

The Business

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CBB may introduce laws on financial technologies

MANAMA: Central Bank of Bahrain (CBB) is considering introducing regulations on financial technologies (fintech), according to a top official at the regulator.

In a statement yesterday, Waqf Fund chairman and CBB executive director of banking supervision Khalid Hamad said technology companies have been invited to set up their offices in Bahrain and use it as a base to serve the entire GCC and Middle East region.

The statement was issued after a leadership grooming programme for a group of senior CBB officials and participants conducted by Dr Chris Chan, associate

dean of Ivey Business School.

Endorsing the view that banks need to understand and embrace technology, Mr Hamad thanked Dr Chan for his presentation which was based on research in digital banking and fintech.

"Fintech is the future of finance; more than 1,000 companies with \$105 billion in funding and \$870bn in market capitalisation are engaged in fintech activities globally," said Dr Chan.

"The personal/SME segment, which contributes 46 per cent of global banking profits, is the main centre of attention for disruption by fintech companies and has attracted 92pc of all funding.

"Start-up companies are taking market share from large incumbent banks, forcing them to embrace fintech or see their profits erode. We believe soon banks everywhere will be facing their Uber moment."

Some of the key findings from the research are:

- Digital payments, crowdfunding (debt and equity), Robo-advisory and blockchain are some of the major new trends unleashed by fintech.
- Developed Asia is already ahead of the developed Western world in terms of digital banking, thanks to mobile penetration.

● Investment in private fintech companies increased 10 times in the past five years.

● Digital disruption can reduce the market share of financial sector incumbents by as much as 50pc over a five- to 10-year period, as witnessed in other industries.

● By 2020, the projected assets under management of robo-advisors in the US is \$2.2 trillion, up from \$300bn today.

Ivey Business School is Canada's top ranked business school and is ranked one of the best in the world. It has recently established a digital banking lab focusing on thought leadership.

Obama bars Chinese fund from buying US business

WASHINGTON: President Barack Obama blocked a Chinese investment fund from acquiring the US business of German semiconductor equipment maker Aixtron because the deal posed a risk to American national security, the Treasury Department said.

Obama's executive order barring China's Fujian Grand Chip Investment Fund (FGC) from completing the acquisition of a German company with American assets was one of few such instances in which a US president has blocked a transaction due to national security concerns. His action appeared to be based on concerns about China gaining access to the secrets of producing a material called gallium nitride used in military equipment.

In 2012, Obama ordered Ralls Corporation owned by China's Sany Group to sell its interest in wind farms near sensitive US naval installations in Oregon.

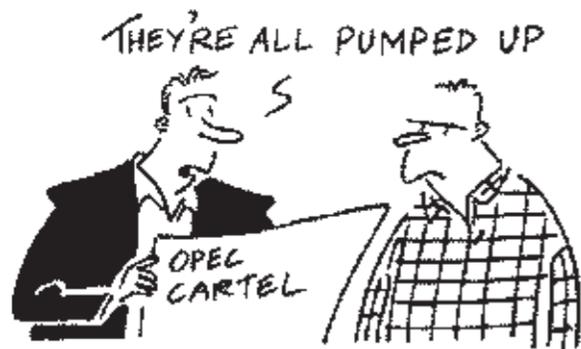
Aixtron has said scrapping the proposed deal would mean it would have to take action to balance income and costs, including potential job cuts.

The Treasury Department said Obama was blocking the deal following an assessment by the Committee on Foreign Investment in the US, an inter-agency task force that the department leads.

"The national security risk posed by the transaction relates, among other things, to military applications of the overall technical body of knowledge and experience of Aixtron, a producer and innovator of semiconductor manufacturing equipment and technology," the department said.

Gallium nitride, a powdery yellow compound used in light-emitting diodes, radar, antennas and lasers, is grown using Aixtron-manufactured technology, which has in the past been sold to US military equipment maker Northrop Grumman.

BUSINESS SMILE!



GFH backs major global Islamic banking forum

MANAMA: GFH Financial Group (GFH) yesterday announced its Platinum Sponsorship of the 23rd Annual World Islamic Banking Conference (WIBC 2016) to be held in Bahrain from Monday to Wednesday under the theme "New Economic Uncertainties and Vigilant Growth" reflecting current economic and market realities globally today.

This is the fourth consecutive year for GFH as a leading supporter of the global Islamic summit, which is being held with the strategic partnership

of the Central Bank of Bahrain (CBB). As the event's lead sponsor, GFH will be represented at the WIBC by a delegation of the group's board members and senior management team including its head of investment management Hammad Younas, who will take part on a panel dedicated to "Asset Allocation Outlook –



■ Mr Al Rayes

Regions and Countries for New Growth."

"We are strong proponents of industry development and growth and our interests continue to be closely aligned with the aims of this important event. In particular, given the global nature of the GFH business and our presence and investments across international markets including those in North America, Europe and Asia as well as the Mena region, we are highly committed to seeing further global industry growth and Islamic financial convergence," Group chief executive Hisham Al Rayes said.

"We are also pleased to support another strategic initiative of the CBB, which has taken a leading role as an industry pioneer and the positioning of Bahrain as a global Islamic finance centre. The contributions of Bahrain and institutions based in the kingdom – including GFH – have been significant in taking the industry to where it is today and will no doubt be critical to its further development and growth."

More than 1,300 participants from more than 50 countries are expected to take part in the conference. Key features for WIBC 2016 include sessions dedicated to banking leadership opportunities and asset management best practices; thought leadership from leading strategy consultants; and panel sessions focused on SMEs and entrepreneurship and the impact of innovation in financial technology and other important topics.



■ Mr Al Zayani with Mr Sinha, Mr Rahma, Mr Kapoor, ICAI vice-president Nilesh Vikamsey, Mr Fakhro and Bahrain Accountants Association president Abbas Al Radhi at the inauguration of the conference

Bahrain's outlook in spotlight

MANAMA: Bahrain should promote its current no-taxation business structure more aggressively to attract new businesses to its industrial zones, said an expert on international taxation.

Chartered accountant Sanjiv Chaudhary was speaking on the sidelines of the eighth International Conference of the Bahrain Chapter of the Institute of Chartered Accountants of India (BCICAI) under the theme "Challenges Create Opportunities".

"Bahrain has a huge advantage in that it levies no corporate tax. I believe that the kingdom must promote special economic zones and create a base for new businesses, create support infrastructure that will drive growth," he said.

The annual conference, held under the

patronage of Industry, Commerce and Tourism Minister Zayed Al Zayani, was attended by more than 400 chartered accountants from Bahrain, India and the GCC.

A key focus this year has been Bahrain's outlook for 2017 and a panel discussion was conducted with KPMG Fakhro managing director Jamal Fakhro moderating and inputs from Bahrain Islamic Bank chief executive Hassan Jarrar, Economic Development Board chief economist Dr. Jarmo Kotilaine and Bin Faqeeh Real Estate Investment Company director, finance and risk Sushil Jain.

The panel's consensus was that 2017 will continue to be a challenging year for the region and the Bahrain business com-

munity would need innovation to meet the challenge.

Indian Ambassador Alok Kumar Sinha and Industry, Commerce and Tourism Ministry assistant under-secretary Hameed Rahma inaugurated the event.

Institute of Chartered Accountants of India (ICAI) president Devendra Reddy said that the 15,000-plus chartered accountants in the Gulf played an important role in building the brand of the profession.

BCICAI chairman Vivek Kapoor pointed out that the 2016 conference had set many firsts including a focus on Bahrain's economic outlook for 2017, a media desk to report the proceedings in real time and a live webcast that will reach more than 10,000 people globally.

Opec to meet oil producers

DUBAI: Opec will meet non-Opec countries to finalise a global oil limiting pact on Saturday in Vienna, two sources said yesterday.

The Opec sources earlier said the meeting was due to take place in the Russian capital Moscow, but later said that plan had changed.

Opec agreed this week to reduce output by around 1.2 million barrels per day (bpd) beginning in January in a bid to reduce global oversupply and prop up prices.

It hopes non-Opec countries will contribute another 600,000 bpd to the cut. Russia has said it will reduce output by around 300,000 bpd.