



Banking Buzz UAE

Volume: 1

Industry Pulse

Adoption of advanced technologies, partnerships and plans to expand, along with focus on growth of SMEs and fintech

Market Performance

Banking industry in UAE is performing positively, as the financial metrics for most major banks have improved in FY19, as compared to FY18

KPMG Insights

Evolving cyber security landscape, and the enhancement of personalized services in financial services

What's in it for you ?

The 'Banking Buzz' is a quarterly publication, which provides an overview of the major developments shaping the banking industry in UAE – an engaging compilation of performance metrics and key trends from the industry

Banking Buzz

UAE

Encapsulating market movements,
business trends and expert speak

Volume 1

Business pulse

Industry voice

- 1 Adoption of Blockchain to support businesses and corporates
 - Major banks in the region have signed agreements and partnerships to **develop and launch blockchain based platforms** to offer smooth and risk-free transactions for the customers

“ .. In this case, investing in blockchain technology will greatly improve the customer onboarding and compliance experience, making the entire process unified as well as hassle-free. Emerging technologies such as blockchain also represents significant opportunities for banks in the UAE and wider region to create new revenue streams, which will in turn drive sustained business growth over the long-term.

— Abdul Aziz Al Ghurair,
Chairman of the Board, Mashreq Bank⁽¹⁾

- 2 Announcements of partnerships and plans aimed at market expansion
 - Banks have **signed agreements and partnerships** with global innovation platforms, insurance companies and financial institutions **to expand their network**
 - Further, few of the major banks stated plans to **open additional branches** and **acquire stakes of banks in other regions**

“ We are confident that this acquisition will build upon the already strong foundations we have established and accelerate our growth in the sector. With a strong track record and a robust platform, the future can only be positive with the additional scale and reach that we will gain as a consequence of this deal.

— Dr. Adnan Chilwan,
Group CEO, Dubai Islamic Bank⁽²⁾

- 3 Partnering to expand digital and contactless payment services
 - The UAE banks are **implementing digital payment solutions** such as Google Pay, Samsung Pay to their existing services, **enhancing customer experience and upgrading existing offerings**
 - Few of the banks have also introduced **contactless payment technology** across their cards

“ FAB is focused on providing cutting-edge digital financial solutions to customers, and our partnership with Samsung is a significant part of our efforts to create a cashless future in the UAE. We are delighted to be partners in the innovative Samsung Pay service – a solution that offers unparalleled choice, flexibility, and security to customers, and a valuable addition to the payments market in the country.

— Danielle Murrie,
SVP and Head of Retail Products, FAB⁽³⁾

Banking Buzz

UAE

Encapsulating market movements,
business trends and expert speak

Volume 1

Business pulse

Industry voice

- 4 Integration of advanced technologies to improve agency functions and customer convenience
- Major banks are **partnering to enable banking support functions** by leveraging technologies such as **data and analytics**
 - Banks have launched **service specific banking platforms, online portals, kiosks and upgraded the existing bank applications and ATMs**, enhancing customer accessibility and providing innovative services

“ .. New to Bank customers will find it a breeze to bank with us as we minimize their pain points, provide faster solutions and give them Banking in Minutes .. It is a mindset and our unique digitally intelligent approach recognizes each and every step of the customer journey and uses technology to empower, educate and energise the same for a superior customer experience ”

— Dr. Adnan Chilwan,
Group CEO, Dubai Islamic Bank⁽⁴⁾

“ We are consistently committed to incorporating technology that creates value for customers by improving the overall customer experience, and subsequently the business. ”

— Saoud Mohammed Al Jassem,
Head of Government Banking, ADCB⁽⁵⁾

- 5 Increase in focus on supporting growth of Small-to-Medium Enterprises (SMEs)
- Banks in the UAE have **launched digital banks**, developed **transactional platforms**, implemented **chat bots**, and announced preferential products and services **dedicated to the SMEs**

“ RAKBANK has partnered with reputable government and private entities to help create a digital ecosystem that we can constantly update and enhance to help in delivering a comprehensive suite of non-banking value-added services that fulfils the needs of the business customers of tomorrow. Our Business Banking customers may also take advantage of the preferential terms that our partners will offer them ”

— Dhiraj Kunwar, Managing Director of
Business Banking, RAKBANK⁽⁶⁾

- 6 Financial institutions are fostering the growth of fintech by collaborating with startups
- Major banks have **hosted sessions in partnership with DIFC**, developed **collaborative workspaces** and **partnered with finance technology companies** across the world, promoting creation of transformation banking solutions

“ ..In the near future, Central Bank of the UAE will establish a FinTech Office to ensure that financial innovation continues in the UAE banking sector, with the support and facilitation of the national authorities..we have developed a FinTech Strategy and Roadmap to help build the FinTech ecosystem in the UAE... ”

— H.E. Mubarak Rashed Al Mansoori,
Governor, CBUAE⁽⁷⁾



Banking Buzz

UAE

Encapsulating market movements,
business trends and expert speak
Volume 1

Market Wrap-up



AED36 billion
(FY19)

Most banks help drive impressive profitability, with overall net profits up by **17 percent** y-o-y



Total assets increased by **23.3 percent** y-o-y to **AED2.2 trillion** with robust **asset growth**, driven by acquisitions and asset adjustments



Overall **average ROA** (1.8 percent) and **ROE** (14.9 percent) marginally **increased** from FY18

Total capital adequacy ratio, at **17.7 percent**, is well above minimum regulatory requirements across the UAE



Overall **average NPL ratio** marginally **decreased** from 3.9 percent in FY18 to **3.8 percent** in FY19, which correlates with the increase in profitability of the UAE banking industry



**Note: Representation includes six banks in the UAE: ADCB, ENBD, Mashreq, RAKBANK, FAB and EIB*



© 2020 KPMG Lower Gulf Limited, operating in the UAE and Oman, member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

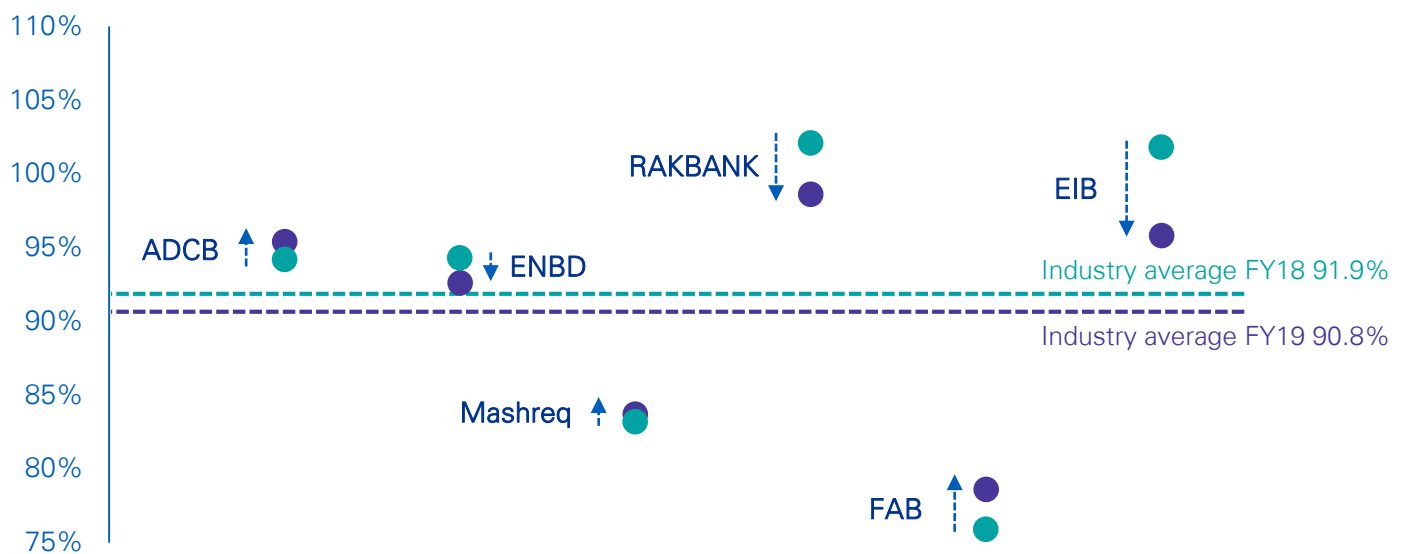
Banking Buzz

UAE

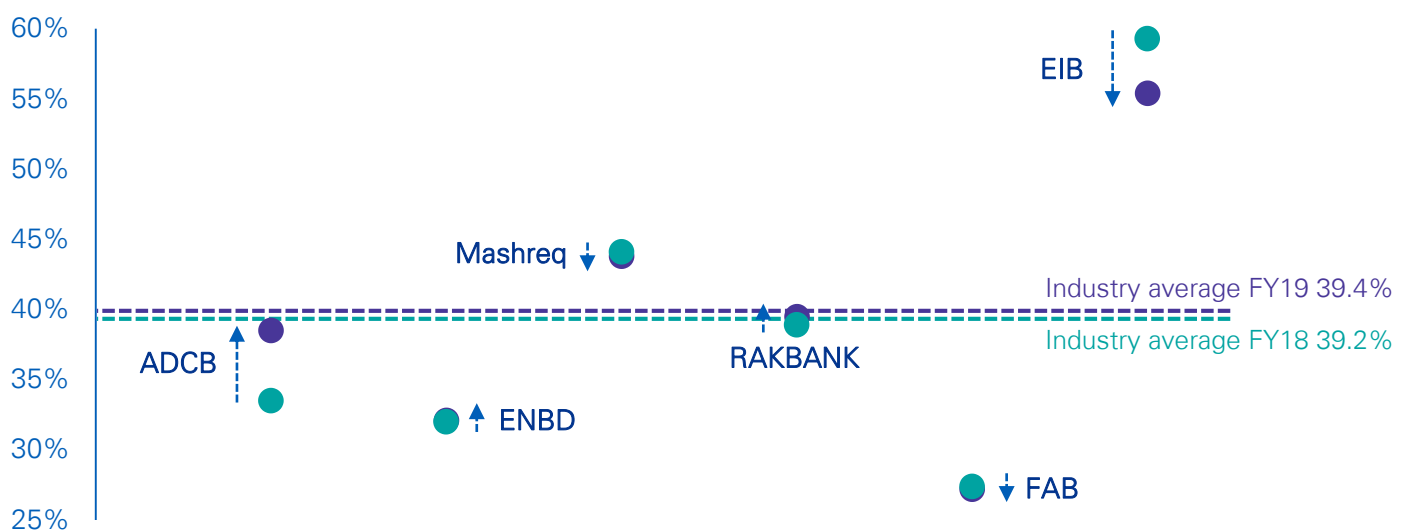
Encapsulating market movements,
business trends and expert speak
Volume 1

Banking on key players

Loans to Deposit Ratio



Cost-to-Income ratio



● December 2018 ● December 2019

Banking Buzz

UAE

Encapsulating market movements,
business trends and expert speak
Volume 1

From our Global Desk

In this edition, we explore the evolving cyber security landscape, and rising importance of personalized services leading to fundamental changes. We also list down the top 50 and emerging 50 fintechs transforming the sector.

Securing the future of financial services



Driving innovation with confidence –
a global discussion paper

[Read more](#)

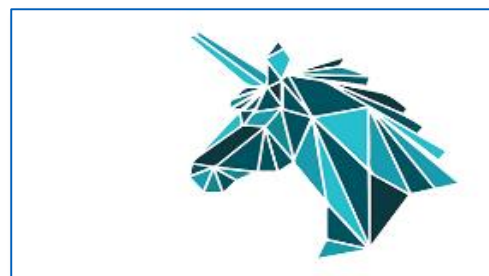
Re-shaping the banking experience - Getting personal



The future will be dominated by
banks that go beyond 'skin deep'
personalization

[Read more](#)

2019 Fintech100: Leading Global fintech innovators



Top 50 and Emerging 50 fintechs
that are transforming financial
services

[Read more](#)


Banking Buzz

UAE

Encapsulating market movements,
business trends and expert speak
Volume 1

Glossary

ADCB – Abu Dhabi Commercial Bank

ENBD – Emirates NBD

Mashreq – Mashreq Bank

RAKBANK – RAK Bank

FAB – First Abu Dhabi Bank

EIB – Emirates Islamic Bank

NPL – Non Performing Loans

ROA – Return on assets

ROE – Return on equity

Citations

- (1) [DIFC, Mashreq and norbloc join hands to launch blockchain data sharing consortium](#), 1 August 2019, Gulf News
- (2) [Dubai Islamic Bank gets shareholder nod for acquisition of Noor Bank](#), 18 December 2019, IBS Intelligence
- (3) [Samsung pay expands in the UAE with new bank partnerships](#), 22 January 2020, Zawya
- (4) [Dubai Islamic Bank introduces “Banking in Minutes” as it enters the next decade as a Digitally Intelligent Bank](#), 5 November 2019, DIB website
- (5) [ADCB partners with emaratech to enhance to digital payment system](#), 17 October 2019, CPI Financial
- (6) [UAE bank launches new digital platform to support SMEs](#), 6 November 2019, Arabian Business
- (7) [Middle East Banking Forum](#), 3 November 2019, Governor’s speech, CBUAE

KPMG contacts



Emilio Pera
Partner and Head of Audit and Financial Services
KPMG Lower Gulf
T: +971 4403 0323
E: emiliopera@kpmg.com



Farhan Syed
Partner, Head of Digital and Innovation
KPMG Lower Gulf
T: +971 4424 8985
E: farhansyed1@kpmg.com



Abbas Basrai
Partner Financial Services
KPMG Lower Gulf
T: +971 4403 0484
E: abasrai1@kpmg.com



Timothy Wood
Partner, Head of Cyber Security
KPMG Lower Gulf
T: +971 4249 6525
E: timothywood@kpmg.com



Paritosh Gambhir
Partner, Financial Services
KPMG Lower Gulf
T: +971 4403 0495
E: pgambhir3@kpmg.com



Luke Ellyard
Partner, Financial Services
KPMG Lower Gulf
T: +971 4403 0322
E: LEllyard@kpmg.com



Steve Punch
Director, Head of Financial Risk Management
KPMG Lower Gulf
T: +971 4356 9870
E: spunch1@kpmg.com

www.kpmg.com/ae
www.kpmg.com/om

Follow us on:



@kpmg_lowergulf

kpmg-mesa



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG Lower Gulf Limited, operating in the UAE and Oman, member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.