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2021

# Financial Centres Of The World 2021 Focus On Dubai

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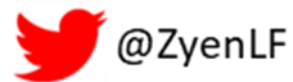


FS Club

20 January 2021



Financial Centre Futures





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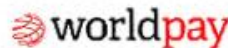
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# Agenda



**FS Club**

- |               |  |
|---------------|--|
| 09:00 – 09:05 | Welcoming Remarks<br><i>Mike Wardle, Director, Z/Yen Group</i>   |
| 09:05 – 09:25 | Dubai International Financial Centre: The Largest Financial And FinTech Cluster In MEASA<br><i>Salmaan Jaffery, Chief Business Development Officer, DIFC Authority</i> |
| 09:25 – 09:30 | An External Perspective<br><i>Mike Wardle, Director, Z/Yen Group</i>   |
| 09:30 – 09:45 | Questions, Comments, Answers?  |
| 09:45         | Close  |





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# Focus On Dubai



**FS Club**



**Salmaan Jaffery**

Chief Business Development Officer  
DIFC Authority



**Mike Wardle**

Head Of Indices  
Z/Yen Group



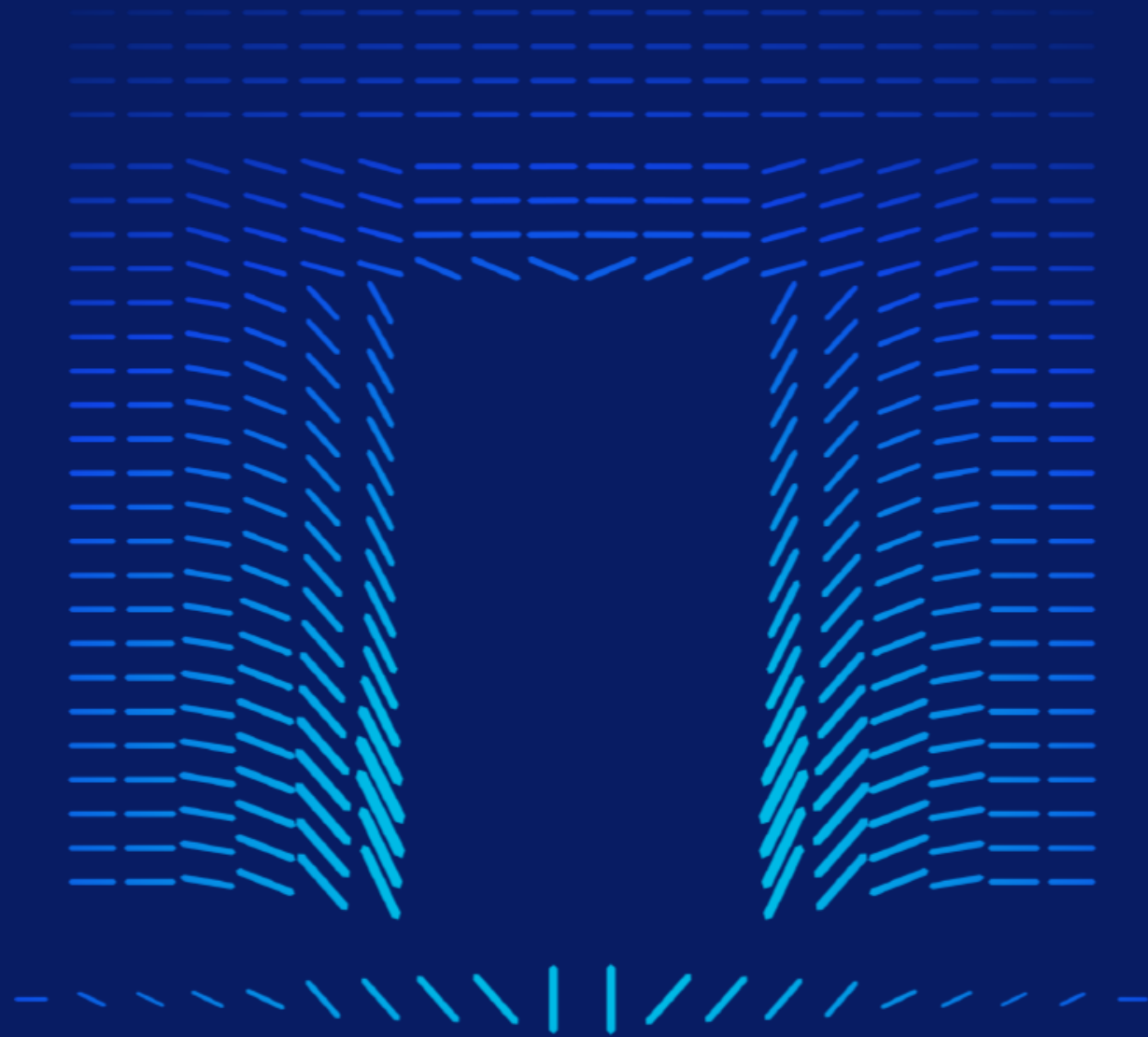


Dubai International  
Financial Centre

# DIFC: The Largest Financial and Fintech Cluster in MEASA

Jan 2021

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# MEASA is a growth market for future of financial services

Large, young,  
and urban market

**MEASA = 3 BN**

**Top 5**

Fastest growing economies in the world<sup>1</sup>

**MENA = 400Mn**

**40%** population under 25

**GCC = 55Mn**

**85%** urbanization

SOURCE: Press search

Fast growing,  
Diversified economy

Annual GDP growth (2000-2018)

**MEASA: 5.1%**

**MENA: 3.9%**

**Global: 3.2%**

Growing **3x faster** than developed markets

Projected annual GDP growth in MEASA for next 5 years: **~4.6%**

SOURCE: IHS Global Data

Attractive financial  
services market

Size of financial services (2018)

**MEASA: \$752 billion**

**MENA: \$165 billion**

**GCC: \$111 billion**

**40%** higher than global average

**~7%** annual growth of financial services since 2000

**12%** average MEASA ROE (2017)

**4x** Higher card issuer revenue per transaction in GCC versus Europe

High digital penetration  
and usage

**70%** smartphone penetration in GCC

**21%** higher than Europe

**35%** Annual smartphone penetration growth in Africa and South Asia



# Dubai is uniquely situated as the gateway to MEASA

## Gateway to growth markets

Strategically located – accesses **2.2 bn people** within 5 hour radius

**More than 150 flights** weekly to top business destinations in Europe

**Direct connections** to major cities in Africa, Asia, N.America

## International Trade Hub

Gateway for trade with **~\$350 Bn** of trade flow

**9<sup>th</sup> largest port** in the world

DXB ranked **3<sup>rd</sup> of top airports** globally

**~3.5m tonnes** of airfreight moved through DXB and DWC annually

## Diversified & Forward looking

Push from government towards **knowledge based economy**

Dubai targeting **40% increase** in knowledge workers by 2021

**\$3.2 bn investments planned** for academic research centres & innovation incubators

## Business Friendly environment

Chosen regional headquarters for **70% of Fortune 500** companies that have presence in the region

Ranked **11<sup>th</sup> globally** for ease of doing business, ahead of Australia & Germany

Responsive public institutions and future ready policies to drive a **world class investor experience**

## World class Infrastructure

Sophisticated digital and physical infrastructure

Ranked **1<sup>st</sup> worldwide** in mobile network coverage 2017

**\$4.8bn** in technology IOT contribute to Dubai's economy by 2020

## Quality Talent

INSEAD Global Talent Competitiveness Index 2017

**1<sup>st</sup> in MENA**

**19<sup>th</sup> globally**

In ability to grow, attract and retain talent

Ahead of **France** and **Japan**

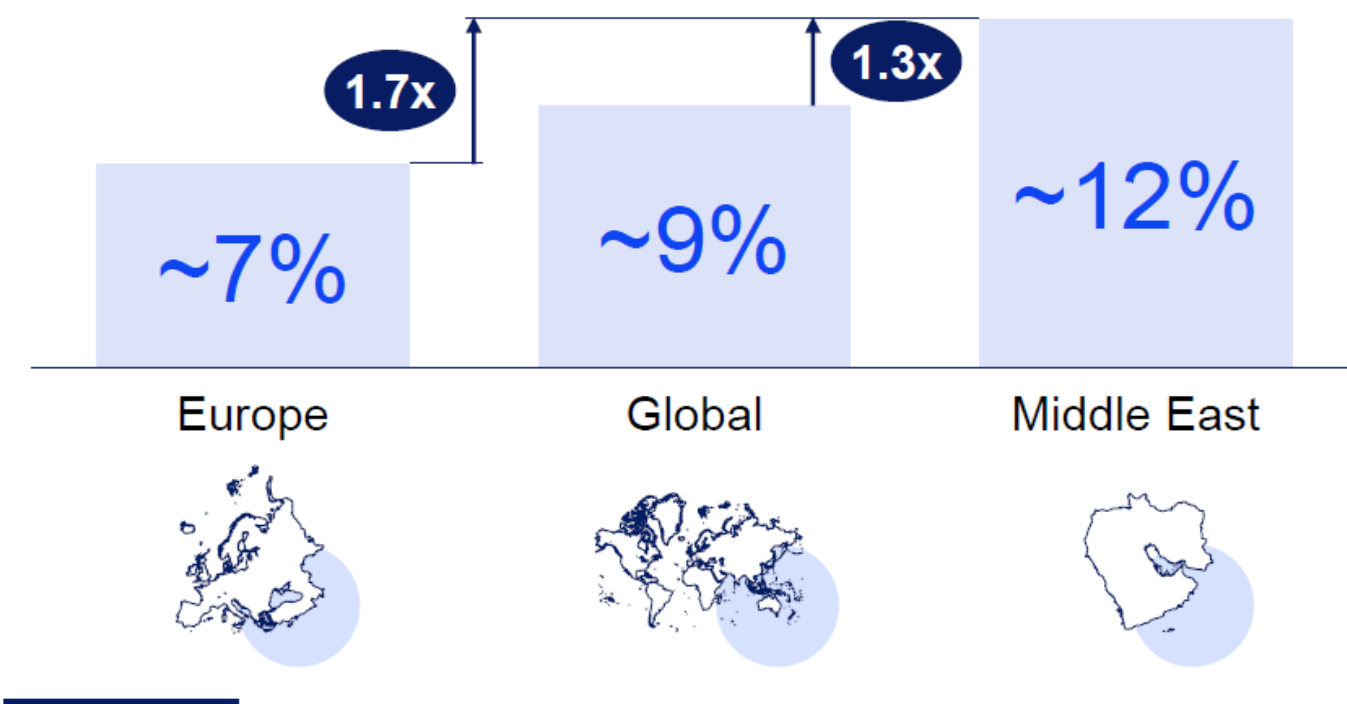
Most livable city in MENA and among the highest qualities of life globally



**Corporate banks in the region generate returns on equity at an average of over 12 percent; far outstripping their European and global counterparts**

### Average RoE, Corporate Banking

%



SOURCE: Global Banking Pools



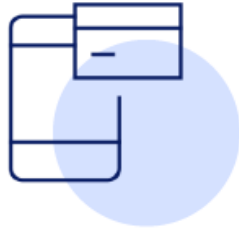


# Corporate financing opportunities in the region are significant and growing



**\$2.6 Tn**

value of top 100 Arab companies



**\$46.9 Bn M&A transactions**

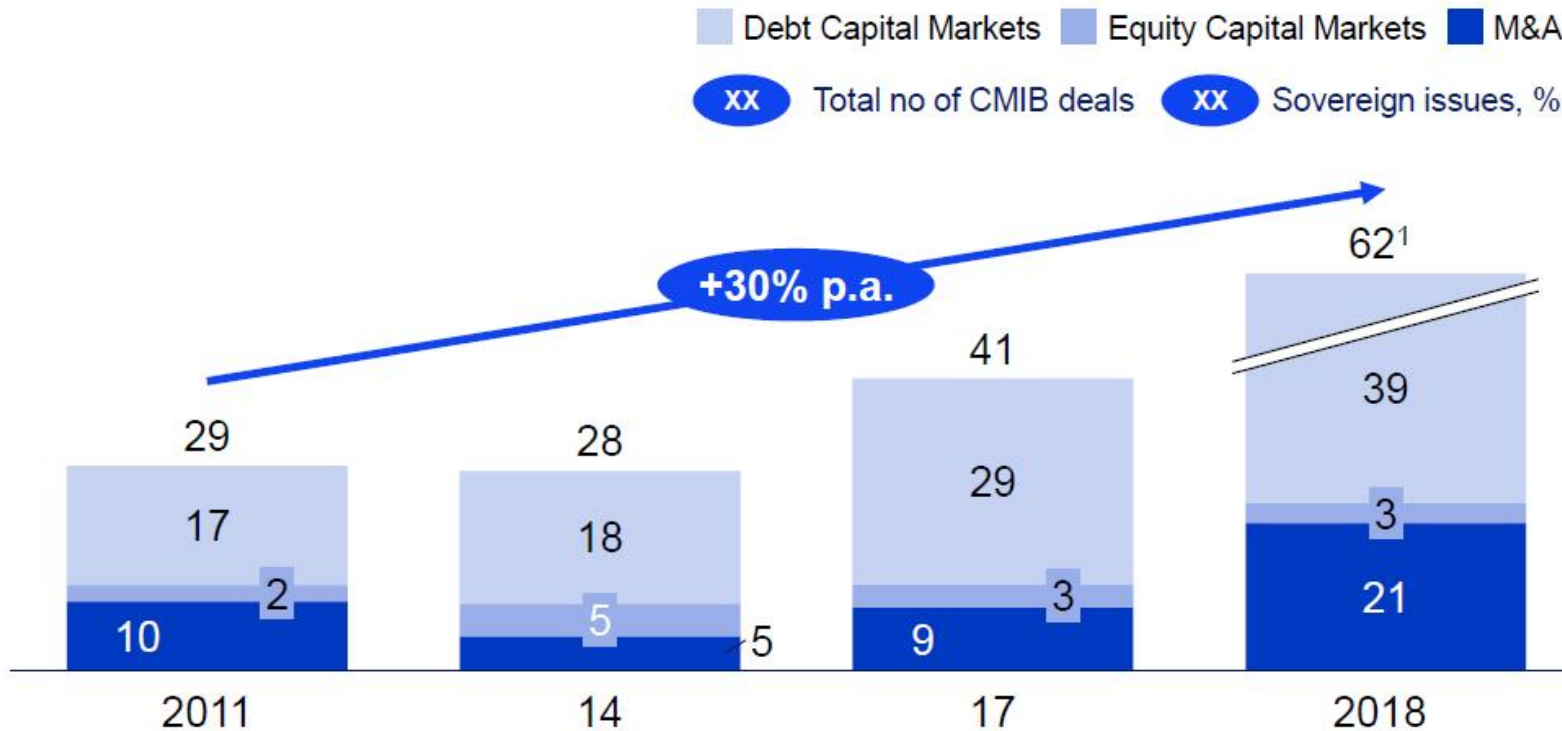
with Middle East involvement



**\$4 Tn infrastructure spending** planned in GCC and **\$1 Tn** planned in Africa

# UAE Capital Markets, Investment Banking volumes and deals are on an increasing trend

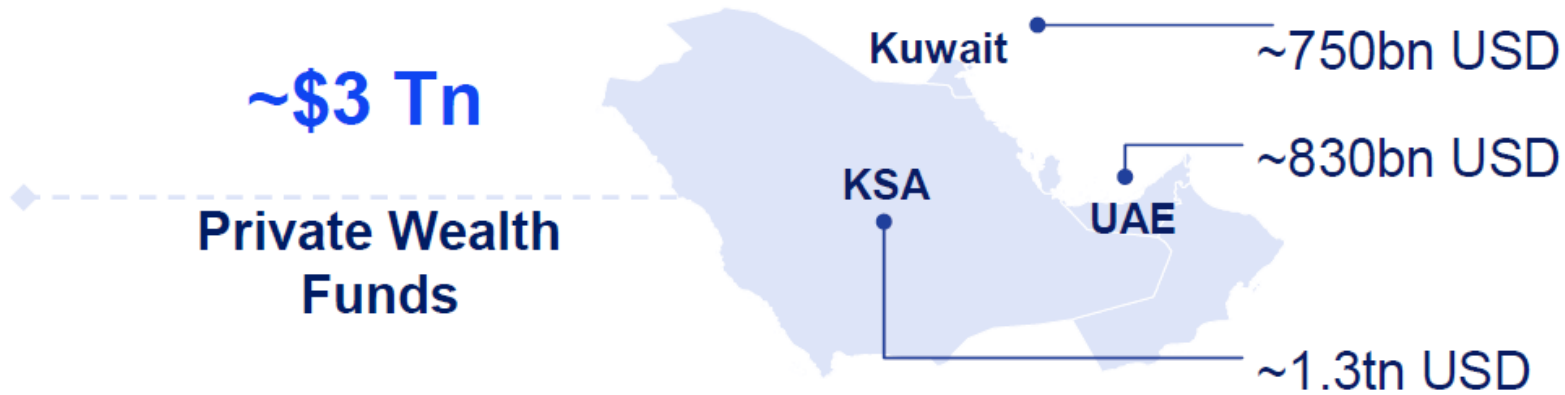
UAE CMIB<sup>2</sup> volumes, USD bn



SOURCE: Dealogic, press search



# Substantial Sovereign & Private Wealth in GCC



# Major fund-raising opportunity but most wealth managed and deployed offshore



**\$500 Bn**  
Funds raised in  
DIFC in 2018

SOURCE: DIFC Report



# UAE is a top market for UNHWI, HNWI, and affluent individuals



Global Wealth  
Migration Review's  
Top Destinations  
for HNWI, 2018

Dubai ranks

**7<sup>th</sup>**

SOURCE: Press search, DIFC report

**3K**

**Ultra-high-net-worth individuals**  
\$30+ Mn assets

**100K**

**High-net-worth individuals**  
\$1+ Mn assets

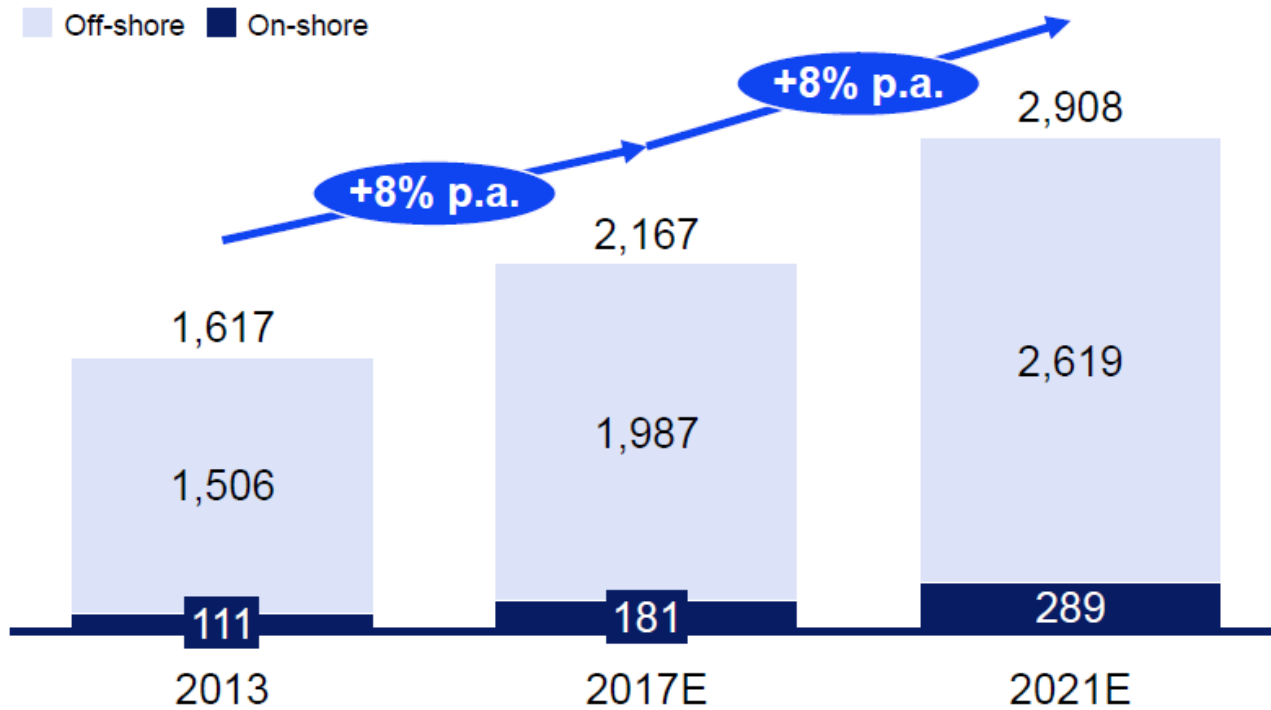
**5Mn**

**Affluent Individuals**  
\$100K+ assets



# Strong growth in GCC Private Banking market since 2013 that is expected to continue

GCC PB market AuM development<sup>1</sup>, \$bn



CAGR Projected until 2021



+7%

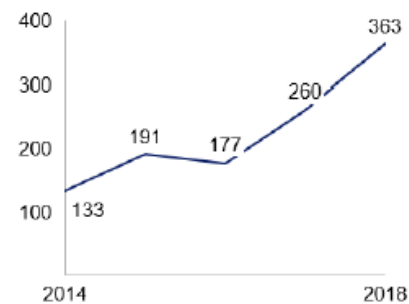
+12%



# VC fundraising and PE investments growing rapidly

Total deals

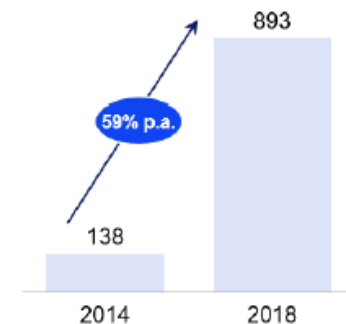
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SOURCE: MAGNITT

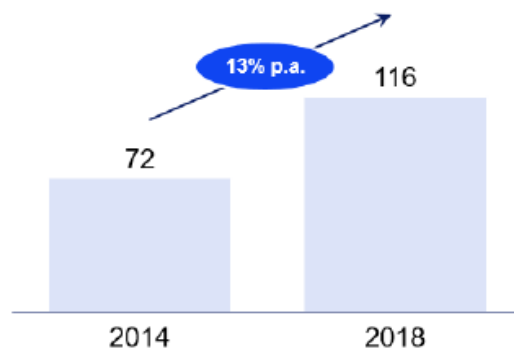
Funding

\$m



Record number of deals (both in number and value) in 2018

Number of PE Investments



SOURCE: SPAIN SOURCE

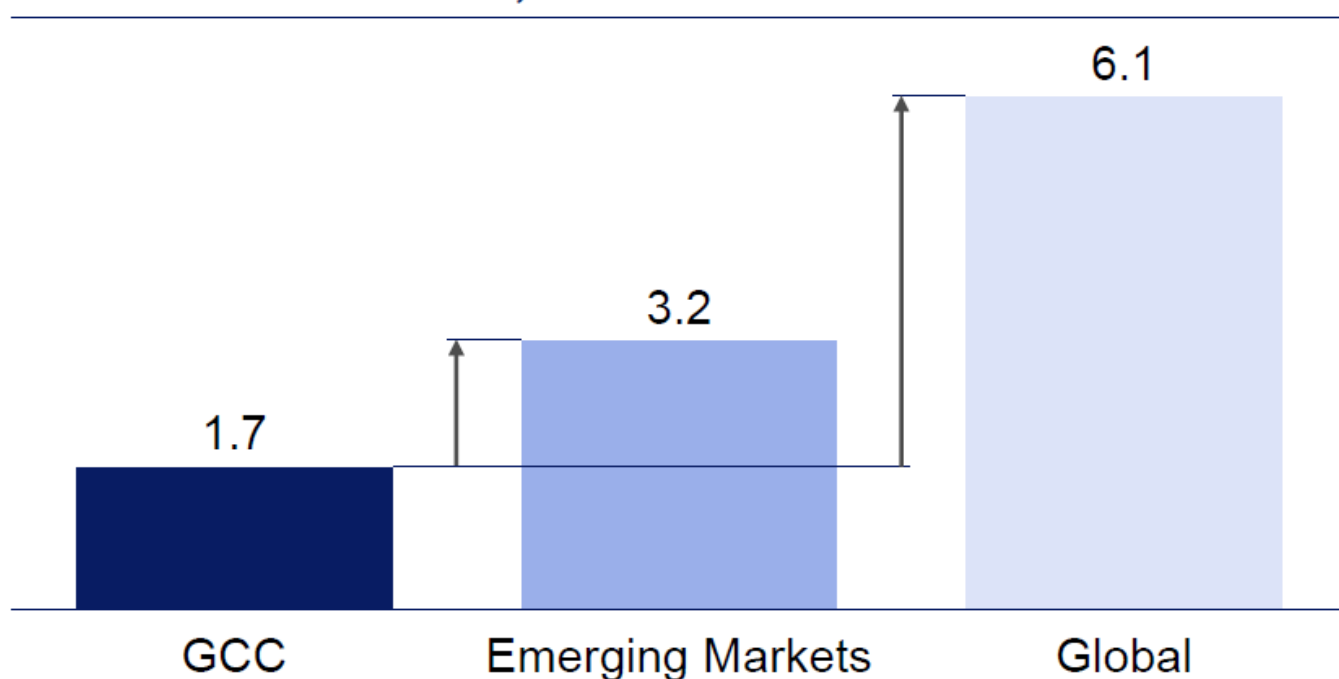


24 funds currently operational in the Middle East



# There is huge potential for insurance market growth in GCC countries

Insurance Penetration, %



**Large gap exists between GCC and emerging markets & global averages**

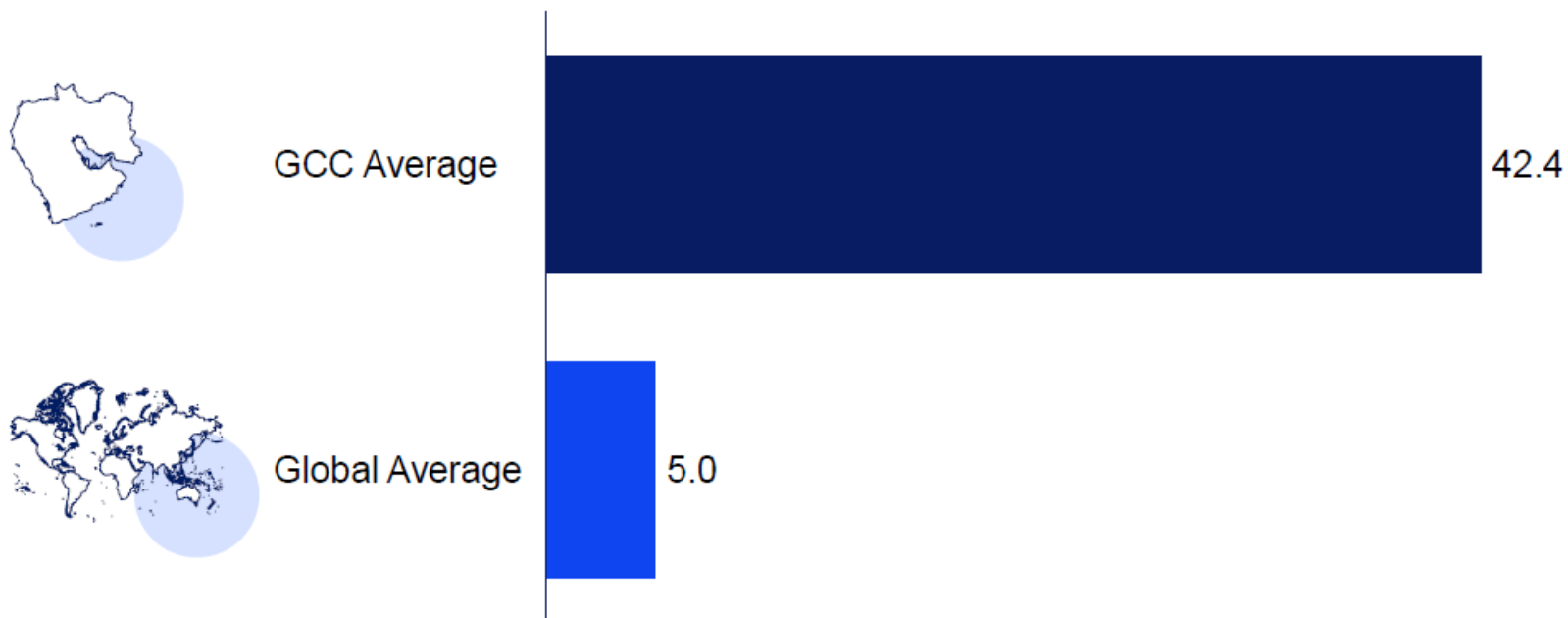
SOURCE: Global Banking Pools; Alpen Capital





# Higher reinsurance cession rate in GCC indicates great reinsurance potential

## % of Total Premiums Ceded to Reinsurers

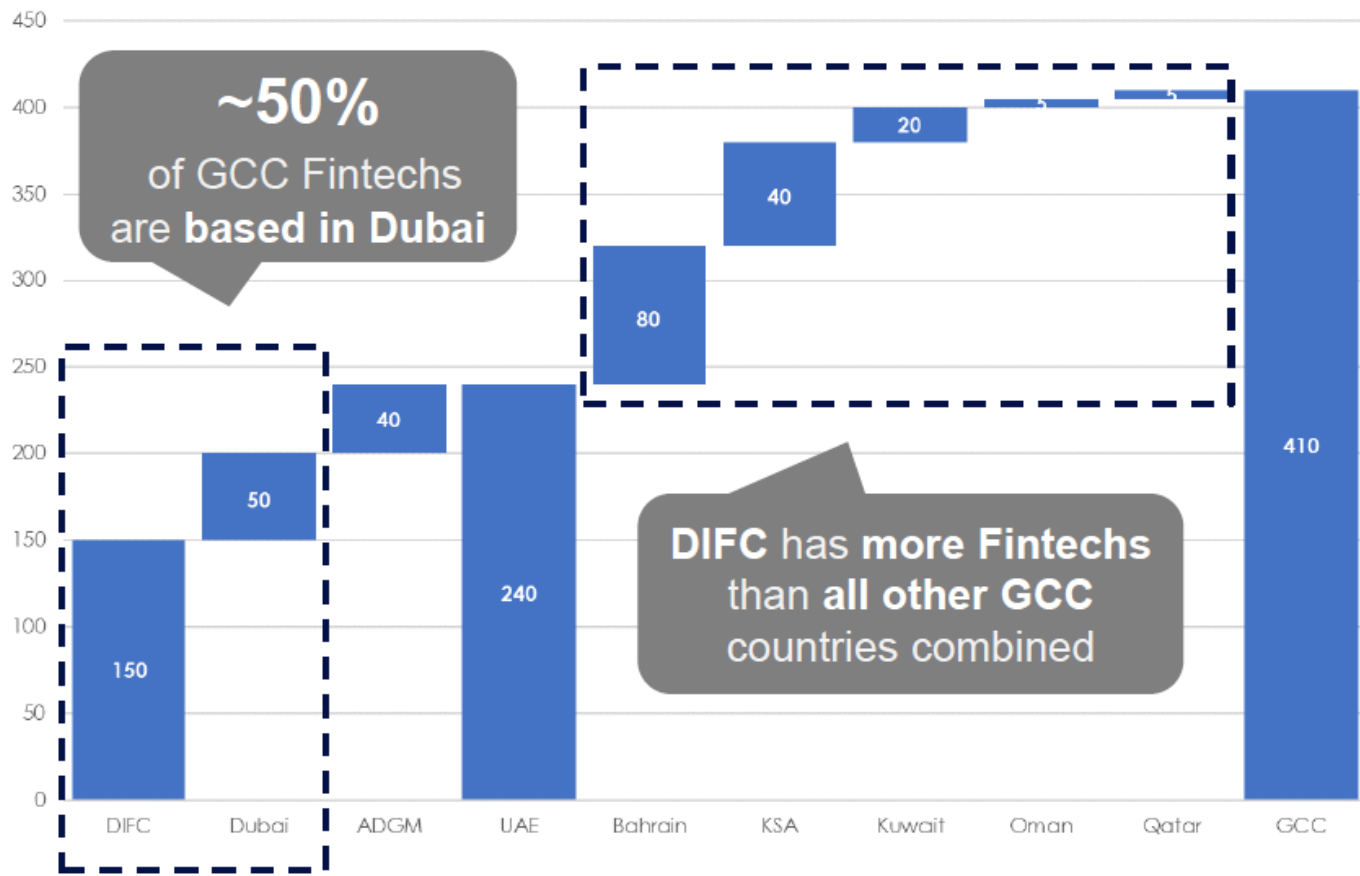


**Significantly higher cession rate presents tremendous opportunities to reinsurance companies**

SOURCE: Global Banking Pools; Swiss Re Institute

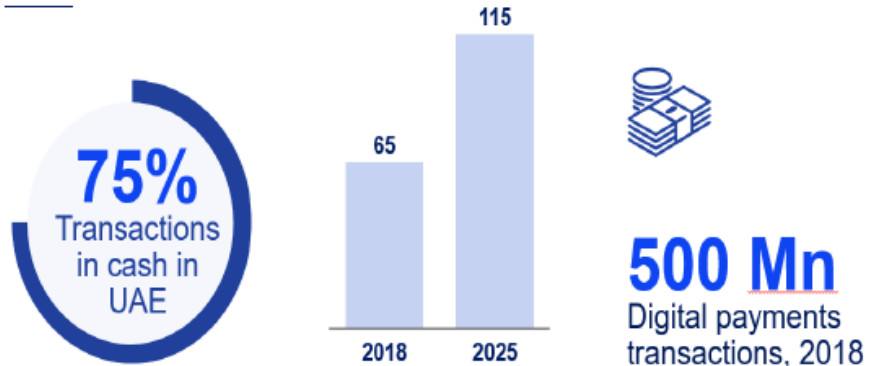
# Dubai is the hub of Fintech Innovation in the Middle East

**500+**  
**Fintechs**  
**in the GCC**  
**250+ in Dubai**  
**270+ in DIFC**



## 1. Digital money and ecommerce

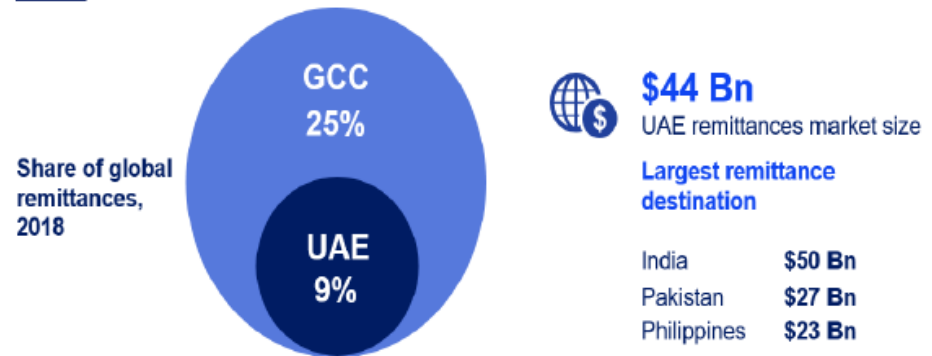
Cash heavy market but with significant digital payment volume



SOURCE: Liberty report on the United Arab Emirates 2018

## 2. Money Remittance

Second largest outward remittance country in the world

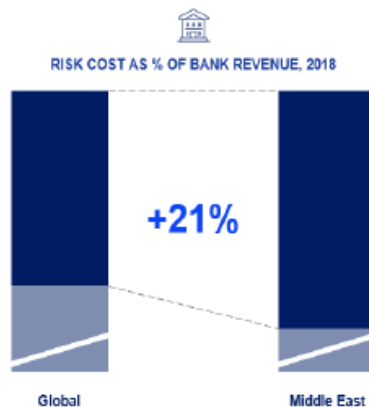


SOURCE: Central Bank of the UAE

## 3. eKYC

Banks in the Middle East require innovative software platforms to deal with high risk costs

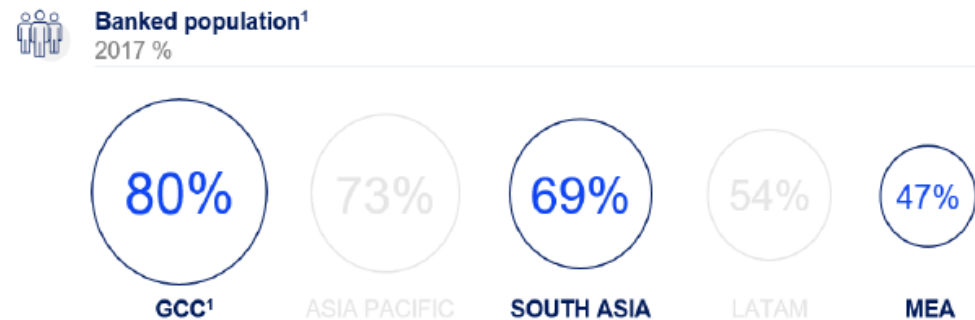
60% of GCC population are expatriates requiring expensive risk management and strict KYC and AML compliance for banks in the region



SOURCE: Global Government, Global Banking Risk

## 4. Banking and Wealth at both ends of the spectrum

Significant banking opportunity in mature and emerging markets



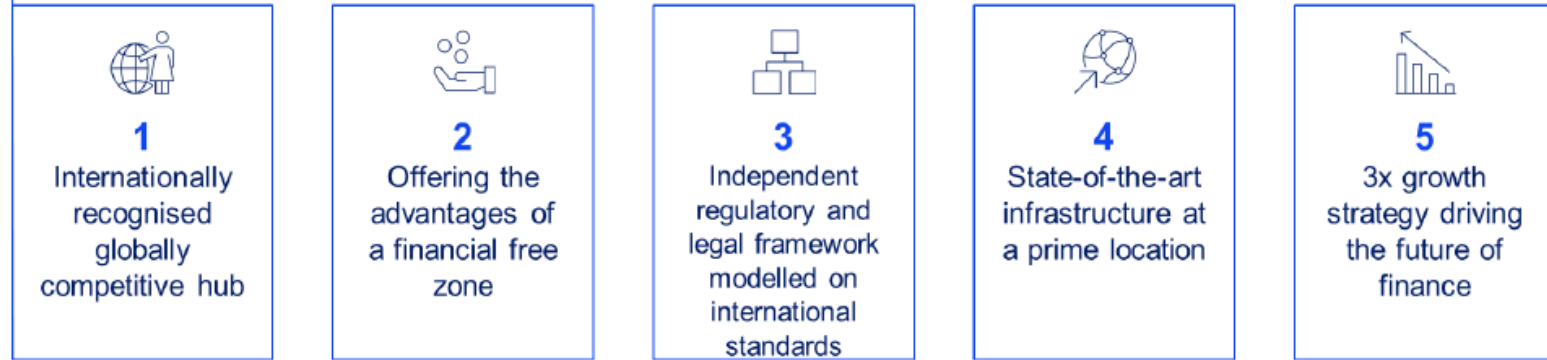
<sup>1</sup> Includes only UAE, KSA, Kuwait  
SOURCE: Global Banking Risk



# The DIFC proposition has been the platform for accessing MEASA opportunities

2,600+ active firms | 820 financial related firms | 26,000+ workforce

Physical, legal, and regulatory carve-out from country that provides comfort, stability, safety, security of the developed world



17 out of top 20 global banks



9 out of top 20 asset managers



5 out of top 10 insurance firms



7 of the top global law firms



260+ Fintechs (>60% of GCC)



0% tax on profits, income



100% foreign ownership



No **currency** or capital restrictions



**GDPR** Compliant Data protection



Region's leading **IP Law**



First **Fintech Accelerator**



Thriving **community & infrastructure**



Only **comprehensive payments** regulation



**\$100** Fintech Fund



Innovation testing license (**Sandbox**)



# Strong governance with no overlap of investors and clients with regulator or administrative centre body



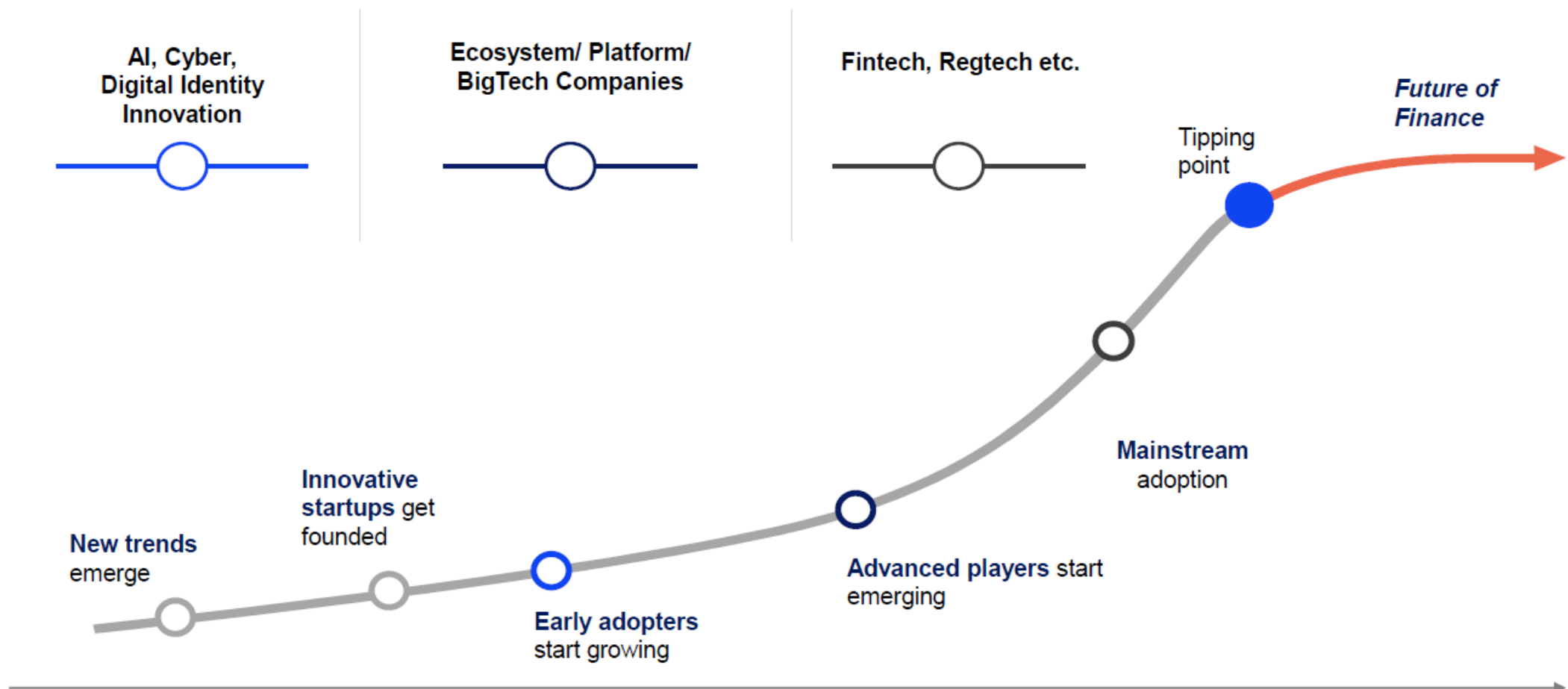
Provides world class business infrastructure and support facilities

Independent body applying flexible and innovative regulatory frameworks modeled on internationally accepted standards

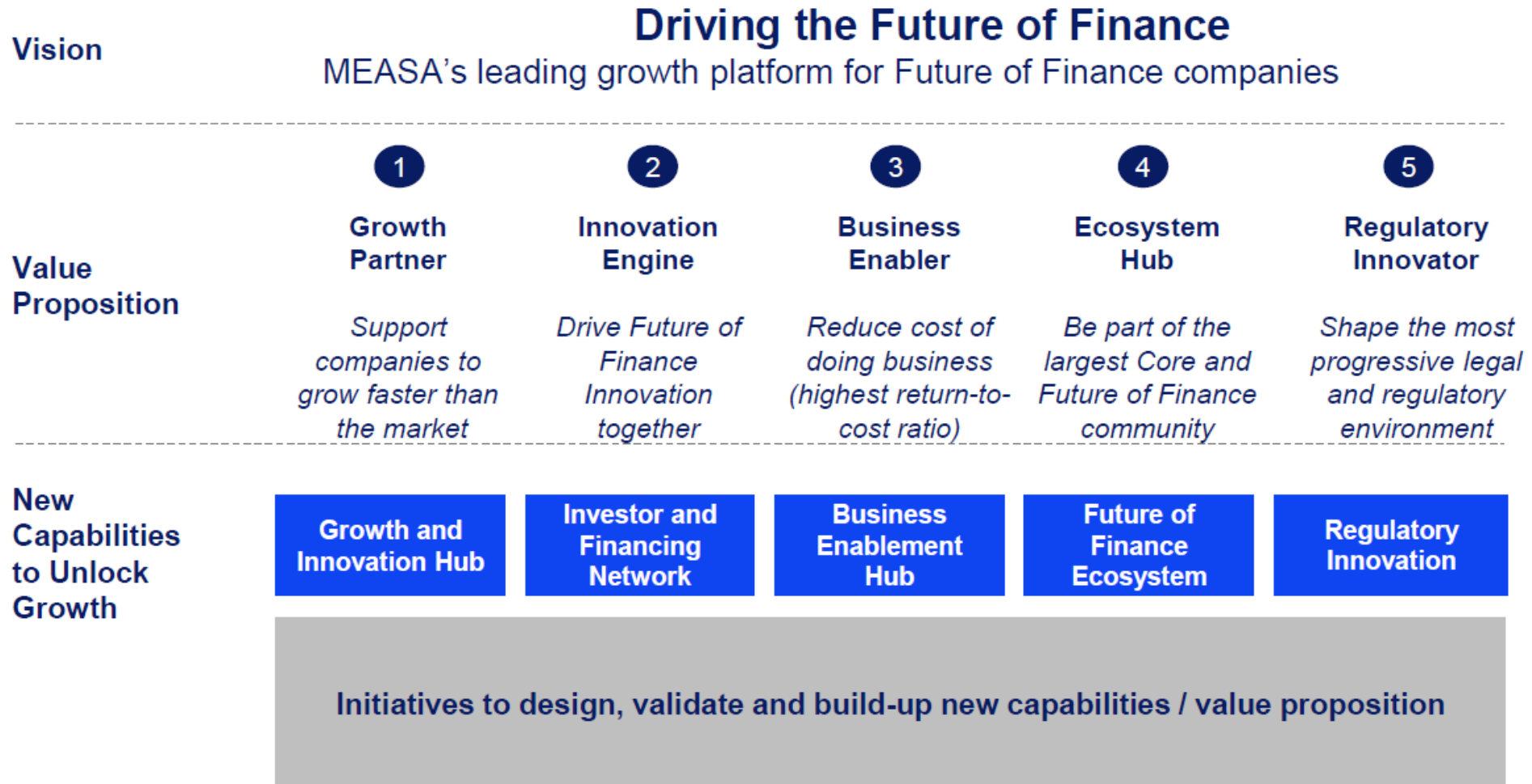
- Applying international standards of justice and English common law framework
- Distinct from UAE legal system
- 50% judges previously served in UK or Australia



# Future of Finance goes beyond Fintech+ and includes also Ecosystem / Platform / BigTech, AI, Cyber and more



# DIFC's Future of Finance strategy has 5 pillars along which new capabilities are being built-up



# DIFC Future of Finance Growth Themes

## Payments

*Strong value proposition with new regulations and demand*

## Digital Banking

*SME very important for the economy and Retail key driver of attracting FDI and create new jobs (while traditional banks reduce)*

## Digital Assets

*Regulations in progress, growing demand with potential globally leading value proposition*

## RegTech

*Strong value proposition with recent event and global collaboration.*

## Venture Capital

*Strong value proposition with new framework in consultation and very important for the ecosystem*

## Islamic Finance

*Global hub for Islamic finance, standards and innovation. Growing demand but still nascent.*

## Sustainable Finance

*Growing interest and demand, with high potential to further scale over next years*

## Trade Finance

*Growing segment in Fintech with huge potential for UAE as regional Trade and Logistics hub.*

## Platforms/ Ecosystems

*SaaS and BaaS as key enabler for integrated platforms business and have huge potential to unlock new high-impact businesses with 1000+ jobs like Careem.*

## Cyber / AI

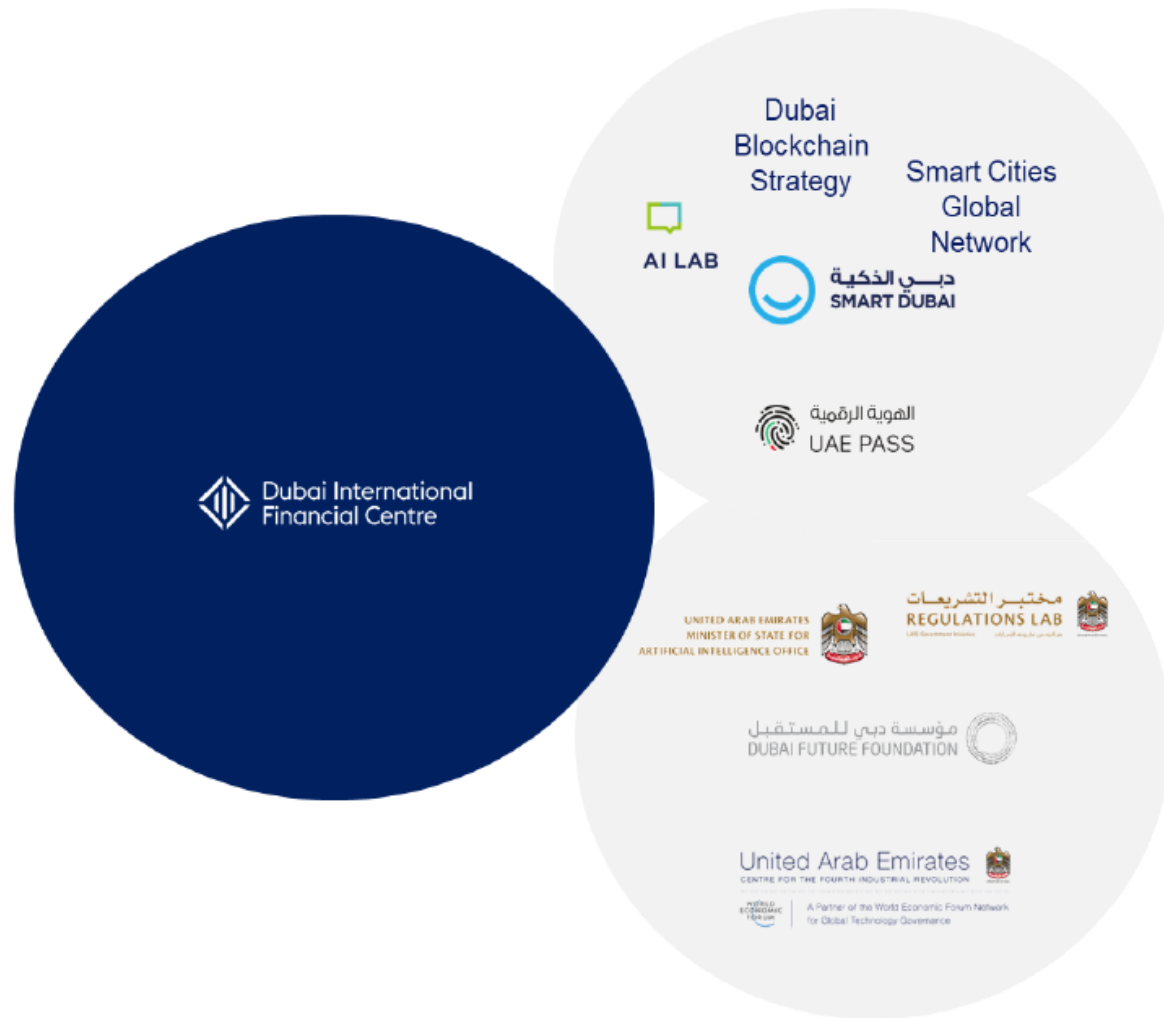
*Very important as digitization is increasing rapidly*

*Ambition to shape standards and regulations to become a global hub for Cyber/AI.*





# We are collaborating closely with other Dubai, UAE & regional entities & initiatives to drive the Future of Finance and innovation





Dubai International  
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Thank you

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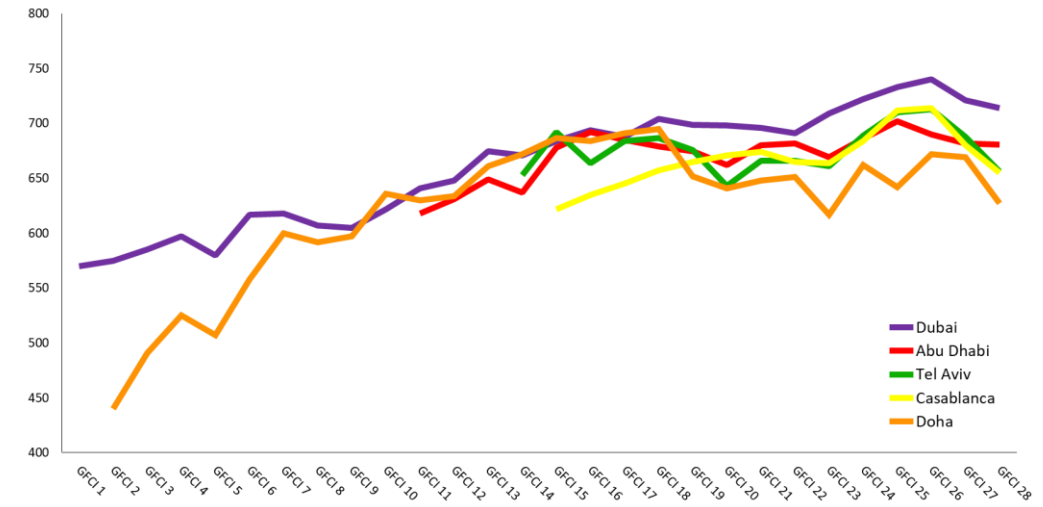
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# Dubai In The Global Financial Centres Index



FS Club

- ◆ High-performing centre – firmly within the top 20 global centres over recent years in the Global Financial Centres Index
- ◆ Just 10 points out of 1,000 away from the current top 10 in the index
- ◆ Leading centre in Middle East & Africa
- ◆ Particularly well-regarded in Investment Management circles
- ◆ Strong in Human Capital & Business Environment



Middle East & African Centres In The GFCI

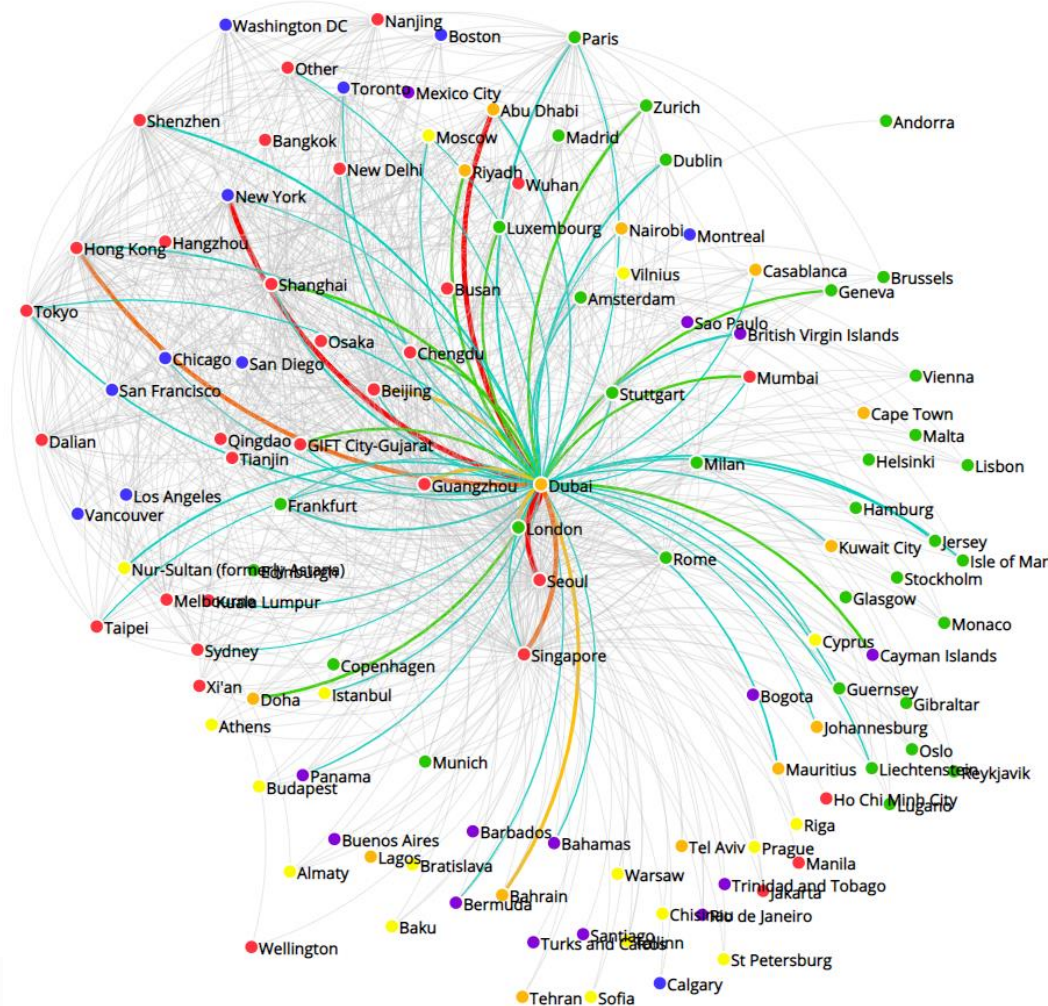


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# Connectivity - Dubai



FS Club



- ◆ Strong links to major centres – Hong Kong, New York, London, Singapore
- ◆ Growing links to mainland China – Beijing, Shanghai





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# Questions, Comments, Answers?



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### Forthcoming Events

- Thursday 21 Jan (10:00) An Update On EU Financial Services Legislation & Associated Initiatives
- Friday 22 Jan (12:00) Owning Your Place In A 21st Century Economy
- Wednesday 27 Jan (14:00) What EU Insurance Mutuals & Cooperatives Have Been Doing Well During Covid-19
- Friday 29 Jan (16:30) Fully Grown: Why a Stagnant Economy is a Sign of Success

Visit <https://fsclub.zyen.com/events/forthcoming-events/>





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# Thank You



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## Global Financial Centres Index 29 - March 2021



Take The GFCI Survey at:

[www.globalfinancialcentres.net/survey/](http://www.globalfinancialcentres.net/survey/)

