE already contactless, the increase in PIN-free transaction limits will continue to improve consumers' shopping experience and reinforce their trust in the technology.

"The UAE Central Bank's decision to increase PIN-free limits for contactless transactions in the country will allow larger everyday purchases to be made using this fast, easy and secure way to pay. It will even further support merchants and front line staff working during these challenging times. Visa is working with our local bank and merchant partners to implement the new central bank-mandated limits for Visa cardholders that will facilitate the continued growth of highly secure and convenient contactless technology in the UAE," said Shahebaz Khan, Visa's General Manager for the UAE.

■ Staff Report

71% of consumers say they are now using some form of contactless payment. Amidst the pandemic, **84%** agreed that contactless is a cleaner way to pay, while **85%** think it is more convenient than cash.

During March 2020, as many countries in the Middle East imposed necessary restrictions on social distancing, a significant majority of consumers turned to contactless payments for necessary purchases. 70 per cent of respondents in the Middle East say they are now using contactless payments, citing safety and hygiene as key drivers. Consumer polling by Mastercard, studying changing consumer behaviors in 19 countries around the world, paints a picture of accelerated and sustained contactless adoption.

The act of running to the store for groceries, medicine and other necessities has changed dramatically. Shoppers around the world have had to adjust to social distancing measures and other new challenges when buying everyday supplies for their families and loved ones. This shift in consumer behaviour is particularly clear at checkout, as people express a desire for contactless, and voice concerns over cleanliness and safety at the point of sale, according to the new Mastercard study.

In fact, findings from respondents in the UAE show:

Contactless Move to Top of Wallet

Perceptions of safety and convenience have spurred a preference for contactless and reminded consumers of the convenience of tapping on a global scale. In the UAE, 73 per cent of respondents have swapped their top-of-wallet card for one that offers contactless while 82 per cent UAE respondents consider contactless to be their preferred method of payment.

Confidence in Contactless

The global disruption has led to increased concern from consumers on cash usage and positive perceptions towards contactless due to the peace of mind that it provides. 71 per cent of consumers say they are now using some form of contactless payment. Amidst the pandemic, 84 per cent agreed that contactless is a cleaner way to pay, while 85 per cent think it is more convenient than cash. Furthermore, 78 per cent of UAE respondents have said contactless payment methods have been easy to adopt. Contactless payments are up to 10 times faster than other in-person payment methods, enabling customers to get in and out of stores faster.





Changes, Challenges and Disruptors

DIB – the world's first Islamic Bank – is bringing in technological revolution in the way it operates with changing times.

Over the past four decades, the Central Bank of the UAE has been instrumental in revolutionising financial services across the country by continually improving operational efficiencies and making the sector more accessible. In the past couple of years, it has embraced digital transformation to ensure greater efficiency and a higher level of operability.

As a result, the UAE has witnessed many regulatory

advancements that aid economic progress, most notably higher investment flows and rising visitor numbers. As the country embarks on its most visionary strategy to date, Dubai Islamic Bank (DIB) remains fully aligned to the defined agenda and will continue to be guided by the Central Bank of the UAE in its efforts to realise the vision of the nation's leaders.

As the lines between the digital and physical realms become increasingly blurred, we have witnessed profound changes on how disruptive technologies has become more commonplace. This has presented the UAE's banking sector with certain challenges that must be overcome in order to maintain business continuity.

The main challenge facing most UAE banks is finding ways to make their customer banking experience stand out. The UAE banking sector is dynamic and arguably 'overbanked', and in order to navigate the complexities of the market, the adoption and implementation of technological advancements has been key to establishing points of difference between the competitions.

Dubai Islamic Bank has driven unprecedented

enhancements over the past few years to its customer experience through 'tech that helps', and in line with the country's digitisation efforts and being the world's first Islamic bank and the largest in the UAE, the acquisition of Noor Bank has unlocked synergies and has been value accretive for both shareholders and customers. The acquisition was fully committed to ensuring that the new banking experience is seamless for customers of both banks. The culture created focuses on leveraging the transparency and speed provided by technology, fostering a feeling of trust in the system and the organisation as a whole. This has provided us with secure platforms that have helped elevate processes, increase efficiencies across vital operations and improve infrastructure in the organisation.

On the 40th year anniversary, we would like to extend our sincere congratulation to the Central Bank of the UAE for this landmark achievement of celebrating progression, advancement and innovation, and thank them for the steadfast efforts they have undertaken over the past four decades.

As the UAE embarks on its most visionary strategy to date, Dubai Islamic Bank (DIB) remains fully aligned to the defined agenda and will continue to be guided by the Central Bank of the UAE in its efforts to realise the vision of the nation's leaders.

For generations, the better way to bank.

Over 40 years ago, Dubai Islamic Bank pioneered a way of banking that was truly better: Islamic banking. Since then, many generations of customers continue to enjoy world class products and services backed by the very latest in banking technology. For them as for you, this is still the better way to bank.





Rola Abu Manneh, Chief Executive Officer, Standard Chartered Bank UAE



Establishing trust among communities

Rola Abu Manneh, Chief Executive Officer, Standard Chartered Bank UAE, explains how the bank is supporting its customers, and the UAE at large, beat the effects of the pandemic.

The capital adequacy rate among the UAE banks stood at 16.9 per cent as of the end of March and the eligible liquid asset rate was 16.6 per cent as of the end of May – “well in excess of the minimum regulatory requirements”, it said. So, the banking sector in the UAE can withstand any scale of shock, while supporting its customers as banks are well capitalised, despite forecasting a deterioration of credit metrics in the country.

Initiatives to help the affected

At Standard Chartered, we have a number of solutions to help clients during the times of uncertainty.

During Q1 we launched a series of charitable funds and financial assistance to aid those affected by the crisis. Through our global commitment of \$1bn to finance businesses, will see long term progression in many markets. In March, we launched \$50mn relief fund for those affected by Covid-19.

This commitment has been vital during this time. Banks lead the way when it comes to money management and people will always look to our actions for guidance. If we can set a precedent with this commitment to encourage others to follow, then we get another step closer to ending this pandemic we are all faced with.

Helping through a relief fund is just part of what our responsibility is here. We have a duty of care to our clients and communities and Standard Chartered have ensured that we remain as involved in our communities as possible, helping to drive support for the healthcare industry during this time of need.

Those that are able to support and help the healthcare sector during this time should do so. Standard Chartered is at the forefront of supporting the healthcare sector. It has donated 15,000 N95 masks to the Authority of Social Contribution to aid medical professionals in the fight against Covid-19. The bank has also donated over Dh180,000 to the Emirates Red Crescent and over Dh500,000 to three local charities in the UAE, in support of their Covid-19-related emergency response efforts, including immediate medical relief, access to food and assistance for vulnerable families and individuals.

Working across nations

Our \$1bn investment has already made a difference in one of the UAE's key trading partner: Africa, helping to provide PPE for those working on the front line. Joint Medical Line in Uganda was the first institution to use the available funds, with \$2.2mn funds for medical supplies

which of course have been urgently needed. Critical care equipment in hospitals is also being provided through the funds so it is vital that we play this role in investments for businesses who can help prevent the spread of this virus.

Businesses across the Middle East and Africa that are helping on healthcare are constantly working with us so that we can help support as many countries across the region. We are in touch with manufacturers and distributors in the pharmaceutical industry through to healthcare providers to help provide these vital funds for our communities.

Of course, during these times of uncertainty for businesses there is a focus on healthcare and the support for work in this sector, but the role of banks does not stop there.

Communication is key

Information is key during crisis times. We recognise this and are working above and beyond to keep people updated on their finances, through our enhanced communication efforts.

Through communication, we can make a difference to the worries of our individual customers and our words of support and expertise have been backed by actions. We must put our customers first, and, like I said earlier, we cannot worry about our own liquidity during this time. Our worry and concern has to be for our customers. We have introduced a three-month payment holiday on existing personal loans, car loans and mortgages, the option to pay only the interest component of an existing loan for a period of three months, a 50 per cent reduction on credit card cash advance fees, a refund of any foreign currency transaction fees on cancelled travel bookings and the option to convert selected fees and purchases into equal monthly instalments at zero per cent interest and no processing fees.

This wide range of options introduced to our customers across the region will positively impact the lives of millions of people.

We must be clear in communicating to business and individual about the options that they have for their finances and let them know that there is a solution. There is always a trusted bank that is well-capitalised.

There will undoubtedly be fear amongst people about borrowing money during these times, but banks, are committed to helping the right businesses and individuals to maintain a sense of normal life during these times. People have to keep trust in their bank and remember that we are here, in your community, with you and for you.

Covid-19 is creating a world of uncertainties for all of us today. Both individuals and businesses are rightly questioning the banking scenario today, and SCB is no immune to the questions posed by our clients.

We must have open communication and answer all of these doubts and questions for both individuals and businesses, maintaining the long-standing trust that people expect from their bank. Trust is key for people during this time of uncertainty and banks must lead the way for establishing trust amongst communities.

Banks have a role to play now where it is not about us, but about the communities in which we are involved and how we can help our economy.

It is no secret that certain industries are struggling in this moment of uncertainty such as hospitality, tourism and retail – all sectors that each and every one of us contribute to on a daily basis, until Covid-19 changed our lives. These sectors continue to lose millions of dollars that was simply not predicted for owners or shareholders, creating a number of knock on effects such as job losses and business closures. So how can this be prevented? The simple answer is that banks must help keep these key industries alive.

Banks have the power to avoid a potential recession and maintain the operation for a number of businesses throughout the region due to the amount of liquidity available. However, for banks to do their job properly one must wonder how well capitalised and the liquidity options are available in these banks.

Couple of days ago, the UAE central bank said that while the coronavirus pandemic poses challenges to banks.

“Our stress tests demonstrate that the UAE banking sector is able to withstand macro-financial shocks of any size”.

15,000
N95 masks to the
Authority of Social
Contribution
Dh180K
to the Emirates
Red Crescent
Dh500K
to three local
charities
in the UAE

LuLu Exchange extends its best wishes to the
Central Bank of UAE on the occasion of its

40

glorious years of excellence



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Reimagining the UAE's next chapter

A country built on an ambitious vision of the future is a natural home for the strategic and entrepreneurial policymaking that will be a hallmark of the economies that rebound most effectively from Covid-19 — and that puts the UAE in a unique position for international leadership, from banking and financial services, to trade and technological innovation, says Abdulfattah Sharaf, HSBC Group General Manager and CEO UAE and International.

There is broad consensus that the world has been changed by the coronavirus pandemic. Few nations in the world are as adept at change as the UAE. A geographic location at the centre of the world has meant ideas, goods and cultures have always flowed into and out of the region — and these signs are already clear as to the focus of the new strategic and progressive industries that will drive the trajectory of change in the UAE in the years ahead.

We are optimistic that path charted in the UAE will afford consistent and sustainable prosperity, through a focus on new industries and innovation, and we look forward to supporting that — as we have done for more than 70 years since setting up the first bank in the territory that eventually became the UAE. Of course, this will not be without challenge, but we believe that a post-Covid economy will deliver new avenues of growth, particularly in the realms of sustainability, digital economies and the re-imagining of supply chains. There is already a clear focus on technological innovation, such as agri-tech, urban-tech and urban mobility.

Easing the burden

The UAE government has been decisive, inclusive and proactive throughout the Covid-19 pandemic. We have been proud to play our part in the economic stimulus and recovery programmes, and we have been steadfast in our commitment to helping shape a response that has been tailored to the needs of our customers.



Abdulfattah Sharaf, HSBC Group General Manager and CEO UAE and International

Our personal and commercial banking teams have granted payment holidays on loans, credit cards and mortgages. We've also ensured customers are maximising the investments we have made in digital banking channels and products to always keep them connected to their finances — vital through lockdowns and social distancing measures.

Providing this digital lifeline has been crucial to supply chains. Customers have rerouted their business to HSBC, using our global reach to manage the risk of unforeseen disruption to payments.

In the first quarter of the year, we processed US \$15.6 billion of trade in the region, with notable surges in the food and healthcare sectors. We responded to the increase in volumes by ramping up transaction times: 75 per cent of healthcare transactions and 83 per cent of food sector transactions are processed in 24 hours.

Growing locally, knowing globally

At HSBC, it has been a tremendous privilege to work with talented local people. Around our leadership table in the UAE, we have many Emiratis who have been with the bank since their graduation, which makes me very proud. We maintain a steady flow of local graduates every year that are internationally minded, who get rotational opportunities in areas such as innovation, global markets and cash management, trade, finance, and relationship management.

When the pandemic was in full effect, we wanted to make sure that we connected with young Emiratis often and with relevant topics. Having worked on numerous digital events and strategic initiatives together over the last few months, our partnership with the Federal Youth Authority has become stronger than ever.

Strength in unity

The strength in unity shown by the people of the UAE in these most testing of times has been an inspiration for us at HSBC. The importance of this unity cannot be understated — as the nation's founding father, His Highness Sheikh Zayed bin Sultan Al Nahyan, once said: "Unity is the way to strength, honour and power. Division only leads to weakness. There is no place in today's world for weak entities. These are the lessons of history throughout the ages."

HSBC has been part of the fabric of the UAE's society from its founding and we believe it is both an opportunity and a responsibility to continue playing a central role.

The Central Bank of the UAE, as a regulator, is supportive through its transparency and by providing proximity and accessibility to stakeholders. At HSBC, we truly benefit from the partnership model that the UAE has managed to cultivate between the public and private sector for communities to thrive.

With Expo 2020 Dubai still to come, we're on the doorstep of one of the UAE's greatest global moments. The UAE will showcase the best that the world has to offer and highlight how the future will be reimagined. We, at HSBC, are already in dialogue with customers and colleagues to activate our global network in support of this important work.



البنك العربي للتحد
UNITED ARAB BANK

UAB: Standing Strong

UAB is making sure that all its measures are in place so that customers can safely bank without any worry.

Uncertain times call for unprecedented trust and a vision that is unshakable. In conversation with Ahmad Abu Eideh, Chief Executive Office, United Arab Bank (UAB) it was obvious that evidences of resilience from the past are the strokes of hope and strength with which he frames the larger picture.

UAB, like many banks in the UAE, has been accelerating its digital strategy, rationalising costs and rolling out a set of initiatives to help individuals and corporates cope with the slowdown caused by the outbreak of the Covid-19 virus.

"Central Bank of the UAE has always been a robust and responsive regulator to stabilise the economy and offer support to the banks. This has been pivotal in putting the country on a fast track to recovery after the Covid-19 crisis"

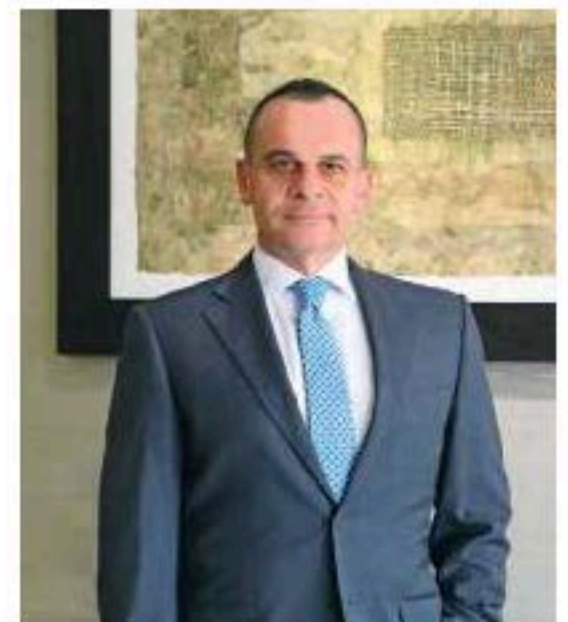
In 2019, UAB embarked on a three-year journey of digital transformation and digitalisation. Applying the best in class technologies the bank has been upgrading all the current systems and also heading towards applying Artificial Intelligence (AI) solutions and robotics in the day-to-day transactions. In alignment with the present requirements, the bank has automated its offerings to the retail and wholesale customers.

"Our progress towards a futuristic strategy has been

commendable. We are on track on the journey and looking forward to pleasantly surprising our long standing stakeholders moving forward," said Ahmad.

Speaking on the Covid-19 impact, he said, "In such scenario of a pandemic it is very important for banks to maintain very healthy liquidity levels and at UAB we have ensured this and also supported our customers in their time of need. We have also been selectively doing new business to maintain our lending activities. We are also mindful that during such times cyber crime is at a rise and have therefore kept information security on high alert. We have applied security awareness programs of our own through emails, SMS, social media and on site to educate customers. We have also applied all the mandated initiatives by the Central Bank and UBF. Customer well-being is central to all our activities and initiatives."

In closing statement, Ahmad shared thoughts on Islamic banking, he said, "There is a surge in appetite for Islamic banking products by retail and corporate customers. This is mainly driven by the growth in the population of Islamic countries, the increase in Sharia-compliant funds globally and the importance of transparency and governance underlying Islamic banking amid such uncertain times."



Ahmad Abu Eideh, CEO at UAB

It's great doing
business
together when
you add purpose
to your profits



Together we thrive

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HABIB BANK LIMITED

Felicitations on 40 Years of Success

HBL extends its heartiest greetings to



His Highness
Sheikh Mohammed bin Rashid Al Maktoum
Vice-President, Prime Minister of the
UAE and Ruler of Dubai



His Highness
Sheikh Khalifa bin Zayed Al Nahyan
President of the UAE



His Highness
Sheikh Mohammed bin Zayed Al Nahyan
Crown Prince of Abu Dhabi and
Deputy Supreme Commander of the
UAE Armed Forces



His Excellency
Abdulhamid Saeed
Governor of the UAE Central Bank

on the **40th anniversary of the Central Bank of UAE**
marking four decades of impressive accomplishments and
exemplary service to the nation.

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