UAE BANKS FEDERATION

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'UAE banking sector resilient because of government support'

With adequate measures in place, the UAE Banking Federation is confident that the current crisis will be overcome

■ **Staff Reporter**

Resilience — this was the key word and highlight of the UAE banking sector outlook report that was released at the beginning of this year by S&P Global Ratings, and it essentially encapsulates the core of the sector in the emirates. The rating agency noted that the sector will remain resilient this year, and register a mid-single-digit credit growth supported by government spending on key investment projects. While it did mention a few caveats of low oil prices, or geopolitical, it did not factor in the impact of the ongoing Covid-19 crisis.

Much has changed in the last few weeks since the release of this report in February, yet the key observation on the core strength of the sector remains in place and this is what would help the emirates through a wave of challenges posed by the pandemic.

At the start of this year, concerns were brewing over the rapid spread of the novel coronavirus in Wuhan, China. Countries across the globe were watching the development, but none would have expected the viral infection to unravel the way it has in the last couple of months. The pandemic is not just a health crisis; it is unfolding as an economic crisis too, which could take a severe toll on nations.

Countries with strong banking institutions and channels, with the right government support should be able to offer support to the people and economy on the whole. We can see that happening in the UAE. On March 14, the UAE Central Bank rolled out a Dh100 billion stimulus package to mitigate the impact Covid-19 on the country's economy. It was boosted to Dh256 billion this month on April 5 when the banking regulator halved banks' capital buffer requirements to seven per cent.

The Central Bank has also allowed banks and finance companies to defer the principal amount of the loans and interest until the end of this year through the Targeted Economic Support Scheme (Tess) for affected retails and corporate customers. Measures such as these would go a long way in supporting the economy and people who are at the heart of this challenging time. Besides, reassurance from Abdulaziz Al Ghurair, chairman of the UAE Banks Federation (UAEBF), that banks do not need any further support from the central bank for now, is a sign of confidence.

There is liquidity in the system and the banks are all geared to extend help to individuals and small and medium medium businesses, who might need some hand holding at the moment. Of the Dh256 billion central bank initiative, Dh205 billion is liquidity which is being made available to banks for lending, and the rest would be used as relief package for individual borrowers and companies in sectors affected by the coronavirus.

These are challenging times, and there is no denying that it would be a rough ride ahead. Banks would not be able to maintain their profitability levels, and the asset quality might deteriorate too, but the sector has been adequately propped up by the UAE Central Bank, and I should be able to offer much-needed support to the economy.

Abdulaziz Al Ghurair chairman of the UAE Banks Federation

UAEBF: PROMOTING THE UAE's GROWTH

Established in 1982, UAEBF is a professional representative body of the member banks operating in the UAE, representing 52-member banks. The not-for-profit organisation advocates banks' interests and enhances cooperation and coordination among them so as to upgrade the banking industry for the benefit of the banking sector and national economy. The Board of Directors today is chaired by Abdul Aziz Abdullah Al Ghurair, CEO of Mashreq Bank.

For almost four decades now, the organisation has been taking progressive steps to banking such as digitalisation, protecting against fraud and sustainability. Its primary aim is to make the UAE banking sector grow in a way that benefits, protects and enhances the interests of banks, consumers, society and the UAE economy.

In March 2020, UAE UBF launched two technical committees (Fintech and Consumer Protection) and three advisory committees (Compliance, Risk, and Information Security) to promote the growth and transformation of the UAE banking sector. The Fintech Committee has been introduced to foster an environment conducive to product and partnership innovation in the banking industry, and improve capabilities in technology to achieve sustainable growth. The Consumer Protection Committee has been introduced to look after all consumer protection issues in the UAE banking sector.

The Compliance Advisory Committee, Risk Advisory Committee, and Information Security Advisory Committee are the UBF's first advisory committees launched. Comprising senior banking representatives, they have been introduced to advise their respective main technical committees.

UAEBF has achieved many significant milestones recently, including rolling out plans to tackle counterfeit cheques and enhanced encryption technology. The federation also supported the launch of the 'Credit Guarantee Scheme' for SMEs by Emirates Development Bank, an initiative that provides a stable funding base.

Islamic banking future foresees a strong surge

The 'ethical' investment solutions are today appealing to younger generations and non-Muslims as well

■ **Staff Reporter**

Islamic banking and finance have been in existence for years. The first Islamic bond, known as Sukuk, was issued in Damascus around 650 AD. Prophet Mohammed (Peace Be Upon Him) himself was a merchant and he understood the power of the markets to drive economic growth and prosperity. While that was centuries ago, the idea was to raise money through ethical means. It has since built a foundation for an industry that is seeing steady growth in demand and participation.

The industry has evolved many folds to offer people a range of products and services that comply with the Shariah law.

Islamic banking and finance is essentially a value-based system that places great importance on ethical business practices, social equity, and improving the quality of life — reflecting similarity with the Sustainable Development Goals of the United Nations that is earnestly trying to build a more equitable world.

It is these set of values that is helping the industry gain a firm footing and offering consumers a choice apart from the conventional banking and finance industry. Islamic finance has purposefully merged the convenience of modern banking with the principle-based Shariah law to offer us a wide range in choice from buying vehicles, insurance policies to investing in bonds and equity markets.

The volume of Islamic finance assets today exceeds $2.1 trillion. The industry has been growing at 15 to 20 per cent annually for the last two decades. Now much of the doubling of the volume of assets from one trillion dollars to two trillion dollars has happened in the last decades — since the financial crisis, which exposed the various fault lines of the conventional finance industry. There has been much debate on why the conventional system failed so badly and jeopardised livelihoods and investments of millions across the globe. The regulators were caught napping as billions worth of wealth was eroded in just a matter of few months. But that episode also reinvigorated the conversations around what role Islamic banking and finance can play in the wider world. It created an opportunity for Islamic banking and finance that recognises the importance of protecting the environment and forbids irresponsible profiteering at the expense of others, or investment in businesses that could adversely impact people. Now that's all the reason why it is gaining acceptance not just among the Muslims but non-Muslims as well. As per the Islamic Banking Index 2019, the penetration of Islamic banking among non-Muslims increased to 45 per cent last year from 40 per cent in 2018. Penetration for the conventional banking on the other hand grew by just one percentage point last year. It stood at 72 per cent in 2019.

Needless to say, there is a lot of potential for Islamic banking and finance industry to grow, especially since the young population, Millennials and the generation Z that is entering the workforce now, puts sustainability at the heart of finance. Millennials have seen the financial crisis, and much like the rest of the world, they are now taking stock of the way they save, invest and spend their money. Islamic banking and finance would appeal to a larger audience. It is time for the industry to give it a push through fintech solutions.

Fintech: reimagining the financial service sector

Banks are increasingly looking to partner with fintechs, or in some cases buy them out to incorporate their technology in to their systems in a bid to improve product offerings and protect their market share

■ **Staff Reporter**

The UAE is the largest fintech hub for startups in the Mena (Middle East and North Africa), securing 69 per cent of funding so far this year, according to a 2019 report.

The UAE, which houses the most number (46 per cent) of fintech startups in the region, accounted for 47 per cent of all fintech deals in 2019.

Overall, a total of $237m worth of investments have been made via 181 deals in Mena fintech startups since 2015, of which 51 deals were made in 2019 alone, confirmed the report co-compiled by Abu Dhabi Global Market (ADGM) and Magnitt.

Regional startups in fintech witnessed a CAGR (compound annual growth rate) of 39 per cent since 2012, and currently, a total of 310 active firms are present in the Mena region.

Payment and remittances startups emerged as the top sub-sector, and accounted for 45 per cent of the fintech deals so far in 2019. Fintech also outranked key sectors such as e-commerce and logistics in 2018 for securing the most number of deals.

The report also found that 83 per cent of UAE residents are receptive to adopting fintech solutions by non-financial institutions and 76 per cent trust at least one technology company more with their money rather than their bank.

"Digitalisation of financial services is happening at an unprecedented pace," said Richard Teng, CEO of Financial Services Regulatory Authority at ADGM.

"From payments, banking, financial advisory, capital market and insurance, deployment of financial technology (fintech) has reimagined the financial services sector resulting in innovation, efficiency and greater financial inclusion. This report reveals the needs of the industry and indicates how we can better attract and secure more investments and funding to support the fintech ecosystem."

The Central Bank of the UAE is mulling to launch a dedicated fintech office to develop countrywide regulations for financial technology firms as the banking regulator charts a road map and looks to build an ecosystem for the sector in the country.

Recognised as 'a key growth area', the Central Bank consolidates various departments handling the sector into the new body. In the future, the unit will also examine issues such as cryptocurrencies, which the banking regulator does not approve of "at the moment."

"The aim of the office will be to position the central bank as the co-ordinating authority, as an author of prudential and market conduct regulatory requirements and as an enabler and facilitator of FinTech activities in the UAE," Mubarak Rashid Al Mansouri, governor of the Central Bank of the UAE, said.

"It [the new office] will ensure that financial innovation continues in the banking sector with the support and facilitation of the national authorities."

Financial sectors across the globe are grappling with disruptive technologies, which threaten banks' conventional business models by offering consumers cheaper and easier ways of investing or transferring funds and putting income from commissions and fees under pressure.

Banks are increasingly looking to partner with fintechs, or in some cases buy them out to incorporate their technology in to their systems in a bid to improve product offerings and protect their market share. Investment in the fintech sector rose 120 per cent last year to $111.8 billion (Dh410.6bn), but dropped back by 40 per cent to $37.9bn in the first half of this year, according to KPMG's 'Pulse of FinTech' report.

DIGITAL BANKING

Personal banking has become more intuitive, thanks to technology

> Technological innovation, after all, has become vital when it comes to acquiring market share and developing flexible, cost-effective solutions. The last few years have brought a significant change in how large banks in the UAE conduct their business. Huge investments have been made, and banks are following each other's lead in setting the bar higher.

Mobile applications are helping consumers better manage their money

■ **Staff Reporter**

In a recent report, consulting firm KPMG noted that financial institutions that leverage technology and data will be best positioned to grow in the UAE's financial market. It is no secret and if you have your ears to the ground, you would have noticed how a number of banks in the UAE have been constantly integrating digital features to their traditional banking channels and upping the ante with more advanced technology, making banking more efficient.

Artificial intelligence is changing customer experience and even though bank branches are still popular and in operation, a majority of banking services are just a click away.

Technological innovation, after all, has become vital when it comes to acquiring market share and developing flexible, cost-effective solutions. The last few years have brought a significant change in how large banks in the UAE conduct their business. Huge investments have been made, and banks are following each other's lead in setting the bar higher.

What's making this change more meaningful on the retail front is the way data is being analysed and compiled for consumers. Mobile applications allow users to view their spending and saving behaviour. They help suggest ways for users to better manage their money.

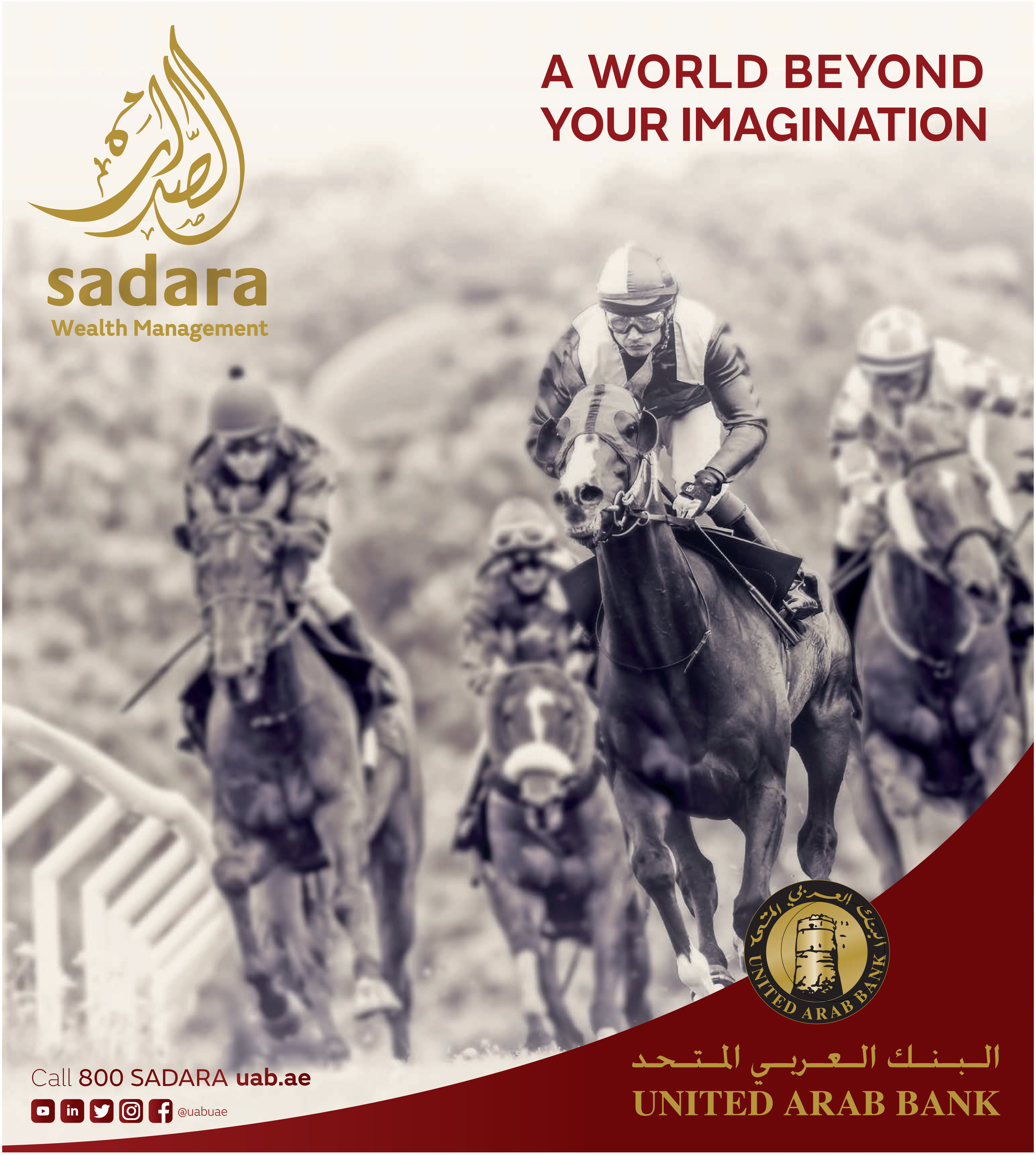
Payments for e-commerce, ride-hailing services, food deliveries and online music have mostly been made available through credit and debit cards. Customers, whether retail, corporate or SME, are at the heart of the changes that are taking place. Rising use of digital payments and mobile banking are driving the shake-up in the industry that has known to put brick and mortar branches above anything else.

Now, all these changes have been well completed with an array of mobile payment options that have been introduced in the UAE. From Beam and smartphone payment options to direct transfers from banking apps, there are a slew of choices for digital payments. Even though payment apps haven't attained the same popularity as in some other Asian countries, it surely is on the rise.

Digital and mobile banking has eased the transition for consumers. So, are they finally ready to leave the branch behind and fully embrace digital banking in the UAE? Will banks stop launching new branches all together? Will we see a digital revolution wherein smartphone trotting population will flash their gadgets at tills rather than take cash out of their wallets?

Probably not, and that's largely due to the nature of population in the emirates. It has a mix of people from across the world and is largely transient. Cash is still widely in circulation, and cheque is the preferred mode of payments for personal and commercial purposes.

The UAE is different from the rest of the world. For a place that has emerged as a banking hub for the region, digital banking needs and trends would vary from the West and it would be wrong to compare. Banks in the emirates are charting their own course and defining their own trends. We as consumers will benefit by having an open mind and eagerness to try new features.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Social media banking a hit among millennials

User-friendly digital platforms are highly preferred over teller booths, but the banks have to maintain constant and consistent communication

■ **Staff Reporter**

The digital-savvy community is at large, now more than ever with millennials making the transition to exclusive use of electronic devices in their daily lives - from e-learning and work submissions, to online shopping and managing finances.

In the banking industry where customers' interaction is necessary, digital communication is becoming a strong communication channel between financial institutions and customers. Digital media is considered valuable tools for potential clients to connect to the bank.

Digital channels allow people to go through Facebook, Twitter, YouTube, Instagram and other social networks to gain the necessary education and information regarding the services, products and financial institutions.

Global Media Insights show that out of the 9.7 million people living in the UAE, around 98.9 per cent of the population is active on social media, while 99 per cent access it via smartphones. Out of this, a chunk belongs to millennials, most of whom have witnessed the coming of digital platforms and its growth.

As banks transition and adopt novel modes of financing, digital banking has opened up portals of opportunities for the generation, giving them ample spending freedom, while keeping track of their spending and setting limitations. Additionally, social media banking, in particular, is gaining attention for ease of use.

The Media Lab highlights that Facebook, Whatsapp and Youtube are among the top three most active social media platforms in the UAE, followed by Facebook Messenger, Instagram and Twitter. With reports highlighting that an average daily time spent on the internet is around 7 hours, social media banking has high retention in the minds of users, as a majority of youth are highly exposed to these platforms.

These influences further make an impact in terms of helping them gain an interest in personal finance management, while providing assistance in various banking needs. Millennials are more likely to reach out to banks and other financial institutions through social media, than visit a physical branch. Furthermore, the ability to communicate via voice and visuals online adds to convenience and enhances the level of interaction between customers and the bank.

Millennials, a generation born between 1985 to 1995 compared to their peers, are far more demanding when it comes to banking products, often seeking 24/7 assistance with self-service options. With smart ATMs and mobile apps offering a range of services, including automated deposit options and simple online applications, users look for freedom to conduct transactions with their accounts at any given time.

Automation paired with self-service is another aspect highly sought-after by millennials. For instance, an auto-loan application, complete with pre-approval rates, upfront charges and personalised schemes is far more interesting for its user-friendly appearance than having an employee explain the terms and conditions at a teller booth.

> Social networks provide opportunities to the bank, customer services and marketing and also to the products and services. Imagine a future in which all deposits, payments, fund transferring and investments can be done and easily managed through social networks, in such a world, the importance of cash is reduced.

Social media banking has further helped banks gain exposure through word-of-mouth, or rather the share option, as users have adopted a knack for sharing interesting posts and titbits of information for their followers to see.

In this case, social media banking can help direct the customer towards its website with an interactive online teller to assist various financial products, receive immediate answers to inquiries and apply for desired services.

Social media can be a powerful customer service channel. It can transform how a bank handles customer complaints, issues, and expectations outside of the traditional sales or service process.

LET US TAKE A LOOK AT A FEW TIPS THAT CAN HELP BANKS CONNECT EFFECTIVELY WITH CONSUMERS ON SOCIAL MEDIA:

RESOLVE ISSUES: Make social media listening a priority for your organisation and part of your customer experience culture. But be sure to extend the scope of your efforts beyond Facebook, Twitter, and Instagram. Keep an eye out for activity on online review sites when banking customers share their feedback, and assign someone on your team to listen and respond.

MORE VISUAL CONTENT: Social media naturally demands visual content. So, don't settle for pumping out text-only posts. Upload photos, share a short video, create an infographic, use emojis, and add visuals to your social media stories. Take time to tailor your content to capture the attention of your audience in each channel.According to a research, visual content is 40 times more likely to get shared on social media than other types of content. Also, tweets with images get 18 per cent more clicks, 89 per cent more favourites, and 150 per cent more retweets.

SHARE REVIEWS: If your bank or agency consistently receives five-star ratings and good reviews, don't hesitate to share them on your social media profiles. These reviews can be more effective and engaging than loud sales messages and promotional brand content. They also drown out negative noise and help your brand build consumer trust.

BE PERSONAL: Much of the banking and financial services content on social media can be 'boring'. That's why it's important that you use social media to show some personality and humanise your brand. It will definitely make your bank more relatable to your audience. Introduce your community of social media fans and followers to your executives, agents, branch and location managers, administrative and customer-facing staff. Talk about their experiences, achievements, and skills. Post pictures of them in their element, behind the scenes, or participating in a community activity.

INFORM AND EDUCATE: Consumers won't hesitate to follow your bank on social media if you are able to become a leading source of helpful information for them. Share interesting investment ideas or spread the word about banking safety practices. Join awareness campaigns and social media conversations on what's happening in the financial services industry. Create visual content that makes complicated financial services information easier to digest and understand. By providing informative and educational content to your audience, you can earn their trust and draw attention back to your brand.

RESPOND TO REVIEWS AND COMMENTS: Success in social media for banking starts with the commitment to becoming a responsive brand. Create a response policy and assign ownership by identifying people in your company who will be directly involved in responding to customers. Consider investing in social media and review management tools that drive efficiency.

Source: Reviewtrackers

Habib Bank AG Zurich: A Bank that treats its clients like family

Jamal Alvi
Chief Executive Officer
Habib Bank AG Zurich

Habib Bank AG Zurich is an early adopter of digital technology and SME solutions

At a time when banks regionally, and in fact globally, are looking to cut exposure to small and medium sized businesses, Habib Bank AG Zurich is committed to support local businesses as it has been doing for more than four decades here in the UAE.

It works as a boutique SME institution, operating more like a personal banker to many of its SME/Commercial clients who have been with it for decades. It is a sign of trust in a name that is being run by the third generation of Habib family.

Most family-owned or family-run businesses struggle to engage the second generation into the fold and very few keep it running into the third generation. Habib Bank AG Zurich has not just managed to engage its third generation into banking business, but is also thriving with it and bringing changes that will connect with millennials and generation Z as well as the previous ones.

"It is a privilege to have family-owned businesses trust us with their business for so long. We have kept pace with the changes, which has helped us stay relevant to our customers' businesses. Right now there is process reengineering happening at our end to enhance the experience of the customer," said Jamal Alvi, Chief Executive Officer, Habib Bank AG Zurich, which is the only Swiss Bank with an on-shore licence dedicated to serving SME/commercial clients.

What makes the Bank connect with customers is its holistic approach to their businesses.

"We don't just operate as a bank that is there to provide lines of credit, we offer support and services that allow ventures to thrive. Our branches have evolved as standalone business units. If our client needs commercial vehicle loan, we help them; if they want a Trade loan, we assist. It's a one-stop shop. Besides, we also help businesses with effective cash management and guide them on how to maintain an independent finance function within the company, that has allowed us to build trust," adds Alvi.

Looking at the last few years, SMEs have seen a series of challenges one after the other. It has been a rough ride since 2015. But the businesses that have been able to withstand all challenges have one feature in common: their ability to stay true to their core competencies.

"SMEs that have stayed to their 'core' business models and did not cultivate side 'hobbies' have been able to set deeper roots to withstand crises. SMEs that diversified into unrelated areas are the ones that went under," noted Alvi.

And now with COVID 19 disrupting life and businesses globally, the Bank is standing with its clients offering support through EMI/repayment deferrals options. The HBZ Group is also planning a CSR initiative across the countries that it operates in. This will help the communities and businesses rebuild as the countries open up and economic activity resumes.

On the technology front, Habib Bank AG Zurich was among the early adopters. It launched web/online banking for SMEs in 2000 well before many other institutions. "We too are working continuously to modify and improve our client's digital experience – but there is a lot more still to be done. While digitization has its benefits we are over cautious when it comes to IT security and anything new we offer comes with more than adequate protection for the safety of clients and the Bank alike," says the CEO.

But more than these services and financing, what a number of SMEs really need is the right advice and Habib Bank AG Zurich has been providing them with just that. It has not only helped clients make more informed decisions, but also thrive in their businesses. The Bank has earned the trust of thousands of its clients, and with this approach to small and medium businesses that is a built on the foundation of relationship, it would surely continue to serve many more in years to come.

BANKING FRAUD AWARENESS

Your bank will never ask your personal details

When in doubt, call the bank to check

■ **Staff Reporter**

Most of us in the UAE are aware of the fraud messages that keep randomly spring up suggesting our 'bank account has been blocked' and we need to call so and so number, which is not your usual bank number, to get it unblocked. Your heart understandably skips a beat the first time you receive such a message. When anxiety or nervousness takes over, sometimes we tend to discount the several typos in the message or simply poor English language.

And then when the dreaded user calls the number, it is answered by people who do not talk professionally (it has happened in most cases until now). It should be the first sign of a fraud, but blinded by fear or nervousness, good reason usually takes a back seat. The caller is then asked sensitive information such as ATM card PIN, bank account number, etc.

Fraudsters also sometimes impersonate as officials from the Central Bank of the UAE or Ministry of Finance, asking information to do a background check, and these callers can often be intimidating. It pays to remember that neither the central bank nor any ministry officials call individuals to 'do checks.

Now these are among the simplest of frauds, and are known as 'vishing'. There are others that are done in more sophisticated ways and may seem legit. Phishing emails, for instance, asking you to click on a link and change the password of your bank account. Then there are prize scams that often lure people to divulge account numbers or sensitive information for some promised gift or cash prize.

It pays to remember that a representative of your bank will never ask for such details. The best thing to do when confronted with such a situation is to hang up and call your bank directly, or visit the branch, if need be.

There are several checks and balances in place, but customer awareness remains the key to avoid scams. Banks in the UAE are frequently raising awareness about such frauds and you would have noticed emails, messages from your bank suggesting never to share sensitive information with anyone. In fact, technology is being widely used by the banks to serve as check points for your security. A sudden use of credit card, for instance, from a new location raises doubts among banks, and in some cases the users receive a call or message or both from banks to know if the transaction was genuine.

It is always good to be skeptical. When in doubt, either hang up or call the bank directly to know what's happening.

HERE ARE SOME WAYS TO AVOID GETTING SCAMMED:

- Never share details such as your date of birth, bank account number, bank telephone PIN with a caller claiming to be a representative of your bank or Central Bank of the UAE. Your bank will never ask for such details. If in doubt, hang up and call your bank's customer service.
- Know how to quickly block your debit or credit card in case of a doubt.
- Monitor your account statements regularly and don't ignore emails or other correspondence from your bank. Banks in the UAE are on the ball and are aware of the tricks employed by fraudsters. Banks are usually investing purposefully and raising awareness through emails, video campaigns, etc. It pays to stay in touch with the bank and keep a note of their latest campaigns on social media.

Cybersecurity landscape growing in the UAE

A great degree of collaboration and intelligence sharing among the UAE banks are keeping fraudsters at bay

■ **Staff Reporter**

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

Between January and March 2019, the UAE alone have experienced 1.1 million instances of phishing and 23 million instances of malware. The Kaspersky Lab report has indicated that the region is facing 3.16 million attacks in crypto-mining malware and 5.83 million attacks in phishing. As a result, expenditure on cyber security technologies have increased significantly in the UAE and it is projected that the Middle East and Africa cyber security market would reach $66.5 billion by 2025.

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

- Banks inherently tend to have minimal appetite for cyber risk
- The myriad local and global regulations that have to be complied with, depending on the jurisdictions in which they operate
- The variety of hackers potentially targeting banks and the wider financial services sector, including nation-state actors, organised crime groups, hacktivist groups and individual hackers
- The imperative to build strong digital capability for customers across all channels, with the need for securing complex business inter-dependencies by connecting authorities, partners, vendors and suppliers within the banking ecosystem

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

Currently, the more progressive banks recognise cybersecurity is not purely a 'technology problem' but rather a wider business challenge that requires business ownership and strategic development, with clear, aligned support from technology teams.

These banks tend to have their information-security risk management processes closely integrated with the overall enterprise risk management framework, to ensure every risk decision is made based on their defined-risk appetite. Chief Information Security Officers (Cisos) have generally reoriented their focus from just 'keeping the lights on' to being fully cognizant of the business side of these issues.

Banks in the UAE share a common challenge in managing mounting global, regional and local regulations that can create cumbersome compliance obligations.

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

— Source: KPMG


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Six steps to financial freedom

Money is among the top drivers of stress. However, it is never too late to adopt a strategy or two, to bypass any financial burden that may come your way. Here are six steps to ease your mind, while living the life you deserve:

■ **Staff Reporter**

Saving money is hard to keep up with. Here, we provide you step-by-step guide for how to save money can help you develop a simple and realistic strategy, so you can save for all your short- and long-term savings goals.

Make a list of expenses: Planning is key to maintaining finances and understand where exactly your hard-earned money is going. Prepare a list with outgoing expenses first to determine how need to spend on essentials monthly versus spending on leisure, such as dining out, shopping, amusement centres for the children, etc. This is also a great opportunity to get the whole family involved, especially young ones, to equip them with knowledge and imbibe a habit of savings.

Pay yourself first: "I found the road to wealth, when I decided that a part of all I earned was mine to keep," goes a quote in the Richest Man in Babylon by George Clason, a highly-acclaimed guide to building financial security. Once you receive your monthly wages, try to set aside at least 10 per cent of your earnings. If that is too much to spare, work out a minimum, but ensure you tuck this away safely as savings. It is bound to provide assistance when in need.

App your way to savings: We live in a digital-savvy environment, but cashless and one-click shopping does make it hard to realise your spendings. In this case, financial tracking apps are at our beck and call. Simply download an application on your smartphone to easily record your spending habits. Most of these programmes also come with a

complimentary chart to help you visualise your expenses, an ideal eye-opener to encourage you to save.

Automate your life: Ease yourself the stress of sorting finances by taking advantage of banks' automation services. These direct deposits and auto bill payments not only reflect healthy bank activity, but also ease the stress on sorting out spends manually. Additionally, maintaining a good bank balance adds to positive credit history; an essential aspect when planning to apply for personal loans.

Reward yourself wisely: It's payday, so naturally you'll feel the need to treat yourself and your family to something fancy. Once in a while is necessary to have a positive outlook in life, however, don't overspend and take time to regain your focus. If you happened to spend beyond your budget in a month, make up the expenses by saving extra. That way, you can cover up the costs and continue to enjoy the finer things in life.

The final goal: Set few reasons to enhance your mission of savings and smart spending. Whether it is something short-term, such as buying your child a new gadget or planning a holidays once the epidemic eases, or long-term, such as paying university tuitions or investing in property, set a goal and work towards it. Again, sorting and understanding finances is a family venture, so get them involved and happy savings!

mashreq المشرق

Mashreq: Helping customers navigate through challenging times

Ahmed Abdelaal, Group Chief Executive Officer of Mashreq, highlights the bank's digital-ready assets and initiatives to ease financial needs

The current pandemic has affected the world economy in unparalleled ways, disrupting global trade and supply chains, reducing consumer demand and movement, as well as impacting the overall profitability of companies in numerous sectors.

In the UAE, the government continues to introduce numerous safety and support measures to help inject financial liquidity into the economy to maintain business sustainability and growth opportunities. Banks such as Mashreq are playing an important role to ensure the financial well-being and security of people, introducing a variety of initiatives across their operations.

Another key priority for all banks has been tackling fraud, as criminals look to take advantage of the situation. In the UAE, 97 per cent of the population carry a smart device. While this statistic is commendable given the country's vision to be smart and increase paperless transactions, this also means that more needs to be done to protect against fraud. Cyber-attacks are a growing epidemic in the GCC that typically target SMEs, as well as financial and government institutions. As banking goes beyond branches and human interactions - through various devices, platforms and channels – all banks have an important role to play in mitigating fraud.

What is your outlook for the UAE's economic growth in 2020-21?

Covid-19 is an unprecedented event that is causing strain on the growth of all sectors around the world; particularly hospitality, tourism, aviation and retail. As a result, there will be some negative impact on the operations as well as the profitability of most industries, due to numerous factors such as supply chain challenges and reduced consumer demand.

At the moment, it is too early to make predictions on economic growth as the situation is dynamic and constantly changing. However, all government entities, private institutions and individuals must collaborate to help resolve this global crisis.

It is commendable that the UAE authorities have acted quickly and decisively to provide support. Recently, the UAE's Central Bank doubled its banking stimulus package to Dh256 billion ($70 billion), with most of the measures focused on easing financial and liquidity requirements for banks to provide easier access to lending.

I personally have a lot of faith in the UAE economy, which owing to a decade-long diversification drive, has weathered challenging environments before and become a leader for the region in many industries. The authorities are doing everything they can to mitigate negative impacts while keeping the safety and well-being of its people a priority.

Ahmed Abdelaal
Group Chief Executive Officer of Mashreq

How is Mashreq combatting the Covid-19 crisis using digital technology?

Despite challenging circumstances, today, 97 per cent of our workforce is working remotely and continues to service our customers' needs. Each team has been mobilised and provided with special tech kits for virtual desktops, remote conferencing facilities, and controls and guidelines that are specific to each business unit.

We have also implemented a range of initiatives aimed at our customers, informing them about the ways that they continue to transact over our digital platforms. We are actively encouraging them to leverage our online platforms for their day-to-day banking needs on the retail and corporate side, offering a seamless experience across all channels.

Mashreq has been responsible for several firsts in the UAE, including the launch of NEOBiz, as well as Mashreq Neo. The response from our retail and SME customers to these initiatives have been extremely positive, with consumers embracing the convenience and flexibility they offer.

For instance, we have a created a special webpage to make it more convenient for our retail and corporate customers to access our full suite of banking services including digital and online channels.

These are just some of the steps we have taken to ensure continuity of business, as well as customer satisfaction through the Covid-19 crisis.

What steps is the bank taking to ensure financial well-being in times of the current crisis? Can you talk about certain specific measures?

Beyond the health and safety of our stakeholders, we fully recognise that our goal is to ensure the financial well-being of our customers and clients and to preserve the stability of the country's banking sector.

To enable our workforce to serve customers successfully, we have mobilised several resources, conducted trainings and onboarded new services in a rather short span of time. Our plans are updated constantly so that our customers can continue to stay connected and have uninterrupted access to all our services.

I have personally been really proud of our employees during this period, who have been working very hard to transition to this phase of working from home. This is testament to the agile approach we adopted years ago, which enables us to use everyone's skills in different capacities and roles, as well as evolving situations.

What is the bank doing to tackle the fraudulent practices, such as online scammers, in the UAE?

Fraud is not a new problem, but it is natural that criminals will look to take advantage in challenging situations. It is important for banks as well as customers to remain vigilant about these scams and take necessary steps to be secure.

This is something we take extremely seriously at Mashreq and we have several checks and balances in place which include monitoring customer behaviour and patterns which alert us to anomalies. We have also introduced a number of digital security features to ensure the security of our customers, such as multi-factor authentication systems.

However, implementing strong systems and controls is not enough; the most important thing is awareness. This is where Mashreq takes a proactive role, and we maintain regular communication with our customers to ensure that they are informed and always one step ahead of the scammers. We have launched several initiatives to ensure that our customers are always aware of the different types of scams; for example, reiterating that no genuine bank employee would ask them for sensitive details.

Can you talk about the digital transformation journey at Mashreq?

Digital transformation is at the forefront of Mashreq's banking strategy. We have heavily invested in our digital infrastructure and strongly believe that it will support innovation by empowering our staff with new products, processes and services in a faster and more efficient manner. This is exemplified by some of our recent innovations last year, such as our first digital-only bank for SMEs - NEOBiz, our branch transformation strategy and the region's first production-ready blockchain KYC data sharing consortium in 2020 in association with DIFC and norbloc.

Due to the current circumstances with Covid-19, the majority of customers currently favor executing their transactions digitally, and we expect that this trend will continue after the pandemic. Our legacy of innovation means that we are well placed to continue serving our customers through our digital platforms and meet their banking requirements.

Is Islamic Banking poised for growth in the future? If so, why?

I believe that Islamic Banking will continue to grow in popularity. Nearly a quarter of the world is Muslim and the industry continues to provide innovative products. Due to its very nature of being based on asset-based financing principles, Islamic banking offers a relatively stable investment base. Many of the leading Islamic authorities and Central Banks around the world continue to introduce supportive regulations - and there is a lot of growing investor demand for Shari'ah-compliant products, such as Sukuk issuances.

What initiatives and packages does the bank offer the SMEs keeping in mind the fast growth of the sector?

In line with the recommendations set out by the UAE government, Mashreq announced its banking benefits package for UAE customers and businesses who have been impacted by the outbreak. Until June 30 of this year, employees and businesses who have been put on unpaid leave due to the outbreak of Covid-19, or belong to affected sectors including airline and travel, oil and gas, and automotive can approach the bank for a payment holiday on loans, cards and mortgages. The initiatives extend to both existing and new Mashreq customers, offering them increased flexibility and reduced costs in their payment terms, interest rates and processing fees.

We understand that SMEs are critical for the local economy, and consequently, we will support them by aligning our BCP plans and by sharing tools with them that enable them to grow. We have also ensured that our clients' relationship managers are in touch with SME owners on a regular basis to offer them proactive advice and guide them through any challenges they might be facing. We have ensured that front line processing is instant wherever possible, in line with the necessary framework set out by the UAE authorities. We will continue to monitor the situation and will announce more measures to support our customers and the wider economy as required.

Thanks to the recently announced stimulus package from the Central Bank, Mashreq launched a range of banking benefit packages that offer some relief to those individuals and businesses whose livelihoods have been impacted by Covid-19; this includes significant measures such as loan deferrals and payment holidays where applicable.

Having said that, we will continue to monitor the situation and will announce more procedures to support the sector where necessary.

United Arab Bank: The Journey Forward

Ahmad Abu Eideh
CEO, United Arab Bank

CEO Ahmad Abu Eideh is optimistic that the banking sector will emerge stronger after the current crisis with stronger measures.

United Arab Bank shines wiser, stronger, taller and more determined on the other side of 2019. As a result of its courageous and focused action points, the bank now has a clear understanding of the way forward.

Ahmad Abu Eideh, CEO of United Arab Bank, who has stood strong in the face of three financial downturns during his career identified the year 2019 as excellent. He said, "Setbacks are inevitable in any business. This is a journey and you are bound to have issues. How you address them, stand tall and carry on, defines you. In 2020, we are on a journey of recovery with focus on producing profits for our shareholders and maximum value for our customers. We are rolling out a number of digital initiatives mostly client facing to enhance their experience. We have upgraded the core banking system which enables us to do much more than we used to. With many add ons, we will be announcing our revised and refreshed retail mobile application, top notch cash management systems and trade, to name a few. We are focusing also towards our give back towards sustainable long term initiatives and we will focus on the education sector and financial literacy through volunteering and inclusion programs."

Speaking highly of UAE's banking sector he said, "Ours is the most dynamic banking sector in the Middle East. It responds to the challenges fairly quickly. It is common knowledge that we are operating in a challenging global environment with geopolitical tensions, trade wars and the recent development of Covid-19 plaguing the global scene. In such a situation, the UAE banking sector has demonstrated resilience and adapted to the current variables in a remarkable way and has managed to show growth. It is also reaping the benefits of the strategic decisions taken in the recent and far past on merging banks together. Positive results on the economy are now emerging. None of this would have been possible without the full support and directions of the UAE Central Bank who are quite robust and responsive to the various variables. They address these issues with speed, accuracy and a very watchful eye over the banking sector."

Sharing his views on managing organisational costs, Eideh said, "All cost items need to be accessed and evaluated. Review contracts, rental agreements, IT costs and measure the benefits for the organisation. Avoid looking at staff as the only cost line to makes savings. Ensure efficiency on your spend and be specific. It is a necessity that this mindset of efficiency streams upwards from each individual, to department and to the entire organisation itself."

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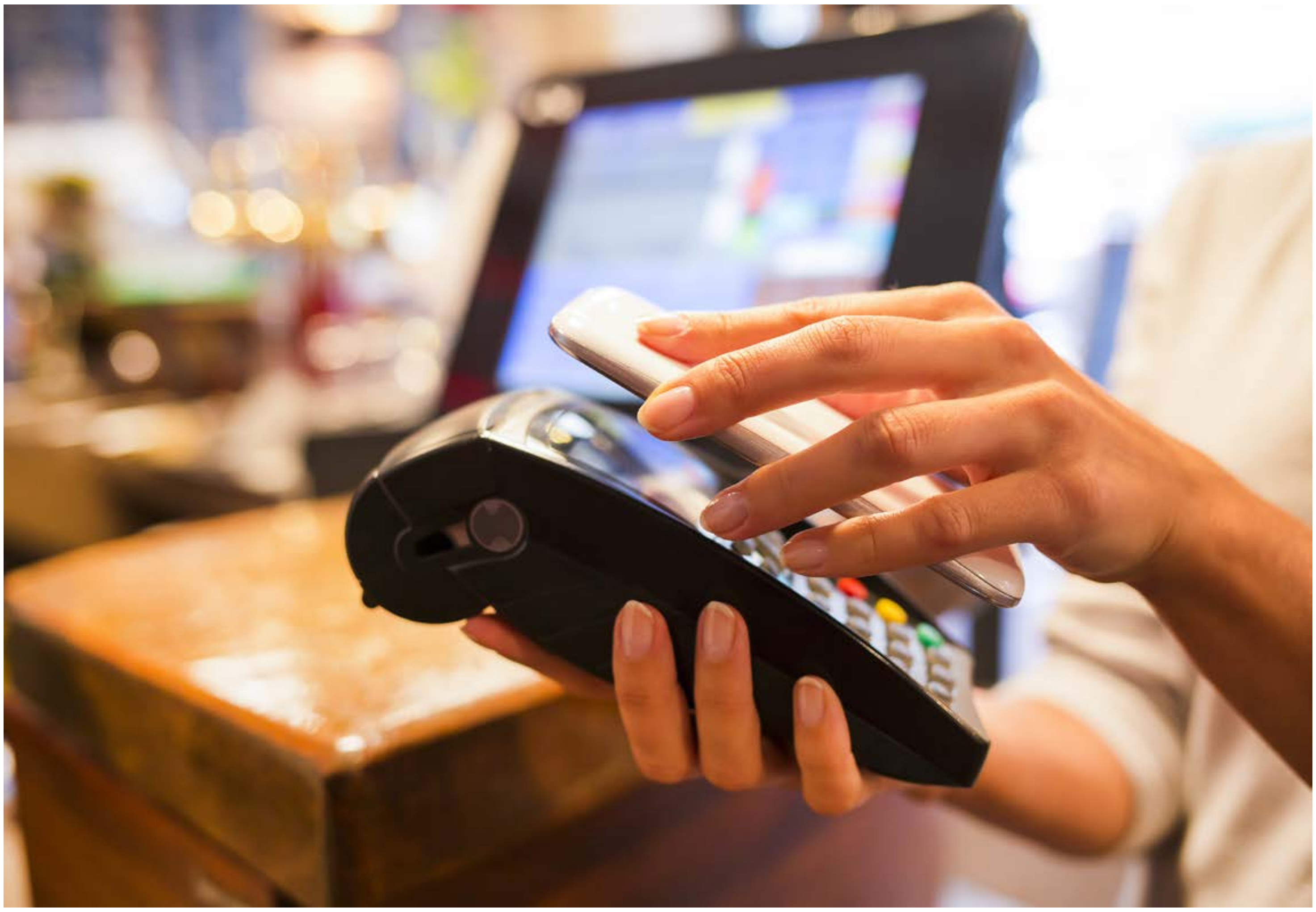
>
> *— Ahmad Abu Eideh*

'Tap and go' is here to stay



According to Bank of International Settlements, in past crises, demand for cash has often increased, as consumers have sought a stable store of value and medium of exchange. At the current juncture, data do not yet paint a uniform picture. In the US, cash in circulation has recently increased. But in the UK, automated teller machine (ATM) withdrawals have fallen. In the medium term, the outbreak could in principle lead to both higher precautionary holdings of cash by consumers and a structural increase in the use of mobile, card and online payments. These developments may differ across societies, and between different consumers

The rise in contactless payments across the globe is currently driven by the need of the hour but will continue to be in vogue due to ease of convenience and internet penetration

■ **Rhonita Patnaik**

Has the current Covid-19 crisis just sped up what we all were anticipating to take place in the near future? I am talking about contactless payments. Contactless payments are set to increase and becoming a more preferred payment method in countries where these methods were not very popular earlier, things have changed amid the spread of Covid-19. Contactless and digital payment methods require less physical interaction and are more secure.

Supporting the cause, the banking sector and the government in the UAE have advised the residents to use contactless and digital banking.

In addition, the UAE banks have also advised customers to avoid visiting branches and rather use digital platforms for their transactions.

"The Central Bank strongly encourages banking customers to take advantage of digital and online banking services as a measure to protect the health and safety for UAE residents. Use contactless and mobile payments. You should be able to use a contactless payment device in most shops, which means you don't have to touch the payment terminal or exchange cash. Or link your debit/credit cards to your smartphone or device to make mobile payments," the Central Bank said.

The bank added that the customers can use digital platforms of their respective banks to process their banking transactions, such as personal details update, money transfer, account balance inquiries, utility bill payments, checkbooks request, money withdrawal, and deposit.

"We and the financial institutions stand strong to serve the community through multiple digital channels and contact centers. Banking operations thus far continue to operate normally with some banks effectively implementing remote working. We continue to monitor the situation and will take necessary measures as needed," said Mubarak Rashed Al Mansoori, Governor of Central Bank of UAE.

AbdulAziz Al Ghurair, Chairman of UAE Banks Federation, said that the worldwide outbreak of Covid-19 has created significant challenges to society but the UAE banking sector has not seen any significant pressure at this stage.

"To maximise efficiencies and reduce the spread of the virus we encourage all customers to use digital channels to conduct their banking. The safety and well-being of customers and employees is our highest priority, and we must remain vigilant during these times of heightened concern.

"As an industry, we are well-positioned to face any obstacles that lie ahead, and help the economy navigate through the temporary difficulties we are facing," he said.

Contactless payments ensures security

In simple terms, Contactless payments are a secure method for consumers to purchase products or services using a debit, credit using near-field communication (NFC) technology. To make a contactless payment, a cardholder just needs to place their card near a point-of-sale terminal (POS) that is equipped with the contactless payment technology.

Since contactless payments do not require a card holder to enter a PIN at the POS, such transactions are considered by many to be a safer way of paying for items during the current pandemic.

The contactless payment systems are credit cards and debit cards, key fobs, smart cards, or other devices, including smartphones and other mobile devices, that use radio-frequency identification (RFID) or near field communication (NFC, e.g. Samsung Pay, Apple Pay, Google Pay, Fitbit Pay, or any bank mobile application that supports contactless) for making secure payments.

Traditionally, NFC payment systems use the mobile device's secure element (SE) for storing all the data needed for completing financial transactions. This makes the owners of the SE (such as mobile network operators, OEMs) the true gatekeepers of the system who define the access as well as the charges associated with the SE.

In this resulting payments ecosystem, which is characterised by multiple tenants and highly complex business rules and regulations, the service provider is often left with little or no control over costs and security parameters, and this, not only compromises the solution's position in the value chain, but also leads to poor user experience.

This has led to the growing popularity of OEMs like Samsung Pay, Android Pay, LG Pay, AliPay and Apple Pay denting top-line growth (revenues) and brand visibility of the service providers all long the payment spectrum.

Juniper Research reports that contactless payments will triple to $6 trillion worldwide by 2024, from about $2 trillion this year, as OEM mobile wallet transactions increase and banks expand the use of contactless cards.

The report found that several factors will account for the increase, including the increased use of contactless POS and public transit use in the US and widespread use of mobile wallets in the Chinese market, where billions of customers use smartphone-enabled apps for shopping, funds transfer and other uses.

Nonetheless, as financial institutions adopt remote working and digital disruption, contactless payment will continue to see a rise owning to convenience and quicker checkout time. Applications like Google Pay, Apple Pay, Samsung Pay and many more are driving the market by providing easy to use, one tap money transfer, rewards and lot of other perks.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