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CENTRAL BANK OF KUWAIT



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**SHAPING THE FUTURE**  
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**WHITE PAPER**





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**H. H. SHEIKH SABAH AL-AHMAD AL-JABER AL-SABAH**  
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# CONTENTS

---

<b>KEYNOTE ADDRESS</b>	<b>8</b>
H.E. Dr. Mohammad Y. Al-Hashel, Governor, Central Bank of Kuwait	

---

<b>ONE-ON-ONE CONVERSATION</b>	<b>12</b>
with Dr. Nout Wellink, Former President, De Nederlandsche Bank	

---

<b>SESSION ONE:</b>	<b>16</b>
Global Economy in Retrospect: Emerging Trends & Challenges	

---

<b>SESSION TWO:</b>	<b>20</b>
Disruptive Innovations — Disrupting Financial Services through Technology and Innovation	

---

<b>SESSION THREE:</b>	<b>26</b>
Future Banking Models: What Lies Ahead?	

---

<b>SESSION FOUR:</b>	<b>30</b>
Industry at an Inflection Point: A Glimpse into the Future	

---

<b>SPONSORS</b>	<b>34</b>
-----------------	-----------

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<b>EXHIBITORS</b>	<b>35</b>
-------------------	-----------

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<b>PHOTO GALLERY</b>	<b>37</b>
----------------------	-----------



# KEYNOTE ADDRESS

H.E. Dr. Mohammad Y. Al-Hashel, Governor,  
Central Bank of Kuwait



Welcoming delegates at the International Banking Conference, His Excellency Dr. Mohammad Y. Al-Hashel, Governor of the Central Bank of Kuwait, delivered a keynote address entitled 'The Battle for Relevance'. He began by describing how over the past century the banking industry has enjoyed exceptional growth and has played a critical role in supporting economic development, despite suffering several crises.

During normal times, one would expect banks to operate as they have in the past. But we are not living in normal times. Today, the global banking industry is at a major inflection point and faces several tests that are converging to create a perfect storm.

The three biggest challenges facing the industry today are the state of the global economy, the revolution in financial technology, and rapidly evolving customer expectations. In terms of the economic environment, the International Monetary Fund has twice lowered its global growth projections for 2019, and now it expects the world economy to expand 3.2 percent this year. Developed economies are forecast to grow at 1.9 percent. Rising trade disputes, protectionist policies, and geopolitical risks have all added to economic uncertainty.

## Economic challenges



The quality of borrowers has also deteriorated. Over the past two decades, global debt has grown on average by 6 percent annually. If these rates continue and global GDP grows by 3.5 percent per year as projected, global debt over the next 20 years could reach USD 780 trillion or five times global GDP. These figures are extremely high, unprecedented and unsustainable. Collectively, these factors have serious implications for financial stability and involve threats that must be addressed.

## Total global debt



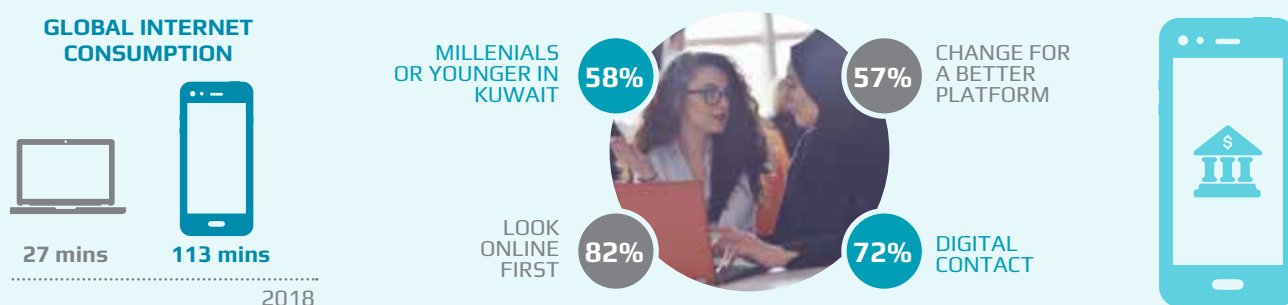
The second challenge concerns the impact of technology on the banking industry. Fintech is fast evolving and is being rapidly adopted. Digital payments, artificial intelligence, and data analytics are changing the way that banks operate and interact with customers. Today, fintech firms can fulfil customer needs that were once the preserve of banks and are beginning to replace financial institutions.

However, the real source of concern is the so-called “big techs”. These firms have global scale and already have started competing with banks in financial services, building on a large and captive user base, low online acquisition costs, and a better understanding of their customers through analysis of the vast data they hold. Additionally, they do not face the same regulations and costs that banks do.

Banks could find themselves side-lined by big-techs if they fail to adopt new technologies. Banks should not content themselves with merely automizing processes. Rather, they must return to basics and revisit the core utility of their institutions in order to formulate solutions.

The third challenge is a major shift in customer needs and expectations. Today’s customers are different from those of yesterday; they are digitally literate and expect on-demand services. Banks have no choice but to go digital, and they should take lessons from other industries that have been through similar transformations.

### Changes in customer expectations



For a well-established industry that was shaped over centuries, where should this journey of transformation begin? Al-Hashel believes that banks must simultaneously win five battles in order to survive: the battles for customer loyalty, value, efficiency, resilience, and talent.

To win the **battle for customer loyalty**, banks must decide whether they want to get closer to their customers and fulfil their needs or be reduced to being mere account managers. As things stand, the industry is struggling in this regard. A recent study by Accenture found that more than 40 percent of customers have used non-bank digital firms for financial services in the past year. A good example can be found in South Korea, where financial inclusion stands at 95 percent. Nevertheless, Kakao Bank, which began operations in 2017 as a digital bank, was able to acquire over 300,000 customers within 24 hours of its launch and 1 million within five days. Within a year, it had six million customers, one-third of the number of customers of Shinhan Bank, South Korea’s largest lender.

To win the **battle for value**, banks must develop their products and services as well as their means of delivery to ensure that customers’ needs are met. It is no longer enough to provide e-services; banks must focus on providing long-term value for customers, rather than viewing them as a short-term sales opportunity.

To win the **battle for efficiency**, banks must use available data to improve predictive analysis, not just for operational efficiency but also to gain insights into customer behavior and preferences. In addition, banks could reduce costs by 80-90 percent according to recent studies, saving around USD 400 billion a year.

The **battle for resilience** is also crucial. Again, data analytics represent a major enabling factor, delivering quick access to information, accurate predictions, in-depth analysis and enhanced capacities in risk identification and management, leading to greater flexibility and resilience.

To win **the battle for talent**, banks will need to mobilize the correct workforce and not limit their staff to financial professionals. Instead, banks should expand employees' competencies to include artificial intelligence (AI), data analytics and software development. They might even need to recruit psychologists and other professionals with diversified skills that can bring broader perspectives.



EXPECT REDUCTION  
IN EXISTING ROLES



JOB DISPLACED



REDUCTION IN PROCESS  
DRIVEN ROLES



EXPECT INCREASE  
IN NEW ROLES



NEW JOBS



INCREASE IN CREATIVITY  
DRIVEN ROLES

Furthermore, banks cannot navigate through these times alone. They require the support of other stakeholders, such as educational institutions and regulatory authorities. Regulators must strike a balance between protecting consumers and safeguarding financial and monetary stability, while also facilitating growth and innovation in the industry. The Central Bank of Kuwait is working hard in this regard. In 2018, it launched its FinTech Regulatory Sandbox, enabling Kuwaiti entrepreneurs to test innovative software products and services in a safe space.



REGULATOR



INNOVATION



COLLABORATION



CAPACITY  
BUILDING

The Central Bank of Kuwait is also preparing the infrastructure for a digital economy by developing the Kuwait National Payments System, which will consist of eight systems that enable fintech deployment. Internally, the central bank is re-engineering all regulatory processes with the aim of ensuring further digitalization. In this regard, it is working on initiatives such as the Open Banking Framework and the E-KYC Framework. In terms of collaboration, the Central Bank of Kuwait is working with countries in the region to develop the Arab Payments System, in addition to the GCC Real Time Gross Settlement System and a GCC-wide cybersecurity framework.

The banking industry is undeniably at a crossroads. It can either continue to operate in the way it has in the past, ignoring the many challenges it faces until it loses its dominant position in the financial services industry. Or it can choose the other path, which — although fraught with challenges and dangers — offers plenty of opportunities. That will require the industry to re-invent itself in order to move closer to customers, becoming more efficient, more digitally enabled and therefore better equipped to address future challenges.

# ONE-ON-ONE CONVERSATION

with Dr. Nout Wellink, Former President, De Nederlandsche Bank



**MODERATOR**

**MR. AXEL THREFALL**

Editor at Large,  
Reuters



**KEYNOTE SPEAKER**

**DR. NOUT WELLINK**

Former President,  
De Nederlandsche Bank

## Agenda

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Dr. Nout Wellink was president of the Central Bank of the Netherlands from 1997 to 2011. During his presidency, he also served as a member of the Governing Council of the European Central Bank and the Board of Directors of the Bank for International Settlements, which he chaired from 2002-2006. His secondary functions have included membership in the supervisory boards of a number of profit and non-profit organizations. At present, Wellink is an independent non-executive director of the Industrial and Commercial Bank of China (ICBC) and vice-chairman of the supervisory board of PwC Netherlands. In this one-on-one conversation, Wellink shared his outlook and recommendations for the banking sector.

## Recommendations

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- Banks should consider using Artificial Intelligence (AI) and machine learning to improve the lending process.
- Banks must transform into high-tech companies if they want to become more profitable; banks should embrace fintech and become more inclusive.
- If financial institutions accelerated their activities with regard to digital money and cross-border payments, and improved privacy and security protections, there would be no market need for Facebook's Libra cryptocurrency.
- Central banks are too focused on stabilizing inflation rates close to 2 percent. But in today's world, inflation is influenced by other factors: globalization, innovations, and demographics. Central banks should stop fighting for that percentage.

## One-on-One Conversation

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Reflecting on his long career working with national and international bodies, Dr. Nout Wellink began by revealing that he has never seen so many threats to the banking industry as much as those witnessed today. The future is extremely difficult to forecast. He recalled how in April 2007, only months before the global financial crisis started, he asked specific questions to the Federal Reserve, and they told him that there was nothing major was on the horizon.

With respect to the trade disputes between the U.S. and China, Wellink believes that any short-term agreement would not suffice in solving the tensions because they require a long-term solution. The same applies to Brexit.

When it comes to central banks, he believes banking regulators are on the wrong track at present. "They are focused on stabilizing inflation rates on

fixed figures, close to two percent. But in today's world, inflation is influenced by other fundamental factors — globalization, technological innovations, and demographics. You can do whatever you want to do, but you will not get that two percent in the short or medium term. The ideal example is Japan. They have been fighting for a two percent figure for two decades already. They should leave that starting point. Secondly, you should look at the nature of recessions. If they're a consequence of a trade war, whatever monetary instruments you are inclined to use won't help."

Commenting on technological disruptions, Wellink said that if he were a supervisor today, he would have been very excited about these innovations. He used the example of digital money, which to some extent is considered a threat to the banking industry. Yet if central banks created digital money and did

so in a way that allowed them to control the money supply, it would be an enormous opportunity to better manage the situation.

As for Libra, the blockchain digital currency proposed by Facebook, and whether it could destabilize the global financial system, Wellink believes it will be confronted with the same problems facing regulators nowadays — how to implement anti-money laundering and fulfil “know your customer” requirements, among others. If Libra decided to stick to the rules of the game of banks, then it would come under the same regime. Furthermore, the recent history of Facebook does not imply that the money or privacy is safer in their hands than in those of banks.

He elaborated: “A lot has been said on the moral aspect of banking since the start of the financial crisis, but I’m not convinced yet that the level of morality in the high-tech sector is as good as it is in the banking sector or even better. So, I imagine that central banks and supervisors will take a very close look at this. To my mind, the results should be that they speed up their activities with respect to, for example, digital money and cross-border payments. If they do that, there’s no need for Libra.”

In the meantime, banks must become high-tech companies if they want to be more profitable. The Industrial and Commercial Bank of China (ICBC), where Wellink serves as non-executive director,

has been active when it comes to introducing new technologies. More than 90 percent of its transactions today are digital, and 450 million customers are banking digitally. That said, several banks still react too slowly, and they will not survive because what a bank can do today, non-bank entities can increasingly also do so.

“Big-tech makes it possible to introduce inclusive finance. Because big-tech is more inclusive, it is reaching more people than banks. If banks realize that inclusive finance might become a profitable business, then they have a chance. The two main drivers are technology and changing consumer preferences. If banks realize that then I think they can make it.”

Asked which technologies he finds most exciting, he said artificial intelligence and machine learning were promising because they could potentially transform the lending process. In the traditional approach, the process starts by talking with the client, having an internal discussion, collecting soft and hard data, and then reaching a decision. Artificial intelligence and machine learning, however, would collect the information from the internet and other sources before coming to a decision. Supervisors may feel uneasy about this approach as they prefer to know their clients better, but when a bank has 650 million clients, as ICBC does, then such a modern approach will be necessary.

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A lot has been said on the moral aspect of banking since the start of the financial crisis, but I’m not convinced yet that the level of morality in the high-tech sector is as good as it is in the banking sector or even better.

Dr. Nout Wellink, Former President, De Nederlandsche Bank



# SESSION ONE:

Global Economy in Retrospect:  
Emerging Trends & Challenges



**MODERATOR**

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STREETER**

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BBC



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AL-KHOLIFEY**

Governor,  
Saudi Arabian Monetary  
Authority (SAMA)



**PANELIST**

**H.E. DR. ZIAD FARIZ**

Governor,  
Central Bank of Jordan



**PANELIST**

**MR. OMAR  
ALGHANIM**

Chairman,  
Gulf Bank



**PANELIST**

**DR. GARBIS  
IRADIAN**

Chief Economist, MENA,  
Institute of International  
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**PANELIST**

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Centre (QFC) Authority

## Agenda

The global economy today is in a precarious situation, facing serious threats and challenges. Ten years of unconventional monetary policies and low interest rates have allowed global debt to increase to \$246 trillion (320% of global GDP). Economic growth prospects are highly sensitive to any reversal of these policies, and we face additional threats from the current geopolitical situation, through continuing political uncertainty, trade tensions, and volatility in commodity and currency markets.

## Recommendations

- Middle East economies have great potential thanks to a large number of well-educated people and plenty of resources. They need to reap the benefits by becoming part of the global supply chain and lifting industries that are lagging. This will take time because it requires infrastructure changes.
- The GCC's large youth population is an asset that can contribute to economic growth through their entrepreneurial and problem-solving skills and their critical thinking capabilities.
- There is scope for financial stimulus in the banking industry because interest rates are currently very low, which implies that debt service is manageable.

## Panel Discussion

While monetary and fiscal policies did a great job in the aftermath of the 2007-2009 financial crisis, rising geopolitical tensions pose a threat to the stability of the global economy, panelists at the first session of the International Banking Conference agreed. These challenges have impacted public confidence, blurring the picture when it comes to financial markets and the global economy.

According to **H.E. Dr. Ahmed Al-Kholifey**, Governor of the Saudi Arabian Monetary Authority (SAMA), political issues have started to intervene in economic developments, and the latest trade tensions are a good example. There is also increasing interference in central bank business even though central banks have gained remarkable independence. This has consequently affected public confidence and investments from the private sector, blurring the scene when it comes to financial markets and the global economy. The challenge ahead of us now is whether we have room to maneuver.

According to **H.E. Dr. Ahmed Al-Kholifey**, Governor of the Saudi Arabian Monetary Authority (SAMA), political issues have started to intervene in the economic side of things, and the latest trade tensions are one example. These developments have impacted the scene when it comes to the financial market and the global economic picture. The challenge ahead is whether we have room to maneuver.

"Monetary policies have done the heavy lifting after the crisis. Soon enough, they will be out of tools, with the accumulative debt we see and with the structural problems. We need to think about structural changes. We have long-term problems; we need to address them with long-term solutions. Unfortunately, structural reforms have not taken place in many parts of the world. We have done a good job when it comes to monetary and fiscal policies, but not structural changes. If the risk we have today continues, then we will have a problem with the liquidity and some of the

countries heavily indebted might not only be able to tap the market, but they will also find it very difficult to pay off their debt," **Dr. Al-Kholifey** explained.

Rising debt levels represent another risk. Global debt has reached an all-time high of \$246 trillion, which is more than three times the size of the global economy, according to an analysis by the Institute of International Finance. If debt is growing at a faster rate than the global economy, then the world is heading for further problems. It means debt will threaten financial stability and the ability of people to have a better life, according to **H.E. Dr. Ziad Fariz**, Governor of the Central Bank of Jordan.

He highlighted that developed countries are suffering from a lack of proper policies, lack of reform, and huge deficits, noting that the problem is worse in developing countries, where the domestic revenue is still small. Governments, he added, need to deal with the structural problems in their expenditure and create financial stability and sustainability.

"Central banks intervened in the market after the 2008 crisis. The intervention was assumed to be temporary, but evidently, it's become essential and permanent. Worldwide, I think there is still room for central banks to continue this intervention for further interest rate reduction, injecting liquidity in the market to stimulate it. Without policies being adopted worldwide and at national levels to adjust the imbalances that exist, the impact of central banks in terms of stimulating the economy is going to be limited. Therefore, there is a need for coherent policies, and consistency between trade policies, central banks, and fiscal policies to help us get out of this situation," **Dr. Fariz** advised.

**Henk Hoogendoorn**, Managing Director, Financial Sector at the Qatar Financial Centre (QFC) Authority shared a similar opinion, saying that he expects the next crisis to come from debt. "What I find surprising is that the strongest economy in the world is increasing its debt level by a higher percentage than the rest of the Organisation for Economic Co-operation and Development (OECD) countries. That's alarming and should be controlled by institutions in that country because it has an impact on the whole world. We should not sit idle. It's better to prepare ourselves but let's not be afraid, because we need some correction from time to time. Interest rates are already quite low so how far can you go?" He suggested that GCC governments, with their fiscal solutions and tools, should work in tandem with the regulators because the fiscal tools today are limited.

Not everyone believes that global debt poses a threat to the economy. **Dr. Garbis Iradian**, MENA Chief Economist at the Institute of International Finance, said that looking at the composition of global debt, the rise has mainly been in non-financial corporate debt. But if we look at government debt-to-GDP ratio, it has been stable. Also, we are in an environment where interest rates are very low, which implies that debt servicing is manageable, on average less than 10 percent of disposable income. Therefore, debt levels are not a serious concern and there is scope for financial stimulus.

### IMPACT OF U.S.-CHINA TRADE DISPUTE

Although there are concerns over the impact of trade tensions on the global economy, from the U.S. economy viewpoint, the impact will be limited. While the U.S. manufacturing sector is in recession, historically, a recession in manufacturing is not a good predictor of an overall recession, according to **Dr. Iradian**. So far, it has been the usual up and down in manufacturing, which is due to the overhang of inventory levels. However, the impact of the trade war will be stronger on other economies, such as Germany and Italy, where the trade-to-GDP ratio is much higher, and some South Asian nations, where exports and the investment-to-GDP-ratio have declined.

Meanwhile, **Omar Alghanim**, Chairman of Gulf Bank, said that globalization over the last 20-30 years has lifted much of the planet's population out of poverty. But when some countries take nationalistic stances, the ability to quantify the cost of those positions is difficult. Fundamentally, there is a high supply of cash and not enough demand for debt, and the underlying issue is that there's insufficient economic growth in order to achieve a sufficient yield from holding debt.

### OPPORTUNITY FOR THE MIDDLE EAST

With the continuing trade tensions between the U.S. and China, some believe there is a great opportunity for the Middle East. According to **Dr. Al-Kholifey**, Middle East economies have plenty of resources and a good number of well-educated people, but they need to reap the benefits by becoming part of the global supply chain and reviving lagging industries.

In this context, **Alghanim** noted that the GCC region has the second youngest population in the world after sub-Saharan Africa, and that the industry should look at this population as an asset rather than a liability. He added that Gulf Bank has committed to supporting youth through its partnership with INJAZ Kuwait, where it has trained 300,000 young people in 14 countries

across the Middle East. A non-profit, non-governmental organization, INJAZ is driven by Kuwait's private sector to deliver educational programs on entrepreneurship, financial literacy and work readiness.

**Alghanim** explained: "We bring in volunteers from the private sector who teach critical thinking skills to young people. This results in a competition in each country and then culminates in a regional competition. An asset is not someone who solely comes and works in the government or private sector, but one who also becomes a disruptor and solves problems. That's how the greatest value has been created around the globe over the last 30 years — through critical thinkers who see problems and solve them with an entrepreneurial spirit. We have an abundance of that asset in this region. One of the ways we become sustainable is by diversifying the economy away from oil, and one way to do that is by looking at the asset of our youth and having them go out there and innovate. I'm very optimistic. After seeing some of the ideas presented in the fintech booths, I believe we have a lot of potential in this region."

He added that with women entering the workforce in Saudi Arabia and elsewhere in the GCC, and the multiplier effect of that for the region, from a human capital perspective, the industry has a lot to capitalize on.

**Hoogendoorn** noted that China's Belt and Road Initiative is improving trade prospects, and the Middle East could benefit from this given its strategic position

between Asia and Africa, with excellent air and sea connections. He added that Middle East governments could also benefit from playing a bigger role in the trade flows that go into Africa as the continent's markets remain untapped.

Some experts suggested that the trade tensions will have a limited impact on the Middle East. This is because the region is not as integrated in the global economy as the U.S. and China and because oil dominates most Middle East economies, often accounting for more than 80 percent of exports, according to **Dr. Iradian**. Consequently, the main concern for the region — except for countries such as Morocco, Egypt and Jordan — is oil prices, because if oil prices stay at low levels, below \$60, oil exporters will be negatively affected.

**Alghanim**, on the other hand, cautioned that escalating trade disputes would have negative consequences for all countries. "When you have a trade war between the U.S. and China, everybody loses. Because we provide the downstream petrochemicals for China and for plastic inputs. When that slows down, oil prices fall. And as the global economy slows down, we all lose."

Ultimately, trade will always find a way to flow. For instance, the EU and South American economic bloc Mercosur are currently working on a landmark free-trade agreement that could generate more than four billion euros, according to **Hoogendoorn**.

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Monetary policies have done the heavy lifting after the crisis. Soon enough, they will be out of tools, with the accumulative debt we see and with the structural problems.

H.E Dr. Ahmed Al-Kholifey, Governor, SAMA

# SESSION TWO:

Disruptive Innovations — Disrupting Financial Services through Technology and Innovation



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**PANELIST**

**MS. ANWAAR  
AL-MAHMEED**

Co-founder,  
East Chain Co.

## Agenda

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Today, we are witnessing a digital revolution, with new technologies developed and adopted at an alarming pace. Technology is transforming the economic landscape, and disrupting many traditional business models, including those of the banking industry. We can see the impact of technology and innovation on banking, not in reimagining how financial transactions are conducted, but also in opening up the sector to new risks, challenges and opportunities.

## Recommendations

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- Regulators should continue the push towards digitalization and going cashless, introducing more digital know-your-customer (KYC) capabilities and increasing enabling initiatives such as sandboxes in order to transform the sector and learn more about consumer behavior.
- Fintech companies and small businesses must work together because fintech firms will be a key factor in helping small businesses grow in today's competitive environment.
- Big-techs are counting on cross-border transactions. Banks should also remove boundaries and leverage the potential of cross-border transactions.
- Blockchain can play a big role in securing data for banks and maintaining data integrity.

## Panel Discussion

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After a decade of fintech development, banks and regulators are showing greater excitement towards new technologies and innovations. In the Middle East, the UAE has been at the forefront of nurturing fintech startups and is home to 67 firms as of 2019, the greatest concentration in the region.

"As regulators, we are excited about the new solutions and technologies coming on stream because they will eventually help us as regulators. Technology will help all of us to deliver what we want in a more efficient way," said **H.E. Mubarak Al Mansoori**, Governor of the Central Bank of the UAE. He believes central banks should bring in technology-savvy people to teach them regulation. That said, technology experts often prefer to work for tech companies and not the financial services industry, which presents a challenge.

### FIRST MOVERS

**Adel Abdul Wahab Al Majid**, Vice Chairman and CEO of Boubyan Bank, considers his institution as one of the most disruptive in the local banking industry. This was not by choice but by necessity. Being the smallest bank in Kuwait when it was established in 2004, Boubyan had to do something different to compete with its bigger rivals.

As a result, loyalty has increased among customers. Today, almost 50 percent of Kuwaiti youth are customers of Boubyan. "Ten years ago, when the National Bank of Kuwait bought Boubyan Bank, the market share of Kuwaitis transferring salaries to Boubyan was one percent. Today, after 10 years, it is 25 percent. This didn't come from doing business as usual, but because of the agility and disruptive nature of the bank," explained **Al Majid**.

Meanwhile, efficiency measures at Boubyan have not yet translated to a reduction in staff numbers, noted **Al Majid**. He said that the bank was building a new headquarters, and when looking at how much more manpower they will need, they predicted a 30 percent increase in employee numbers. This was not consistent with the assumption that going digital would reduce staff numbers; therefore, it represents a challenge. Another issue facing the bank is finding more talent with vital skills, such as knowledge in IOT.

## EMBRACING FINTECH

**Anwaar Al-Mahmeed**, Co-Founder of East Chain Co., an investment firm focused on blockchain technology applications and cryptocurrencies, stressed that fintech is all about financial inclusion and that most fintech firms want to include the two billion people who are without bank accounts.

East Chain Co.'s largest investment to date has been in Republic — a U.S.-based investment crowdfunding platform. Any person worldwide can open a Republic account in two minutes and invest as little as \$10 into the equity of a startup through a debit card, credit card or wire transfer. This model is expected to transform funding in the future and could become the primary form of funding for startups, **Al-Mahmeed** noted.

She added: "Fintechs and small businesses have to go hand in hand, because fintechs will be the reason that small businesses can grow in such a competitive environment. Imagine if we had this [investment platform] in our region, we — the users of Talabat and Careem — could have invested very early on in a market that was niche and kept for the elites of Silicon Valley. We could have been a part of that because we are the reason for the success of these companies. Take Careem for example, when it was bought (for \$3.1 billion), we could have received part of that return. It's a growth hack and it increases customer engagement and loyalty."

While banks may have feared fintechs a few years ago, today many have realized that it will be mutually beneficial to cooperate with each other. According to **Al Majid**, only 30 percent of new fintechs were previously interested in cooperating with banks, but today around 70 percent are looking for such collaborations because they need volume. Moreover, when investors evaluate fintechs, they are not looking at proof of concept but whether it's a viable business. Therefore, to attract investment, fintechs now must

have a partner, and the partner should be a big bank that gives them business.

Meanwhile, **Otto Williams**, Vice President, Head of Strategic Partnerships, Fintech & Ventures CEMEA at Visa, which has around 17,000 bank clients and processes around 65,000 transactions a second, noted that fintech has been around for nearly 10 years, but the momentum has built up lately due to various factors.

The first factor fueling this momentum is consumer needs. Fintechs are democratizing investments so that it's not just big institutions that can invest but also individual consumers, who are now able to better track their spending and manage their budget. These are basic needs that consumers have always had but which have never been fully addressed.

The second factor is venture funding. Fintechs have received more than USD 40 billion in venture investments in 2018, a massive amount that is driving further innovation in the sector. The third factor is regulatory changes. Regulations are changing as regulators mandate open banking and launch sandboxes, allowing fintechs to experiment and discover consumer needs in their markets.

"We're seeing regulators introduce digital KYC and this has transformed many things, because it allows you to onboard consumers much quicker, without having to put in place massive operational paper infrastructure. You can learn behavior and engage consumers more. Regulators should continue the digitalization and cashless drive, introduce more digital KYC, more sandbox enablement, and embrace standards," said **Williams**.

**Al Mansoori** added that it's not only regulators who have to play their role; it's also other government agencies. "For this to succeed, you need to have your digital identity, your E-KYC, to open a bank account in a matter of seconds. This varies between countries, but it takes days, if not months, to open a bank account for SMEs. These technologies will be very helpful for SMEs, and this is where our countries are focusing to enable them to flourish."

## CROSS-BORDER SERVICES

According to **Al Mansoori**, fintech is already being used and within this space, the adoption of AI and machine learning is highest in three main sectors: automotive, technology and financial services. Many banks in the region are already gearing up for

this battle by going digital and collaborating with fintechs because they know the threat is coming. On the other hand, big-techs like Facebook have many issues in terms of safety, but they are counting on cross-border services for continued success.

“If you have a Facebook account, you can transact anywhere using your account. This is the issue now — boundaries. We are good in our own space, but cross-border is a challenge. However, we have a solution. We have the GCC RTGS that is happening and the Arab Payment System. There is a great potential for cross-border transactions in our region; the more we do cross-country and cross-region, the less we will need big-techs like Facebook in the future,” explained **Al Mansoori**.

### STAYING AHEAD OF THE GAME

In the future, if banks are going to compete, they have to compete the way they manage their own business, **Al Majed** noted. “In our bank, we have things that we abide by in relation to how we approach new technologies. The mandate for the management is that we have to compete to stay ahead of the game, we have to cooperate, and we have to invest. I also tell my team that there is no ‘no’ to new ideas in Boubyan. If you think about it, let’s do it. Because we’re a small bank; we don’t have legacy systems like big banks, where making a mistake would be costly. This is the way we manage our bank.”

**Al Majed** said that two years ago, when most banks were launching their own mobile wallets, Boubyan decided to pursue the same route. However, just before receiving the Central Bank’s approval, the bank decided to cancel their wallet, and join forces with telecom operator Zain to create a joint mobile wallet. Zain had three million customers, and Boubyan had around 600,000. Today, our mobile wallet has four million mobile wallet customers.

Commenting on this, **Al Mansoori** noted that banks have to look long term and come up with collective solutions. He said that the Central Bank of the UAE asked banks to create a single industry-wide mobile wallet, so today, the country’s 16 banks have one wallet. Furthermore, banks should consider collaborating with telecom companies given the infrastructure that banks have and the immense data that telecom companies have. **Al Mansoori** said that the Central Bank of the UAE issued the Regulatory Framework for Stored Values and Electronic Payment Systems in 2017. This enabled telecom companies

to provide payment services for the unbanked, for whom maintaining a bank account is too expensive.

### CYBERSECURITY

In this context, the panelists agreed that cybersecurity is tremendously important; it will be catalyst for going digital and a driver for people to move from traditional to digital banking. Today, customers try digital banking for the sake of trying. But as soon as they have confidence in such solutions, the industry will see a big intake.

But is innovation moving fast enough to tackle cyber-crime? **Williams** believes it can move faster, noting that Visa is constantly in conversation with banks, regulators and fintechs across 200 countries to bring them together. “Visa has always viewed itself as a collaboration network — 17,000 banks and expanding to include non-banks and fintechs. What we’ve been doing with banks is bringing them into co-creation with fintechs to drive innovation.”

“We engage fintechs to bring additional capabilities to the network and drive skills. So, in addition to digitizing our own platforms, we’ve acquired fintechs and invested in them to bring their capabilities to the networks of banks and consumers. We’ve invested in Verified to drive chargeback and representments. Family friendly fraud is a big issue for banks and for a lot of players. We’ve also acquired Rambus to tokenize credentials, which helps to address cybersecurity, because we want to do is devalue sensitive financial data. We have acquired additional assets to address the cybersecurity issue around tokenization, around EMV chip and contactless technology, which has dynamic cryptographic data, and around 3D secure for ecommerce transaction payments,” explained **Williams**.

In addition to enhancing cybersecurity at an ecosystem level by investing in assets such as 3D security, tokenization, and point-to-point encryption, the industry can also improve cybersecurity at the transaction level, according to **Williams**. “Being in 200 countries and seeing 65,000 transactions per second means we see a ton of data. What that allows us to do is apply our AI and machine-learning platform and tools to decisions in real time. We can actually see these transactions and score them in real-time, so the banks and merchants can make a decision, and the consumer can be alerted on that transaction, all in real time.”

On the topic of artificial intelligence, Al-Mahmeed said that the technology has three levels. What we see with Siri and Alexa is narrow AI. What people are working towards right now is general AI, where they're as capable as human beings across the board. And then there is super-intelligent AI, which will be in the future.

In terms of the ethical aspect of AI, regulators cannot regulate technology; they can regulate businesses that use the technology and the market. "Banks can be the aggregators and providers of the infrastructure to these startups. AI will take a bigger role in the

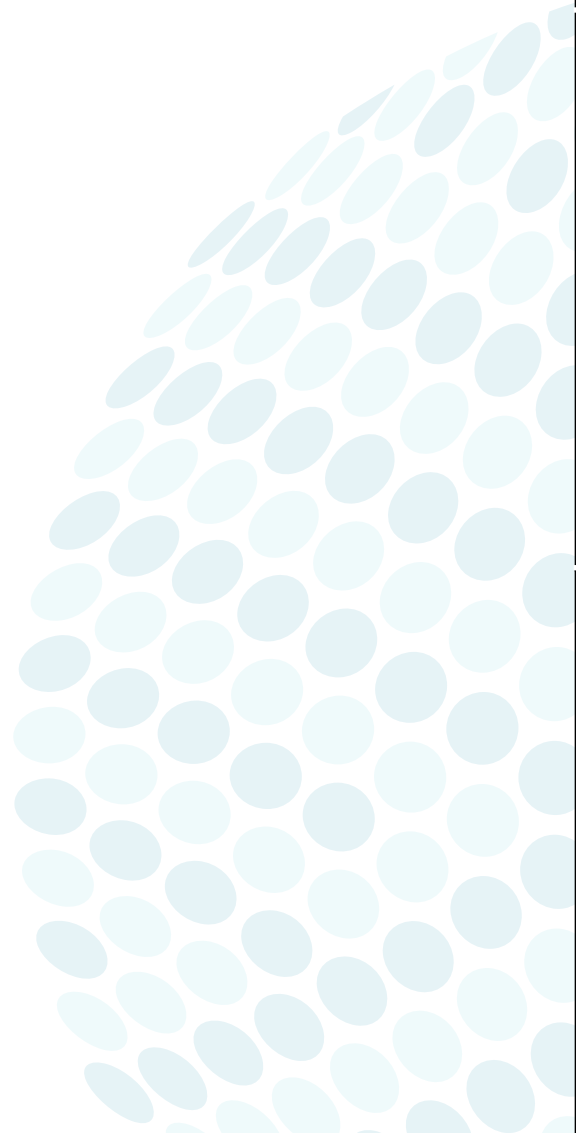
future but it's something that will happen slowly. We're becoming a global society so ethics must be considered in a global sense not a cultural sense. A lot of things are changing; the next 20 years will be very different from what we're used to," said Al-Mahmeed.

She concluded by saying that blockchain can enhance the effect of AI by maintaining data integrity, because banks want data to be immutable and not to be tampered with. She advised banks to take the opportunity and invest in AI technologies instead of letting companies like Facebook and Apple develop them.

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**As regulators, we are excited about the new solutions and technologies coming on stream because they will eventually help us as regulators. Technology will help all of us to deliver what we want in a more efficient way.**

H.E. Mubarak Al Mansoori, Governor of the Central Bank of the UAE





# SESSION THREE:

Future Banking Models: What Lies Ahead?



**MODERATOR**

**MS. SUSANNAH  
STREETER**

Anchor for World  
Business Report,  
BBC



**PANELIST**

**H.E. DATUK NOR  
SHAMSIAH  
MOHD YUNUS**

Governor,  
Bank Negara Malaysia



**PANELIST**

**H.E. TAHIR BIN SALIM  
BIN ABDULLAH AL AMRI**

Executive President,  
Central Bank of Oman



**PANELIST**

**MR. MAZIN SAAD  
AL NAHEDH**

CEO,  
Kuwait Finance House



**PANELIST**

**MR. MARTIN  
TRICAUD**

CEO, MENA & Turkey,  
HSBC



**PANELIST**

**MR. JAMES CLIFFE**

Managing Director EMEA,  
Refinitiv

## Agenda

Going forwards, it is clear that classical banking operating models will become less and less relevant for the industry. Customer expectations are fundamentally changing, and technology is opening new ways to bank. Banks can no longer continue to operate as they have done in the past and must explore new ways of doing banking to remain relevant.

## Recommendations

- Cyber-hygiene is a shared responsibility and should be taught in schools, universities and companies because of the reliance on smart phones and different technologies.
- A bank must satisfy the younger generation of clients, which wants speed and convenience, while maintaining their existing client base which often prefers visiting branches.
- Given that trade finance is a document-centric process, there is a lot of efficiency to be gained by leveraging blockchain.
- Banks should harness big data to combat financial crime and money laundering as it can enable them to identify suspicious behavior and pursue investigations.

## Panel Discussion

The banking sector is facing several economic headwinds as it enters a period of low growth and low interest rates. Amid this backdrop, there is a greater volatility in the financial market that banks have to navigate through. On top of that, there is a rising digital revolution that is creating a new set of challenges, whilst competition from big-techs and fintechs is increasing, according to **H.E. Datuk Nor Shamsiah Mohd Yunus**, Governor, Bank Negara Malaysia.

In addition, there is a greater focus on sustainability and a call for the financial sector to better address climate change and the wider environmental, social and governance issues. However, since the last global financial crisis, the level of global income inequality has not receded and in some cases has worsened. This will likely have economic, social and political consequences, said **Yunus**.

### FINANCIAL INCLUSION

**H.E. Tahir bin Salim bin Abdullah Al Amri**, Executive President of the Central Bank of Oman, acknowledged the banking industry's effort in pursuing

efficiency, whether by regulation or self-prudence. That said, the sector still needs to better manage financial exclusion, according to **Yunus**. She believes that cash should be available for contingency planning; if there was a network catastrophe and power and communications were down, cash would be needed for payments.

On the topic of financial inclusion, **James Cliffe**, Managing Director EMEA at Refinitiv, noted that within a bank's customer base, there are borrowers and depositors, and whether it's a retail or business customer, these customers are at different points of their lives. Typically, depositors are of an older generation as they have built up personal wealth. If it's a business, then it's a more traditional business that has boosted its reserves over time. The older generation values one-to-one interaction in the branch and personal conversation. For the younger generation and millennials, it's all about speed and convenience — they want everything now. Within a bank's customer base, there is a kind of tension as the bank must satisfy both sides. This puts pressure on

the executives because they have to make the decision on where to invest.

“We will start to see so many advantages if customers shared their data. But the customer has to get over that hurdle of trust, and we know from the financial crisis that the biggest casualty was trust in financial organizations. We also had open banking launch in the UK 18 months ago. But at the same time, Facebook had a scandal and people became much more aware of who had access to their data.”

**Mazin Saad Al Nahedh**, CEO of Kuwait Finance House, said that KFH was embracing artificial intelligence (AI) to power chat bots, and to fine-tune the language and dialect capabilities of such applications. The Islamic bank is also considering using AI in other areas, such as AML and issues that could be significantly improved using AI in terms of determining suspicious transactions. Later on, the bank is looking to use AI in further understanding customer segments and their needs, and in moving towards lifestyle management rather than pure banking. Nevertheless, **Al Nahedh** believes that the presence of the brick-and-mortar branches is important to serve a certain segment of the population – the older generation who likes to interact with the branch, who use it not only as a banking service visit but for the social element.

According to **Martin Tricaud**, CEO, MENA & Turkey at HSBC, digital experience has become a proxy for customer experience. When HSBC measures customer satisfaction, they realize that it will largely be based on the customer’s experience with the bank’s digital proposition. “It’s a challenge for us to do better and more. Newcomers, fintech in particular, have no legacy systems, while we’ve been in operation for more than 140 years. So, we have to take the benefits of what fintech brings to banks. That said, there are many things that customers like in incumbent banks that fintechs don’t have – the global footprint, the affinity with the brand, the accessibility, the possibility to have contact with individuals, and last but not least, when you give to a bank what is most important to you, which is personal information and your money, you want to give it to an organization you know.”

In all cases, the regulator is the entity pushing technology forward. For instance, in Bahrain and Malaysia, E-KYC is now ready, whereas in Kuwait and Turkey, where Kuwait Finance House also operates, it is still under development. Once available, E-KYC will allow mobile-only banking where individuals can open a bank account from their mobile phones.

## BLOCKCHAIN USE

According to **Yunus**, there are many use cases for blockchain outside the financial sector that can improve efficiency in the sector. In Asia, a lot of work is being done to integrate blockchain in trade finance because it is a document-centric process, and there is great deal of efficiency to be gained by leveraging blockchain in this area. In Malaysia, the financial regulator is examining the use of blockchain to manage collateral because it can allow for greater efficiencies, enabling the assessment of property ownership without having a central registry.

**Tricaud** commented: “A documentary credit used to take three weeks to be settled. Last month, with the support of the UAE central bank, we did the first cross-border letter of credit blockchain transaction, settled in 48 hours with zero documents. It’s a massive improvement for all stakeholders involved.”

**Al Nahedh** added that blockchain is the future as far as ledger management is involved, because it’s more secure, it records everything, and does not allow data or records to be deleted. “The use cases are tremendous whether it’s in real estate or trade or other assets. The example presented with trade finance is a prime example of great utilization of blockchain. The biggest concern from a regulatory point of view is where does the data lie? Because it’s distributed, you do not know where the data lies as far as blockchain is concerned, unless it’s a private cloud, but even with that it defies the whole purpose. So how can you manage data sitting outside your jurisdiction?”

As technology becomes more important and as banking channels increase, few regional banks have started to close branches. According to **Tricaud**, this is because lenders want their customers to have the choice and use the channel they prefer – whether it’s by computer, mobile app or by visiting a branch. “We are already digital. Eighty percent of the transactions done in retail banking at HSBC are digital, and 40 percent are done using the mobile app. It remains that quite often we see people preferring to visit a branch to talk to an individual, for example, when they want to open an account or take a mortgage to negotiate the terms. Some of our customers find it easier to deal with individuals.”

Speaking on Oman’s experience, **Al Amri** said that not too long ago, people were asking what is blockchain, but now, the technology is slowly getting tested and used. For example, over the last two years, Oman has

had a blockchain company get established, in addition to a blockchain club for people who are interested in the technology. Within the central bank, a team is working on a proof of concept and creating a testing environment for blockchain as well as fintechs to see how they're going to be used.

## BIG DATA

When it comes to big data, it can be especially useful in combatting financial crime and money laundering, enabling banks to identify suspicious behavior and conduct investigations. So far, the industry has been doing that manually. However, with AI and big data, banks can investigate thousands of transactions in an automated manner.

**Cliffe** commented: "The whole area of big data is a fantastic opportunity for the industry. The bank has more information about their customers than it's ever had but it's about how it uses that information. Nevertheless, there is a lot of work that the industry has to do to give confidence to people that when they share their data, it's going to be used in the right way.

**Yunus** noted that as banks increasingly rely on AI and big data, they will have to exercise a sense of ethos and mindfulness. She said that cyber-hygiene is not just the responsibility of the banks; employers must also teach their employees cyber-hygiene practices in order to protect their organization. Because of the heavy reliance on technology and smartphones, even schools and universities have a role to play by including cyber-hygiene in their curriculum.

According to **Al Nahedh**, the industry has come a long way as far as cybersecurity is concerned and in trying to mitigate some of the risks associated with it. He said that over the years, we have seen the

introduction of two-factor and three-factor authentication, and OTP confirmation. But we need to teach people cybersecurity, even at primary schools, so they understand that sharing an OTP with someone else is something they shouldn't be doing as they would be exposing their financial safety to jeopardy.

He added that "Another part of the responsibility lies with the bank itself. We, from a customer experience point of view, want to ensure that the client doesn't go through these issues. What we're trying to do is apply AI to look at the behavior and pattern of those spends. If anything goes above the average or normal, the transaction would be stopped and contact with the client would happen. A lot of things have been evolving, but unfortunately criminals evolve significantly faster than we do, so we're playing catch-up fast."

**Al Amri** noted that some of the technologies that have come up in different industries other than the banking sector are now required by banks' customers. That's why banks want to look at them, develop them and offer them to people, because there is demand for them. However, just because people want these technologies, it doesn't mean that banks don't need to educate them or tell them what the risks are. It's very important to have a balanced approach.

He added that the more safeguards the banking industry puts in place with regards to cybersecurity and security, the more attempts we will see. "The number of fraudulent messages and phone calls that people receive is increasing. As regulators we try to address that. But we still get cases where somebody phones a person and that person gives away all their bank account information, so it's an evolving effort.

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The banking sector is facing several economic headwinds as it enters a period of low growth and low interest rates. Amid this backdrop, there is a greater volatility in the financial market that banks have to navigate through.

H.E. Datuk Nor Shamsiah Mohd Yunus, Governor, Bank Negara Malaysia

# SESSION FOUR:

Industry at an Inflection Point:  
A Glimpse into the Future



**MODERATOR**

**MR. AXEL THREBALL**

Editor at Large,  
Reuters



**PANELIST**

**H.E. RASHEED  
AL MARAJ**

Governor,  
Central Bank of Bahrain



**PANELIST**

**H.E. ABDUL AZIZ  
AL GHURAIR**

CEO,  
Mashreq Bank



**PANELIST**

**DR. CATHERINE  
MANN**

Chief Economist,  
Citi Global



**PANELIST**

**MS. SHAIKHA KHALED  
AL BAHAR**

Co-founder,  
East Chain Co.

## Agenda

The banking industry is facing unprecedented challenges, from global economic threats to changing customer demographics, and from a changing technological landscape to increasing competition from fintech and big tech firms. Traditional banks must evolve to remain central to the banking industry, or risk being pushed to the fringes, if not being disrupted altogether.

## Recommendations

- Regulators must change their mindset and resist the urge to control the pace of change if they are to overcome the current challenges in the market.
- Banks must ready their staff for the digital transformation by reskilling and training, not only junior and middle managements but also the senior employees.
- For banks to survive and compete with big-techs, they should start operating like big-techs with a banking license, rather than banks using technology to operate.
- With constant developments in the industry, it has become difficult to set the correct strategy for the following five years. Banks must review their plans on a regular basis, read the trends, and use data analytics to understand their clients' changing behavior.

## Panel Discussion

What will the future customer look like five to ten years from now? This was the opening question of the fourth session of the International Banking Conference. **H.E. Abdul Aziz Al-Ghurair**, CEO, Mashreq Bank, suggested that the customer of the future will not be happy to visit a bank merely for banking solutions — to place money or to borrow. The future customer will want the whole ecosystem — the total solution — and therefore, banks should act almost as wholesale providers of services. If the industry continues offering just banking solutions, banks will eventually be displaced.

Regulators must change their mindset, warned **H.E. Rasheed Al Maraj**, Governor of the Central Bank of Bahrain. He said that the transition to fintech has been a difficult journey because there is a tendency to think in a rigid manner. "As regulators and central banks, we think like the police. We want things under control; well under our supervision and we want to manage the pace. If this mentality does not

change, it will be very difficult to operate with the challenges we have."

Instead, regulators should set the vision, be the leaders, enablers and facilitators. If they become bogged down by new technology and the technical details involved, it might distract them from seeing the bigger picture. That said, the Central Bank of Bahrain is making notable progress, having launched its fintech regulatory sandbox three years ago. To date, the sandbox has welcomed 35 companies, two of which have graduated. "Banks are under tremendous pressure because they know that if they are not providing new services, we the Central Bank will allow non-banks to provide that service. We are not waiting for banks to wake up and move forward because it's about the future of the economy," **Al Maraj** said.

### NEW APPROACH

**Shaikha Khaled Al Bahar**, Deputy Group CEO at the National Bank of Kuwait (NBK), noted that techno-

logical disruption has shaken up the whole world and not just the banking sector. In the past, changes used to happen very slowly, today, they occur on an hourly basis. In the next five to 10 years, she expects to see a completely different marketplace and client base. “The GCC region has a very young population, where 60 percent are below thirty. Unless we know the trends in the market, we cannot offer the right products and services. I believe the banking industry will see more financial inclusion; products and services will be digital, and there won’t be any more branches or human dealings. It will all be robotic. We have already started the digitization process at NBK and this will put pressure on human capital. We will also need a different skillset.”

According to **Al Ghurair**, today, banks are protected by regulators by making sure no licenses are given to more banks in the region. But in the future, there will be a threat from big-techs. For banks to survive, they must start thinking and acting like big-techs with a banking license, rather than banks using technology to operate.

Banks must also prepare their employees for this digital transformation, and such training should not be limited to junior and middle management but also the senior executives. “Banks will only work as a big-tech if 30-40 percent of their people come from a technology background. We launched digital banking last year and we had a choice of using our existing infrastructure or a completely new platform. We chose to ring-fence our digital team and isolate them from our traditional bank, and we were able to launch our digital banking solution,” explained **Al Ghurair**.

He recommended that banks enroll their teams in technology training: agility training, as well as training in python (a computer programming language), AI and advanced analytics. Also, one must create the correct culture and reskill staff. Furthermore, banks should be prepared for digital transformation to shrink the workforce. If a bank is successful in retail banking, it can expect 40 percent of jobs to disappear in the next three years as technologies like AI and chat bots take over. Mashreq is already recruiting different types of talent which are hard to find, such as head of digital strategy, head of cloud, and data scientists — jobs that were uncommon three years ago.

Today, almost 60 percent of Mashreq’s new personal banking clients are acquired digitally. The bank only sees the customer once in their lifetime, when they

bring their ID to the branch. This would have not been possible with the old system. While previously it would take the bank one year to launch a product, with new technology such as APIs and micro-services, it can move much faster. “Speed to market has become so fast it’s scary. If we don’t do it, our next-door competition will do it. We must scrap our old model and adapt to a new one,” said **Al Ghurair**.

## SETTING STRATEGIES

Similarly, **Al Bahar** noted that while banks used to come up with 20-year visions and five-year plans, it has become tough to do that with such rapid changes in the industry. Moreover, banks are now competing not only with other banks, but also with non-banks, domestically, regionally and internationally. “You have to review your plan on a regular basis, read the trends, and use data analytics to understand your clients’ behavior.”

According to **Catherine Mann**, Chief Economist at Citi Global, no fintech activity has replicated the set of activities that a large multinational institution offers. Although some fintechs are eroding individual elements of traditional banking, large multinational organizations that work with the global companies offer economies of scope which fintechs do not offer yet. These ranges of services are synergistic to the business customer, but they are also synergistic internally to the organization.

Going forward, an important question to ask about is whether banks will become big-techs that are licensed like banks, or will technology companies become more like banks? This question will frame whether next crisis comes from technology companies failing like banks did in 2008. **Mann** explained: “We’ve got a bifurcation between consumer-oriented banks which are very much exposed to the digital transformation but are not systemic in the global sense. The technology companies right now are not systemic from a financial standpoint. We still have the large banks, which because of the regulatory response after the financial crisis, also are not systemic anymore. So, we don’t have the same sort of system features in the current environment that precipitated the global financial crisis. However, this does not mean that we might not get there.”

She said that the industry could face another financial crisis if it fails to recognize that the systemic nature of the crisis came from unknown networks. “We had no idea who was borrowing from whom and who was lending to whom. That could certainly

happen again. Secondly, leverage was a key ingredient in 2007 in exacerbating the crisis, and we still have a lot of leverage today. The third element was the nature of the obligations. In the financial crisis it was principally mortgages that were packaged, and everybody thought they were triple A, but they weren't. Certainly, there are some questions about that transparency today."

Each one of those elements — networks, leverage and non-transparency of credit risk — is present but they haven't quite coalesced yet in the form of clear danger, she added. Asked whether the presence of Libra or a system like Libra could make the crisis more likely, she said that a crisis-like atmosphere could arise only if Libra users wanted to leave the currency — because not everybody is on Facebook — and make a transaction in a different currency. "That is an exchange rate — and exchange rates can cause problems when they move more than you thought they were going to," cautioned **Mann**.

From a regulatory standpoint, the safety of the local jurisdiction will always be the priority, **Al Maraj** highlighted. He said that the industry looks at cryptocurrencies when things are going well and when there

are no issues of systemic risk. However, at times of crisis, when the market needs a bailout and central banks deploy all their possible weapons to mitigate the risks, those cryptocurrencies will not be there, unless we have all the elements that will give individual regulators the flexibility to manage the market during a crisis. "Nobody remembers the central bank during normal times. The central bank comes to play when there is a financial crisis. But we should think, what happens if there is another financial crisis? Can we assume Facebook will come to the rescue?"

**Al Maraj** cautioned that regulators will face a huge challenge as technological developments continue to come through, especially those that replace much of the human involvement, such as AI, robotics, and IOT. He said that such developments will change the role of regulators and central banks, and that some roles might even be diminished. "If Libra does not come this year or next year, it will come eventually in a different form and it will be beyond our jurisdiction. Therefore, the regulator should be the facilitator and should offer an environment where the players come in and find a friendly ecosystem that makes the economy thrive."

“

Banks are under tremendous pressure because they know that if they are not providing new services, we the Central Bank will allow non-banks to provide that service. We are not waiting for banks to wake up and move forward because it's about the future of the economy.

H.E. Rasheed Al Maraj, Govenor, Central Bank of Bahrain

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### THE CENTRAL BANK OF KUWAIT

The Central Bank of Kuwait (CBK) was established by virtue of the Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business. CBK replaced the Kuwaiti Currency Board established by virtue of the Amiri Decree No. 41 of 1960. The role of the Kuwaiti Currency Board was limited to the issuance of banknotes and coins, unlike central banks' broad responsibilities ranging from setting and implementing monetary policies to the regulation and supervision of banking activities. CBK's establishment, hence, was in response of the need to keeping pace with domestic and international developments, particularly in view of the increasingly important role of the monetary and financial policy contributing to the advancement of social and economic development in the country.

CBK commenced operation on the 1st of April 1969, in fulfillment of the following core objectives stated in Article 15 of its Law No. 32 of 1968:

- Issue the national currency on behalf of the State.
- Maintain the relative stability of the Kuwaiti Dinar, and secure its free convertibility into foreign currencies.
- To direct the credit policy with the aim to contribute to the social and economic progress and enhance the national income.
- To supervise the State's banking system.
- To serve as a banker to the government.
- To serve as a financial adviser to the government.

The paid-up capital of the Central Bank of Kuwait shall be five million Kuwaiti Dinars, fully paid up by the government. This capital may be increased by a decree, and such increase shall be withdrawn from the General Reserve of the CBK.

The Central Bank of Kuwait is managed by a Board of Directors encompassing the Governor of CBK – chairman, and the Deputy Governor of CBK, both appointed by a decree for a five-year renewable term. The Board of Directors also comprises of a representative of the Ministry of Finance, a representative of the Ministry of Commerce and Industry, and four other members with proven experience in the economic, financial and banking affairs, appointed by a decree for a three-year renewable term.

## Exhibition Sponsor



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Zain is a leading mobile voice and data services operator with a commercial footprint in 8 Middle Eastern and African countries with a workforce of over 6,000 providing a comprehensive range of mobile voice and data services to over 49.2 million active individual and business customers as of June 30, 2019.

# Exhibitors









## Introduction and Background

The Kuwait Foundation for the Advancement of Sciences was established in 1976 by an Amiri Decree under the direction of the late Amir of Kuwait, H. H. Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah with a vision to create and nurture a thriving culture of science, technology, and innovation for a sustainable Kuwait.

KFAS operations are funded by contributions from the private shareholding companies of Kuwait as part of their corporate social responsibility. The contributions currently amount to one percent (1%) of their annual net profit.

KFAS mission to “stimulate and catalyze the advancement of Science, Technology and Innovation (STI) for the benefit of society, researchers, and enterprise in Kuwait,” continues to be at the heart of all the Foundation’s activities and plans.

Since its creation, KFAS has successfully established a number of dedicated research and educational centers of excellence in Kuwait. These are: The Scientific Center, Dasman Diabetes Institute, Sabah Al-Ahmad Center for Giftedness & Creativity, and Jaber Al-Ahmad Center for Nuclear Medicine and Molecular Imaging. These centers are recognized as world-class facilities and pioneering scientific research institutes. In addition, KFAS has established Al Taqaddum Al Elmi Company, the Foundation’s publishing arm and most recently, KFAS Academy, an online university for continued education.

The limited resources for R&D and STI in Kuwait presents constraints and challenges in the drive towards a knowledge-based economy. The new 2017-2021 strategy, therefore also aims to work with the government to help increase in multiple folds the rate of government funding of research to reach the minimum international average of 1% of GDP by the year 2020.

With the conclusion of the previous five-year strategy and the commencement of the next (2017-2021), KFAS is continuing to contribute towards the creation of a rich scientific culture in Kuwait and to enable a sustainable and robust knowledge based economy.

## KFAS Strategy (2017 - 2021)

Under the new KFAS 2017-2021 strategy, the foundation has renewed its commitment to play a leading role in supporting efforts to transform the country into a knowledge-driven economy. This will be achieved through investment in human resource development and national projects that provide innovative solutions to challenges of national priority.

This strategy is centered around three main strategic thrust areas:

1. Advocating a scientific culture to enhance science, technology and innovation throughout the community, with a particular emphasis on the youth.
2. Fostering research and development, through investment in research projects and the deployment of innovative technologies to address national priority issues.
3. Enhancing the growth and diversification of the private sector through STI. These strategic thrust areas are further enriched by support programs that provide resources and tools to ensure that the overall strategic objectives of the Foundation are successfully met, and catalyzing the change needed in Kuwait to foster future development and long-term sustainability.

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### Vision:

“A thriving culture of science, technology and innovation (STI) for a sustainable Kuwait”

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### Mission:

“Stimulate and catalyse the advancement of STI for the benefit of society, research and enterprise in Kuwait”



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