KPMG

Oman banking perspectives 2021

Innovating, balancing and governing

October 2021

home.kpmg/om

Foreword

Kenneth Macfarlane
Partner in Charge - Oman
KPMG Lower Gulf

Ravikanth Petluri
Head of Financial Services - Oman
KPMG Lower Gulf

We are pleased to introduce the fourth edition of our annual Oman banking perspectives report.

With major sectors like energy and natural resources, aviation, tourism and hospitality, and supply chains facing slower than anticipated activity, the outlook for Gulf Cooperation Council (GCC) countries seems to be unpredictable. While banks had to weather Covid-19, they were also on the front line of implementing financial support measures instigated by the government and the Central Bank of Oman (CBO). The banking industry would do well to act rapidly to address these challenges while contributing positively to economic recovery.

During a time of seismic change, the Oman government is steadily working to realize its vast potential for growth. In recent years, it has been building an ecosystem that is conducive to the success of the financial services sector. We are hopeful that the economic rebound will be swift as Oman rolls out its vaccination program.

In this report, our financial services team explore a gamut of topics of critical importance to the industry. Innovating and serving customers is at the forefront of disruption and change, which is supported by a delicate balancing act of the core and non-core functions while leveraging the cloud for operational resilience. None of this is possible without the right people and culture; reimagining the employee journey therefore becomes imperative. During this time of rapid developments, effective governance and regulation is of immense importance to ensure confidence in the banking sector.

I hope you find this report a thought-provoking read. I would be delighted to discuss with you the views outlined within it and explore how we could assist your organization in capitalizing on potential opportunities.

Please hover you mouse & click where indicated

Contents

Executive summary

It has been a tumultuous last 12 months for banks, despite decisive and far-reaching Central Bank actions that have supported the economy. Banks continue to persevere in an environment characterized by high costs of funds and having to deal with issues relating to counterparties' creditworthiness and provisioning.

The challenge for banks in 2021 will be to effectively extract value from data to help them focus on their most profitable segments. With revenue pressure expected to continue, the only way banks are likely to maintain profit margins is by strictly managing costs. Underlying this is the need to bolster back-end functions, which tend to be driven by people and paper, rather than merely focusing on what is visible to the customer. The imperative for strong IT infrastructure is more relevant than ever as lockdowns have rendered invaluable effective remote-working technology.

In a precarious market, banks are being forced to consider alternative models utilizing cutting-edge technology, including **Banking as a Platform** (BaaP), which allows third-party FinTech developers to build products and services on behalf of bank customers. There is now a broad range of FinTech applications for loans, payments, investing, wealth management, and other services.

Banks can **overhaul their operating models** by considering a combination of partnerships and alliances, technology incubators, FinTech acquisition, investments, and transformation of their internal capabilities. They will need to rethink the customer experience by leveraging 'design-thinking' as an approach to identify the customer journeys that prompt digital offerings from the platform. Banks should be increasingly training their employees to guide customers toward platform-based services. The process, risk, and control framework should be realigned, and the control environment will likely need to be extended to third parties.

Today's customer is generally seeking a self-service, seamless, automated, and omnichannel experience – with minimal waiting time. To enable this, banks across the Middle East are digitalizing complex processes and end-to-end customer journeys across the front, middle and back offices. It remains to be seen whether banks are truly delivering on the promises they make to their customers, but the outlook is promising.

Oman is laying a strong foundation for digital transformation. Recent initiatives include the launch of the FinTech Regulatory Sandbox (FRS) by the Central Bank of Oman (CBO), and the launch of a USD 100 million FinTech investment program by one of its largest banks.

Technology is not, however, a universal panacea; wider implications around legacy infrastructures and data repositories remain. This has led several banks to consider alternative services that can support customer demands for consistent execution and provide for consolidated data storage and near real-time reporting – at lower operating costs. **Managed services companies can help banks outsource certain functions.** Banks can thereby optimize their footprint, business continuity planning (BCP) strategy, and total cost of operations.

In times of uncertainty, canny **liquidity management** can be vital. Recently, we have seen a surge in NPLs for the majority of banks worldwide; many have booked higher provisions. Banks should perform adjustments to their credit risk models to increase responsiveness to external factors and improve the accuracy of their market predictions. They would also be well advised to consider reviewing their Risk function.

In some cases, the only – or optimal – approach may be to **restructure rather than liquidate** the exposure through collateral sale resulting in shutting down the customer's business. There exist several tools to do this effectively. In certain scenarios, liquidation may result in a better outcome than restructuring, for instance when the ongoing cost of solving the problem outweighs the value of current assets. It seems unlikely that banks can continue to maintain their competitive edge without effectively leveraging digital transformation to match their customers' evolving expectations and behavior.

They can optimize their customers' seamless digital journey by outlining a framework that aims to provide a coherent digitalization. This should be based on the current tech maturity, positioning of the bank, providing next-best-action recommendations, and proposed processes elimination.

Cloud computing has presented consumers with stronger security and privacy tools, and improved measures for detecting, responding to, and preventing security breaches. This can ease the burden for IT functions. By migrating to the cloud, banks can leverage solutions that are inherently better suited to manage six key operational risks: cybersecurity, digital sovereignty, the remote workforce and customers, third party, technology, and facility.

Automation and AI are instrumental not only in driving operational efficiencies but can play a key role in boosting employee satisfaction. The **people aspect** of technology cannot be disregarded: it can help staff focus on the more fulfilling parts of their job, freeing them from monotonous, tedious tasks that can be done by a machine. Over the coming years, banks are projected to increase their reliance on robotic process automation (RPA) technologies to conduct human resources (HR) functions like onboarding and talent acquisition. This should be combined with a focus on upskilling and reskilling employees through investment in learning and development initiatives.

Meanwhile, the local tax landscape has seen a slew of **new regulations transforming the sector**, in a move towards greater transparency. Examples of developments over the past few years include the Automatic Exchange of Information (AEOI) regimes in compliance with the US Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard; Country by Country Reporting CbCR; and introduction of **value-added tax (VAT).**

Keeping up with technological innovation is only part of the puzzle: the overarching concern for any bank's operations is **robust regulatory compliance and governance**. In Oman, over the last two years alone, local authorities have issued or revised several regulations to enhance financial stability. New ones pertaining to banks include a proposed new banking law and regulations for public joint stock companies.

To succeed in an environment characterized by continual change, banks must adopt compliance frameworks that are mature and flexible, possibly using existing ones as a starting point.

Regional regulators have also issued **regulations related to internal controls over financial reporting** (ICOFR). Globally, ICOFR was introduced by the Sarbanes–Oxley Act of 2002 (SOX). Unlike their US and UK counterparts, however, local banking regulators do not generally mandate periodic reviews on the effectiveness of ICOFR systems.

An integral part of robust corporate governance is the **statutory audit**. The relationship between auditors and audit committees (ACs) plays a critical role in good governance. The discussion of the audit should not be considered as merely an 'agenda item' for the AC at quarter and year ends, but as an opportunity for the external auditor to provide independent insight on matters discussed in the AC meeting. We would also encourage more frequent bilateral (regulator and auditor) and trilateral meetings (including the bank) to create a better understanding of the audit approach taken.

Regulators, standards setters, audit committees, and investors—indeed, the full spectrum of stakeholders—expect a culture of transparency and strong governance. They are seeking enhanced clarity and consistency of metrics being reported; faithful, complete disclosures; and greater assurance around the governance and culture framework of an organization. Banks are witnessing a time replete with dissonances: great technological advancement tempered by the potentially catastrophic implications of the pandemic. Customer retention will be key, and retention strategies can be supported with digital transformation drives. Banks should deliver on the promises they make to customers, ensure their experience is seamless, and fortify their control environment against the threats that abound.

Performance highlights

For the top 8 local banks

Key

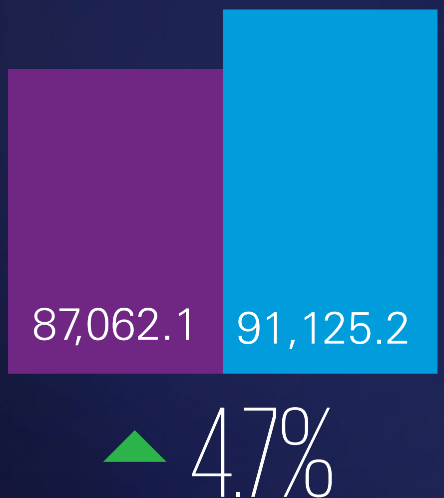
%

2020 (year ended 31 December 2020)
2021 (half year, ended 30 June 2021)

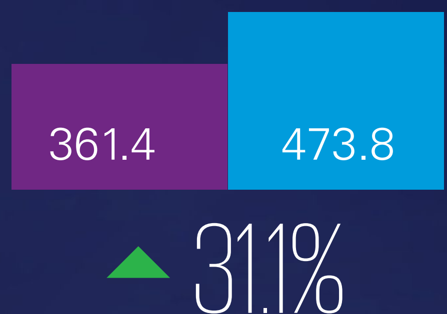
Y-o-y improvement
No change
Y-o-y deterioration

The percentages are based on straight line averages of top 8 local banks

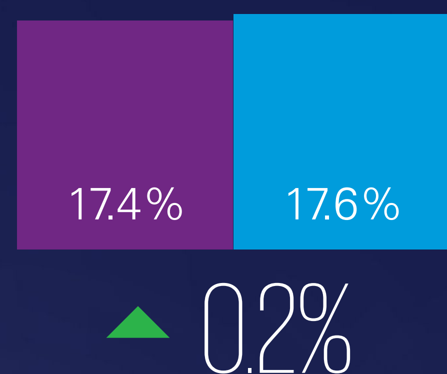
Total assets
(USD million)



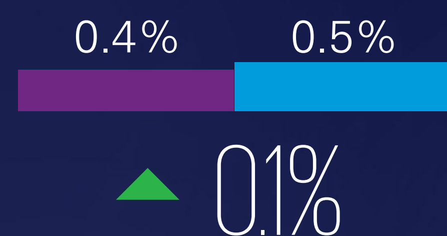
Net profit
(USD million)
**Net profit is for the half year ended 30 June 2020 and 30 June 2021.*



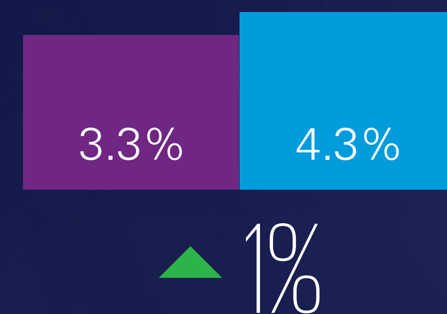
Capital adequacy ratio
(%)



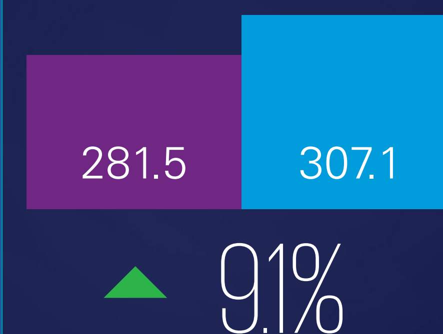
Return on assets
(%)



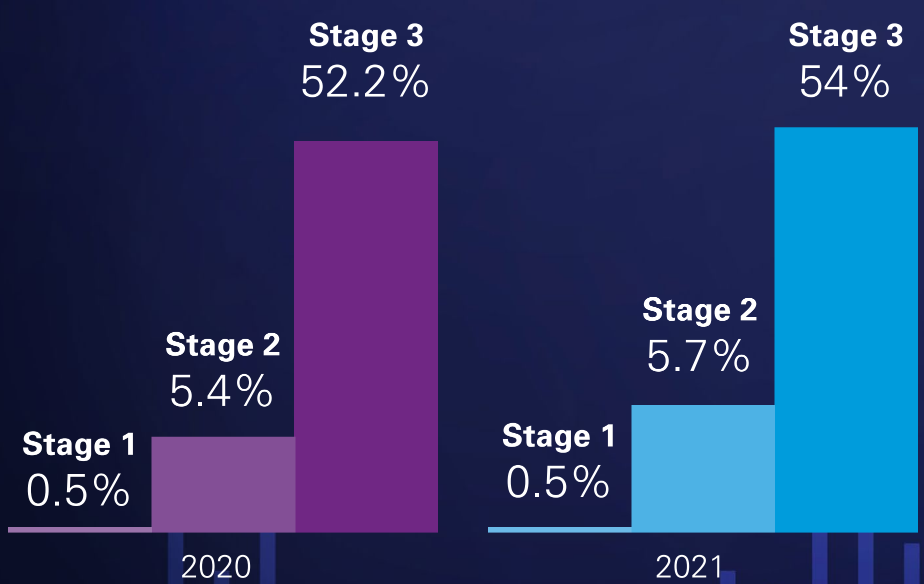
Return on equity
(%)



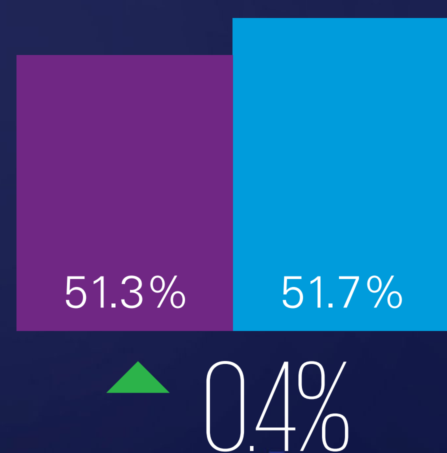
Net provision charge on loans and advances (financing assets for Islamic banks) *(USD million)*



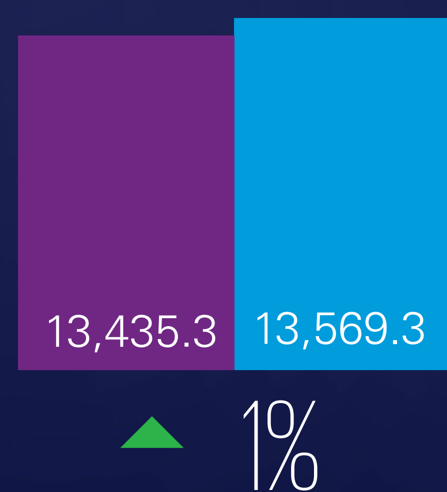
Coverage ratios on loans



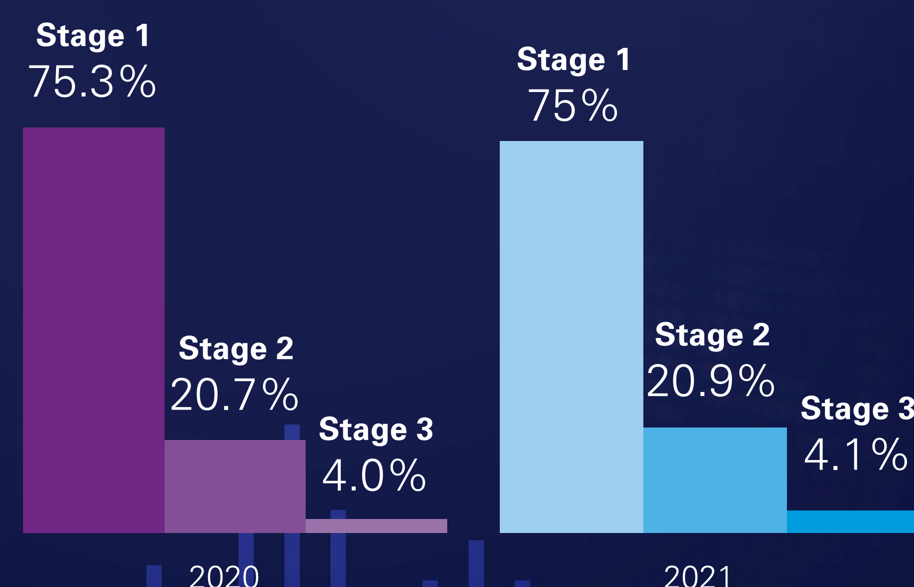
Cost-income ratio
(%)



Regulatory capital
(USD million)



Total loans subject to ECL



01

Innovating and serving customers

Platform banking: the imperative to reshape the business model

Banks are facing stiff competition from challengers that have been quick to adopt innovative technologies and embed them into the heart of their operations. Gonçalo Traquina explores the need for banks to follow in their footsteps or risk obsolescence.

Banks are increasingly having to compete with large, established technology companies like 'the four horsemen' or GAFA (Google, Amazon, Facebook, Apple), as well as a crop of FinTechs which are constantly coming up with innovative and customer-centric solutions. To survive and thrive in this era, banks will need to adopt new models.

Most major banks today are vertically integrated, with closed-loop offerings. Their products and services run within proprietary distribution channels and tightly controlled infrastructure. Driven by regulation, the advent of open application programming interfaces (APIs), for instance, open banking, will upend the status quo by allowing third parties to act as alternative distributors and offer a new range of products.

Additionally, customers have embraced platform-based businesses for reduced friction, lower prices, and better service, along with the convenience of using mobile devices as the primary point of contact.

An evolution in consumer preferences is also driving the shift towards platform-based models. Indeed, our research and experience suggest that — after nearly a decade of fragmentation and unbundling of services in their lives — consumers are starting to revert towards 'rebundling'. Instead of having multiple apps for ordering food, ride-sharing, and payment options, they may want just one. Consumers may not be specifically demanding 'super apps', but many want the convenience and simplicity that super apps can offer.

The concept of banking as a platform

Digital platforms are poised to dramatically alter business models, competitive structure, pricing, and customer behavior in banking, in line with what we have observed in other industries, such as retail.

Given the rapid pace of change, incumbent banks are being forced to consider alternative models— one of these options being Banking as a Platform (BaaP).

By establishing a banking platform, banks can allow third-party FinTech developers to build products and services on behalf of bank customers, creating a broad network of FinTech applications for loans, payments, investing, wealth management, and other services, while enabling financial institutions to deliver a unified banking experience.

Learning and leveraging from FinTechs

Recognizing the market opportunity to serve mobile-first customers, FinTech companies are introducing disruptive business models that eliminate unneeded expenses and display greater efficiency in terms of capitalizing on customer data.

These business models support no-fee or low-fee products and services that threaten banks' fee and margin revenues.

Players like Alipay (China) and WeChat (China) offer their customers access to thousands of products from hundreds of financial services providers in a single digital ecosystem.

Two more super apps have emerged in South East Asia, from the leading ride-share platforms, Go-Jek and Grab. Both apps now offer a range of other services from food delivery to medical advice, and both are competing to help consumers select and purchase financial products.

FinTechs are leading the way in innovation using rapid development methodologies on the latest technology stacks, launching products and services not yet offered by banks. Banks would be well advised to take heed of these developments for several reasons.

They are disintermediating banks from their customers. Super apps like WeChat and Alipay offer a range of basic banking, savings and investment products to customers.

While for now these products are being originated and underwritten by traditional financial institutions, this still means that these institutions are being moved one step further away from their customers. Much like what happened in the insurance sector with platform plays and aggregators, traditional financial institutions may quickly find they have been relegated to performing the regulated activities while the super apps retain the customer experience and relationship.

The rise of super apps

Increasingly, super apps are using their vast wealth of data to deliver better services, and improve operational processes — for instance by using social media and transactional data to risk-assess loan applicants, and better target financial products to customers, at the exact time they need them. Traditional banks, with their siloed data and mainframe technology estates, are struggling to obtain a complete and representative view of their customers.

Apps are also building their brand reputations in financial services. Offering payment services within the app may seem fairly innocuous at first; a marketplace without a payment mechanism may be doomed from the start. Currently, the vast majority of these payments are flowing through traditional banking and card issuer infrastructure. However, most of the bigger super apps now also have strong relationships with banking arms (e.g. WeChat has WePay for payments and WeBank for banking products; Alibaba has Alipay and Ant Financial) which are using the app's brand reputation and reach to access new customers and build trust in financial services.

Using these approaches, FinTech companies can provide banking products and services without the legacy cost structures of traditional banks. The banking industry has thus far avoided the level of disruption seen in other industries, owing to a combination of regulatory barriers, industry structure, entrenched customer relationships, and customer concerns over privacy and reputation. Yet those are not insurmountable obstacles, especially when customers expect and demand high levels of service and convenience. With mobile networks and platform-based business models, FinTechs can bypass the strengths of today's banking industry. The next article in this series explores how banks should respond to these challenges, and future-proof their operational strategy.

Gonçalo Traquina
Partner
Financial Services
Management Consulting Lead
KPMG Lower Gulf

A call to arms: how banks can transform their operational strategy

Traditional banks would do well to build a model that draws upon their strengths in terms of customer reach, regulatory expertise, and branding. Abbas Basrai elaborates on what steps should be taken to integrate platform-based banking with their operations.

Rather than competing with industry challengers, banks around the world are increasingly finding value in partnering with them and brokering their products in online marketplaces. Several international banks provide some sort of developer hub, portal, or exchange that allows third-party apps to access, integrate and/or extract data about the bank's customer base.

Many digital challenger banks have been able to partner with leading financial services providers in several product categories. Going a step further, players like Starling Bank (United Kingdom) and Fidor Bank (Germany) offer customers a handful of third-party providers in each category.

These are variations on the platform banking model. They tend to give their customers access to products by third-party providers, thus strengthening their offering while avoiding the cost of competing with established providers. This can free up resources to invest in the part of the business that differentiates them and adds value for consumers.

For traditional banks, the key question is whether they can develop the capabilities to meet customer expectations for instant mobile access to a wide range of products and services. To do so, they would have to embrace the platform-based business model, either as an active participant on others' platforms or platforms of their own.

Rethinking the vertical value chain

In the traditional operating model, banks own and operate a vertically integrated value chain that stretches from production to sales, distribution, and servicing. Although banks can outsource various components, the overall cost structure remains fixed. But the imminent threat of disintermediation may render the traditional operating model unsustainable.

As these trends accelerate, banks' fee and margin revenues can be increasingly at risk.

Although the traditional banking industry has numerous regulatory and reputational advantages, disruptive innovation usually finds a way through to the marketplace. In response, banks need to re-evaluate their vertically integrated banking business models by considering platform-based models.

Instead of trying to imitate the way that FinTech companies approach technology development, traditional banks may do well to capitalize upon the formers' innovations by incorporating external products and services in their portfolio. For instance, some Singaporean banks are building their marketplaces: DBS launched its car marketplace in partnership with sgCarMart and Carro, while UOB launched its travel marketplace. Both these initiatives are a natural extension of the financial products they offer and in doing so they move up the customer lifecycle. Those who own a customer's path to purchase can gain a form of "ownership" of the customer.

The banking platform model of the future

A platform for financial transactions would need to establish "plug-and-play" standards enabling developers to build products and services for consumers. The platform infrastructure would manage the secure exchange of data, oversee authentication and authorization, and ensure compliance with regulations. Oversight and governance of a banking platform would ideally be managed using defined and shared standards among institutions working in federation with network operators and FinTechs' associations.

Based on their knowledge of their customers and markets, banks are increasingly using the full range of the platform's capabilities to build omnichannel "customer journeys" that anticipate customers' interaction across digital and physical environments. Sales and service interactions need to be designed for self-service, with escalation paths that provide context to bank employees and support human interactions.

For developers, including FinTech companies and banks' internal development teams, the base-level capabilities available through a banking platform would allow them to focus on delivering value to consumers, instead of building custom overhead for secure connectivity, identity management, and regulatory compliance. Working through a bank-led platform can allow developers to focus on building transformative ideas with greater confidence and they can reach the marketplace with a solid, tested product.

For customers, the experience of banking would be completely transformed away from the current, vertically integrated model. Instead of being limited to the products and services offered only by their bank, customers would instead have access to a digital banking "app store" that allows them to select their services from a broad range of sources. With the knowledge that whatever financial apps they select have been vetted by the platform, customers will be able to build their own personalized banking experiences based on their individual needs.

A plan for action

Our experience suggests that, almost regardless of size and scope of business, bank executives should be considering the following key aspects to achieve success.

Banks will need to decide soon whether they plan to be a front-office player within a BaaP model, a back office enabler or simply a piece of regulated infrastructure in the future. They can then start investing and evolving towards achieving that vision in regard to a combination of partnerships and alliances, technology incubators, FinTechs acquisition/investments and internal capabilities.

They will need to decompose their operations into capabilities and manage interactions and services with third parties, and redesign the customer experience by leveraging a "design thinking" approach to identify the customer journeys that prompt digital offerings from the platform, as well as those moments that require human interaction.

Extracting value from data

Much of the success of today's BaaP model is predicated on the fact that they can share data across various service areas and lines of business to develop a better view of their customers. Banks will need to consider how they can use APIs and open data architecture to exploit the rich data flows.

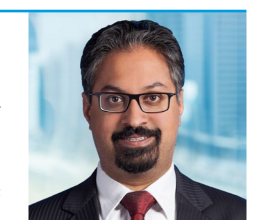
Having extensive customer data and knowing what it all means are two very different things. Banks will probably need to redouble their investment in improving both their data management and analytics capabilities if they want to compete on a global level.

Organizations should also update their development approaches by training development teams in Agile, microservices, and DevOps, mimicking FinTech approaches to synchronize with their development capabilities playing field with super apps.

Lastly, they should be streamlining operations for existing manual processes and existing operations, so that bank capabilities can be delivered through APIs as platform-based services to FinTech providers.

Our experience suggests that, at least for the next decade, the trend among consumers and businesses is leaning towards BaaP models. The question is whether banks understand how they will deliver value in a world dominated by FinTechs and super apps. And whether they can respond quickly enough before the disruption reaches a tipping point.

Abbas Basrai
Partner
Head of Financial Services
KPMG Lower Gulf



Are banks delivering on their promises?

Banks globally and in the Gulf region have been trying to create a frictionless and effortless digital customer experience, reducing or doing away with the need for human intervention. Ankit Uppal contemplates their various success rates, and whether actions match the words.

The Oman banking market is highly competitive, comprising 20 banks. This has compelled financial institutions to strive to differentiate themselves in the fields of customer experience and digitalization.

We are witnessing the rise of the connected customer, a term encompassing a demographic group which harbors a strong preference towards online channels, technological innovation and on-demand services. The Covid-19 pandemic has amplified the need for easy access to products, services and information.

Stakeholders may look to Asia Pacific for a glimpse of what is to come. Here, the proliferation of mobile devices and online engagement is staggering, and citizens are using connected tools to augment nearly every aspect of their lives. Customers expect cutting-edge infrastructure, uninterrupted access, and service providers who can cater to their expectations around the clock.

Banks, in collaboration with their FinTech partners, have taken great strides in fulfilling their promises to customers.

Accelerated efforts for FinTech and Digitalization in Oman

As the ongoing digital revolution sweeps across the financial sector, traditional banks in Oman are increasingly embracing new technologies to remain competitive, increase market share and target new customer segments, including millennials and Generation Z.

On 10 December 2020, the CBO launched a FinTech Regulatory Sandbox (FRS) through which participants can apply to live-test their innovative FinTech solutions in a safe environment under the supervision of the CBO.

Bank Muscat has also launched "BM Innovate", a USD 100 million FinTech investment program.

In 2020, the CBO issued its first license to a non-banking financial entity, FinTech company Thawani Technologies, a startup allowing cashless mobile payment solutions.

Uniting the front and back-end functions

Today's customer appears to be seeking a self-service, seamless, automated and omni-channel experience with minimal waiting time—a set of criteria that remains consistent regardless of the type of service, be it customer onboarding, increasing their credit limit, applying for a new product, or redeeming loyalty points. To enable this, banks across the Middle East are digitizing complex processes and end-to-end customer journeys cutting across the front, middle and back offices. The process is driven by business rules, triggers and events in the back end and delivered through an intuitive and self-guiding user experience from the front end (for instance mobile apps or portals).

We have observed a number of initiatives being undertaken by banks to deliver on their promises to customers:

- Harnessing data, advanced analytics, and actionable insights with a real-time understanding of the customer to shape integrated business decisions
- Creating intelligent and agile services, technologies, and platforms, and enabling the customer agenda with solutions that are secure, scalable, and cost- effective
- Engaging, integrating and managing third parties through open data to increase speed to market, reduce cost, mitigate risk and close capability gaps
- Building a customer-centric organization and culture that inspires people to drive business performance
- Designing seamless, intentional user experiences for customers, employees and partners, supporting the customer value propositions and business objectives

Banks should endeavor to become distinguishable by the degree to which their customer experience efforts are integrated and connected. The boundary between their front and back offices is blurring, and they are gaining increasing intimacy with their customers, driving them to innovate by the insight they gain. Many banks today are structuring their operations in new and exciting ways. They are seeing customer experience as a source of commercial value: not just a differentiator from their competition but a mechanism for potentially superior profitability.

Ankit Uppal
Director
Digital & Innovation
KPMG Lower Gulf

02

A delicate balancing act

Outsourcing and offshoring non-core functions

Managed services companies can help banks to outsource certain functions, for instance HR or client due diligence/know your customer. Varun Bhatia elaborates on how this gives rise to opportunities for operational and legal synergies.

The last decade has been a challenging period for conventional banking. New technologies have accelerated the rise of digital banks and niche payment providers, which have been challenging the status quo. In general, the banking sector seems to be playing catch-up in a dynamic business environment, often hindered by legacy systems, poor quality data, fragmented operating models and manual processes, all of which require substantial investment to bring it on par with best in class. At the same time the needs of its customers, both internal and external, continue to rise with demands for straight-through processing wherever possible.

Given these constraints, banks have started to look towards cost-efficient solutions that can help standardize customer journeys, that can be highly digitized, automated and integrated within an existing channel experience.

While banks can benefit from the implementation of new technologies, technology itself can only solve part of the problem. Wider implications around legacy infrastructures and data repositories remain and investment requests in this environment are hard to come by. This has led several banks to consider alternate services that are not only able to support customer demands for consistent execution, but also provide for consolidated data storages, near real-time reporting, analytic driven insights to enable faster and accurate decision making, all at potentially lower operating costs. One such option is managed services. Managed services companies move away from a typical outsourcing model, to provide an enduring customer service experience, reliant not only on people but provide a leading service architecture using technology, processes and big data. Our understanding of the market indicates that while several banking clients have started a journey towards transformation of their non-core functional areas, albeit rather slowly. Those partnering with managed-services providers can have greatly accelerated throughput and enjoy productivity improvement in their banking operations.

Realizing the value within CDD

Managed services companies can help banks optimize their footprint, business continuity planning (BCP) strategy, and total cost of operations. Many providers are offering attractive outcome-based pricing models which move away from a typical "your mess for less" approach by bringing in experience design, automation and re-engineering into the transition phase of the engagements. This also allows banks to adopt agility and co- ownership of outcomes as both banks' employees, and service provider resources, work cohesively as one team.

An area where managed services have truly transformed the way banks operate is with Client Due Diligence (CDD). CDD services which have been a major cost source for most banks have benefited from such models immensely by enhancing the customer experience using state-of-the-art technologies (e.g. case management, data aggregation, intelligent automation), process enhancements and a motivated workforce driven by customer behavior rather than policy requirements. Leading managed service providers in this space can bring in a suite of cutting-edge assets including automated workflows, character recognition, artificial intelligence (AI) and natural language processing (NLP)-based tools to enhance improvements. They are increasingly being used as "plug and play" models. These alliances have allowed banks to unlock value in their CDD operations and technology teams through these broad themes:

- Simplification of high-impact customer journeys and underlying processes
- Elimination of non-value added and standardization of retained activities
- Automation of repetitive manual tasks and processes
- Usage of analytics and insights to accelerate decision making
- Adopting agile ways of working

These themes from engaging managed services partners can easily be replicated within other functional areas as well e.g. Human Resources, and not only CDD. Questions remain, however. Do banks take the traditional route to try to revamp their customer lifecycle journeys themselves or copartner with strategic players? Do they launch multiple, siloed improvement projects versus an integrated transformation program keeping customer experience at its core?

Determining the optimal approach

The approach banks decide to take will vary according to several factors, including the maturity of their internal support model (infrastructure, expertise and governance), and appetite to spend. For banks to reinstate (lost) profits, they will need to leverage an appropriate ecosystem, including partners and alliances to improve productivity and customer experience.

For expediting their shift towards agile and automated operations, leveraging the right partners will be instrumental to pivot quickly rather than investing in their own center of excellences and shared services set-up, which typically are capital intensive and have a multi-year rate of return cycle time.

The right partner can help with an integrated, orchestrated program which delivers higher business outcomes in shorter timelines.

Adopting these changes can take time. While most Middle Eastern banks have set aside budgets and focused efforts across different functional domains, unfortunately, a few home-brewed initiatives have realized sub-optimized outcomes.

Typical challenges witnessed include:

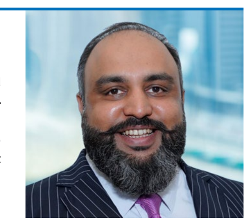
- Not fully understanding the real objectives of the program
- Multiple projects teams working on different areas of the customer lifecycle with little synergy
- Siloed, duplicative and inconsistent data repositories which hinder successful integration
- Hesitance to uproot legacy systems
- Processes are not streamlined beforehand, resulting in disjointed results

CBO has been seeking a restrictive policy on outsourcing by banks, particularly for core functions, considering customer confidentiality provisions and possible adverse impact on employment and career opportunities for Omanis, as well as overseas tax implications.

Managed services models will continue to be discussed, especially as countries face the brunt of subsequent waves of the Covid-19 pandemic. The economic pressure on the banking industry will likely mount as credit losses and a slow economic recovery will test resilience. We expect renewed efforts by banks in the Middle East to identify new ways of optimization of their non-core processes and to pivot towards a more digitally led and unified customer engagement process.

Choosing the right approach and partner could be a key differentiator for determining who emerges out of the pandemic stronger and prepared for the future.

Varun Bhatia
Partner
Managed Services
KPMG Lower Gulf



How CFOs can reinvent their roles in an age of digital transformation

Never has the pressure on banks' chief financial officers been so high for digital transformation. Just as banks seek to transform their business models to align with the expectations of the market and their customers, chief executives and chief information officers (CIOs) expect their finance functions to assume greater strategic responsibility, argues Vijay Baines.

Most banks are still in control of their finance functions and of traditional value-protection activities such as the accounting of transactions and financial reporting. Typically, this type of activity (some recurring and routine) can be cost-optimized by the application of digital transformation technology. This can then free up finance to focus on strategic activities and generate value for the bank as a whole.

Many banks with lower-cost indexes with finance have been centralizing, standardizing, and externalizing significant components of the function, investing in cloud and end-to-end automation capabilities, and integrating financial and risk/reporting functions. Heightened automation will likely dramatically change the size, structure, and delivery model for finance.

These capabilities can make automatic processes that are typically delegated to shared-service centers; entities with less externalization can reduce the efficiency gap in more mature competitors.

The finance function of the future will likely be the main driver of change in banking as it harnesses digital transformation know-how. There are five main trends we have observed:

1 **Big Data** – Many banks are struggling with the proliferation of data and have invested heavily in data modeling, data mining, and data scientists. Results have been mixed to date, however: huge returns on investment have yet to be tapped from the integration of machine learning and cognitive computing. Some CFOs have struggled to understand the processes required to build up the data models, and data scientists have found it challenging to realize the promise of Big Data in delivering real value.

2 **Hybrid workforce** – As remote working has increased during the Covid-19 pandemic, many banks have had to invest heavily in remote working technology and automation, not just within the finance team, but also throughout the bank. With renewed pressures on costs, many CFOs are looking at new ways of operating using a blend of digital workers, third parties, as well as partners, to deliver value most rapidly in Finance & Operations.

3 **Enterprise resource planning** – Many banks who had invested heavily in enterprise resource planning (ERP) platforms, have now invested in microservices and intelligent automation (IA) to digitize the final mile of their processes. This proliferation of additional technologies means finance processes are now more automated than ever, and the real value of the digital worker may be realized within finance.

4 **Business demand** – The expectations of banking's business units seem to be increasing with many wanting real-time reporting, increased business partnering, and automated budgeting. Several leading banks have automated and digitalized these functions in order to support the business more rapidly, with investments in algorithmic forecasting, as well as chat bots helping answer basic finance queries. This can elevate the CFO to a true partner in the business, and to concentrate on strategic insights and business value.

5 **Self service** – Many banking customers can meet their finance needs using self-service toolsets through apps as well as the bank's website. So too the finance function is increasingly adopting self-service functionality, report production, trend analysis and automated budget queries. This helps to ease the operational burden, and can be met in real time by a combination of automation and data modelling.

That said, any digital transformation of the finance function should bear in mind the following factors:

- The need for the integration of finance and risk functions to leverage efficient management of available and reported information
- The set-up and sponsorship of excellence research centers in the finance function, as a core strategic role within the organization, capable of responding simultaneously to business requirements and risk reporting
- Control over budgeting processes and allocation of costs by line business through automation of functions and activities to support effective strategic decisions
- Speeding-up of innovation and transformation processes of the finance function in all domains (organization, technology and regulation), bypassing potential chronic "immobility" attributed to some financial institutions
- Migration to cloud technologies as baselines structures to support the business digitalization (core systems, extract, transform and load (ETL), data warehouse (DW), modeling, planning and reporting tools)
- The establishment of partnerships with FinTech platforms for outsourcing back-office activities
- The implementation of digital transformation platforms to support process optimization and control (business process management (BPM) and robotic process automation (RPA) platforms supported by artificial intelligence (AI) and machine learning (ML)
- The development of solutions supported by blockchain technology in order to mitigate operational error and increase process efficiency

The financial function of the future will likely evolve over the coming five years, with the focus expected to evolve from "reorganize and originate" to "digitalize to transform". To keep pace with a digital future, the DNA and culture of the CFO (and the entire finance structure) should be reinvented and planned at a strategic level.

Vijay Bains
Director
Finance Transformation
KPMG Lower Gulf

Liquidity management during a pandemic

The banking industry has faced unparalleled challenges over the past twelve months due to Covid-19. Slim Ben Ali describes the seismic impact on financial institutions of volatile market conditions, liquidity pressure, deteriorating credit quality and continuity challenges.

The nature of the coronavirus outbreak is unprecedented in the twenty-first century, and is clearly beyond the realms of any traditional or even stressed business cycle. The crisis raised questions around banks' existing risk management frameworks in terms of their effectiveness and agility.

In the coming years, we believe banks will continue to enhance agility. We can therefore expect regulators to increase their focus on ensuring that banks demonstrate sound and robust risk-management practices, systems and controls to effectively manage the increasing level of risk—particularly credit risk.

Recently, we have seen a surge in non-performing loans (NPLs) for the majority of banks worldwide. Many have booked higher provisions, especially now that they have adopted IFRS 9. The next year will likely be equally challenging and a robust, advanced credit risk-management strategy will be crucial.

Overhauling the credit risk model

Nevertheless, banks should take advantage of the recent macroeconomic environment to perform adjustments to their credit risk models, to increase responsiveness to external factors and improve the accuracy of their market predictions.

In fact, we expect banks will aim to become more proactive to prevent both a surge in credit defaults and the subsequent collapse in the value of collateral. This is a timely opportunity for banks to review their risk function. Among the most successful banks, the risk function of the future will likely assume a more proactive role and be involved in all business decision processes. And, with margins likely continuing to be squeezed and global macroeconomic uncertainty set to continue at least in the short term, the risk function will likely become a key differentiating factor among banks.

Smarter risk management through the life cycle, especially in the early stages of identification and prevention, should be another area of focus. This generally requires not only better analytics, tools and technology to spot risks before they escalate, but also adequate process, preventive controls and the right people.

Liquidity pressure remains yet another challenge, with the increase in savings utilization and deferrals in loan repayment. Ensuring healthy liquidity supply may prove problematic as banks will be required to continue lending at historical levels and supporting the economy, while maintaining adequate liquidity buffers and stable funding.

Review of the ICAAP model

To enhance the efficacy and robustness of Internal Capital Adequacy Assessment Processes (ICAAP), licensed banks, other than domestic systematically important banks (D-SIB), should subject the ICAAP to an independent review through an internal or external audit process once every two years, separately from the SREP conducted by the CBO. The D-SIB, considering the systemic importance, should conduct the review annually.

We predict banks will continue to work to attract new depositors by offering competitive market rates, and/or delivering specific deposit campaigns with incentives. This could be an opportunity for banks to reshape the funding composition towards deposits categories that are less "liquidity consuming".

Navigating the phase-out of LIBOR

The LIBOR transition adds further uncertainty to an already volatile environment, with potential impact on banks' products, models, systems, services, customers and even reputation.

We expect the transition from IBORs to the new risk-free rates (RFRs) to lead to considerable costs and risks for banks if not managed properly. As is common knowledge now, the new proposed alternative rates are significantly different from IBORs and will require changes to risk and valuation models, product design, hedging strategies and systems.

In addition, banks which are using internal models to calculate regulatory capital for their trading book exposure will also need to carefully consider the interaction between the transition and the implementation of the Fundamental Review of the Trading Book (FRTB) as part of Basel IV reform.

A sustainable, digital future

The Basel IV framework, meanwhile, remains relevant: banks are anticipated to remain committed to implementing the new framework despite the change in timelines.

On 27 March 2020, the Basel Committee on Banking Supervision (BCBS) announced its deferral of the implementation of Basel IV by one year to 2023 in response to Covid-19. This delay could be an opportunity for the Basel committee to consider emerging issues such as climate risk and other elements of environmental, social and governance (ESG) and see whether these issues should be integrated into the reforms.

Lastly—but equally important, we expect the application of regulatory technology will transform risk management and compliance, presenting significant growth opportunities. We expect banks to actively consider how they can adopt RegTech developments to address areas of concern that have arisen due to Covid-19.

It is clear that successful banks will be the ones that look beyond deploying RegTech solutions as a purely defensive strategy to meet regulatory requirements, and instead use these solutions to drive efficiency, create a better customer experience, and pursue their agendas for growth.

Slim Ben Ali
Director
Financial Risk Management
KPMG Lower Gulf

Restructure or liquidate?

Rising levels of corporate debt globally have taken a toll on virtually every component of the system. Bruce Matthews delves into how banks can balance the needs of stakeholders in the GCC.

The operating challenges of the past few years continue to act as stress factors for businesses. As is the case with most critical situations, effective action initially requires accurate diagnosis of the problem. Assessing the risks and pay-off is a critical next step. Restructuring or liquidation requires deliberation on nuances including the entities, the region, the culture, and the economy: these will differ significantly across instances and can impact the outcome for all parties involved. The insolvency landscape is complex to navigate from a legal perspective, but the basic principles may be kept simple to assess obstacles and help stimulate innovation.

Identifying a restructuring approach requires examining the situation from every angle. Two common perspectives in the restructuring industry are the entities' – the lender, and the company. These are often not aligned, and banks and companies need a holistic understanding of the other's perspective to circumvent frustrating complications.

In distressed situations, after determining what the problem is, the next step is to work out which tools can be used to solve it. These tools should add to transparency of the situation, provide clarity of options, and offer viable methodologies to fixing the problem. They include but are not limited to restructuring business reviews, 13-week cash flows, debt restructuring, asset sales, cash optimization, supply chain analysis or people and process re-engineering. Using them at the right time and in the correct way is vital to achieving the optimal outcome.

Liquidation is also a means to resolution, but with a more terminal outcome. But liquidation may result in a better outcome than the restructuring option, where the ongoing cost of solving the problem outweighs the value of assets, or where the fundamentals of the operation are flawed. However, it can destroy value quickly. Understanding the problem thoroughly, and considering other variables and obstacles, including the costs of winding down, will help to determine the best course of action.

In financial services sectors in Western economies, hybrid approaches have emerged, including the so-called 'bad bank' or 'distressed credit fund' concepts. These transfer the problem to someone else to solve, with reasons ranging from economies of scale or specialized skills.

Regional norms

What is common practice in one region, in respect of speed and severity of action, bank enforcement, and debtor prevention from enforcement, may not be applicable in another.

This year, Oman celebrates its 51st National Day and, like other GCC members, is considered, in global terms, to be relatively young. A younger country may be able to leapfrog antiquated laws of other jurisdictions to better meet the technical sophistication of the times, or the political or cultural norms of the region. A newer jurisdiction may create more flexible laws, adapting the best elements of older regions to modern circumstances.

In Western jurisdictions, it is common to use insolvency legislation, such as court appointed administrators (UK Insolvency Act 1986), scheme of arrangement (UK Companies Act 2006), or Chapter 11 "Reorganization" and Chapter 7 "Liquidation" of the US Bankruptcy code.

Bankruptcy laws in the GCC are considered to be still in their infancy and are not used as frequently. Using them can help organizations find the ways in which they don't work, which leads to innovation.

Commonly available statistics show the benefits of speed in terms of recovery and cost for bankruptcy. Bankruptcy legislature in the Middle East has recently been overhauled. Oman recently passed Royal Decree 53/2019 promulgating the Bankruptcy Law which came into effect on 7 July 2020. The challenge remains for local entities to execute them with optimal speed and recovery.

Additionally, bank lending in the region may face issues such as lender fraud, local underwriting, weak corporate governance and poor information flow, which can affect speed and recovery.

According to CBO Circular BM 1160 issued on 15 April 2019, CBO has finalized the "Bank Resolution Framework for Oman" in line with the Financial Stability Board's "Key attributes of Effective Resolution Regimes for Financial Institutions". The purpose of the framework is to prepare banks for self-propelled recovery, and if circumstances necessitate, allow authorities to resolve them in an orderly way with minimal disruption and cost to the national exchequer while preserving financial stability.

Spotlight on culture

Seeing an opportunity from one's own cultural lens can become opportunistic and ultimately lead organizations to develop methodologies that are incongruent with the cultural norms of the region.

It follows that if one is going to set up a 'bad bank' or 'distressed credit fund', it should be aligned with the cultural context of the region, work with the central bank, link into the processes of regional banks, and create value for that particular jurisdiction, rather than 'leaking' it out of the region. These models can be used to help stabilize the region or otherwise shore up existing gaps and build on regional strengths.

When looking to develop insolvency systems, the entities must make a concerted effort to understand the shareholders' culture, as well as the banking culture.

In other countries, bankers and other stakeholders are usually separate and non-related, so the process becomes depersonalized and legalistic. It enables a more arm's length level of accountability, yet may result in unbalanced approaches.

In the Middle East, there tends to be greater interconnectivity, which requires a thorough understanding of the relationships between organizations. The large expatriate population with diverse cultures adds another layer of nuance to navigate.

Considering economic factors

The Middle East has a unique economic history, having experienced meteoric growth over the past decade. Businesses have expanded rapidly, followed by waves of international movement in credit and economic cycles. This has been accompanied by maturing businesses and familial wealth often propping businesses up, sometimes keeping them open even if they do not make "financial sense", as would be defined in the Western world.

The intersection of the pandemic with this unique confluence of factors lends itself to new opportunities to address the gaps in banking, credit and debt. Learning from what has worked and what hasn't will help lead the way forward. Local organizations need to develop organic solutions that are tailor-made to address challenges that are peculiar to this region, the culture and the economy, and may surprise the world with their innovative flair.

The most successful entrepreneurs and companies succeed when they are not fazed by their mistakes, but pivot by learning and growing from them. They find opportunities within challenges that would not have appeared had they not been open to exploring new avenues, and hence, pioneers are born.

Bruce Matthews
Partner
Deal Advisory - Restructuring
KPMG Lower Gulf

Leveraging the cloud for operational resilience

Cloud computing has significantly disrupted enterprises' approach to information technology. Sheikh Shadab Nawaz explains why it is critical that organizations adopt it to drive innovation and increase agility.

With rapid growth in both spending and revenue, the public cloud services market is forecast to be worth more than USD 6 billion by 2024 in the MENA region, as per leading industry reports.Many banks in the Middle East are turning to cloud computing to achieve greater scalability, accelerate product development, and reduce cost. Most hyper-scale cloud service providers (CSP) have either established their data centers in the region already or are in the process of establishing them.

Regional examples include Alibaba, which has signed a memorandum of understanding (MoU) with Zain Telecommunications to provide Alibaba cloud services in Saudi Arabia. Meanwhile, Google is in the process of launching its Middle East data center in Qatar. There is also a slew of local cloud providers who have launched their cloud services in the region.

Today's cloud is much richer and more nuanced than it was at its inception over ten years ago. Cloud consumers now have more native options, stronger security and privacy tools, and improved measures for detecting, responding to and preventing security breaches. As regulations and knowledge surrounding the cloud continue to be enhanced, these advances have increased customer confidence and eased the burden for IT functions.

By migrating to cloud, financial services firms can leverage solutions that are inherently better suited to manage six key operational risks: cyber security, digital sovereignty, the remote workforce and customers, third party, technology, and facility.

A robust cyber security framework

The technical infrastructure of CSPs is designed to safeguard the entire information processing lifecycle with secure infrastructure, services, data and internet connections.

Secure infrastructure

- Stringent supply chain vetting as part of the hardware and software acquisition process
- Secure hardware design
- Enhanced operating system for server and network equipment

Secure services

- Zero trust between services
- Certificate-based identification procedures for each service
- Inter-service communication restrictions through strict access management

Secure data

- Customer managed keys
- Customer owned keys
- External key manager

Secure internet communications

- Private IP space for internal workloads
- Transport layer security (TLS) based communication with internet facing workloads
- Multi-tier, multi-layer disk operating system (DoS) protection

Digital sovereignty

Digital sovereignty includes three distinct pillars: data sovereignty, operational sovereignty, and software sovereignty. CSPs should provide adequate control over who can access customer data and who can manage the infrastructure (from service provider) that hosts customer data, and have the ability to run the services across different clouds, avoiding lock-in or concentration risk.

Data sovereignty

- Customers can store and manage encryption keys outside the cloud
- The customer has the authority to grant access to these keys based on detailed access justifications

Operational sovereignty

- Customers can restrict the deployment of new resources to specific provider regions
- Customers can limit service provider personnel access based on predefined attributes such as citizenship or geographic location

Software sovereignty

- Customers can make use of
- open-source technologies provided by CSPs to build a multi-cloud approach and enhance portability
- Customers can utilize technologies that support the deployment of applications across multiple clouds using orchestration tooling

The remote workforce and customers

The pandemic has changed the way organizations will employ staff and service customers. We are likely to increasingly see a decoupling of employees and customers from geographical restrictions. This introduces several operational challenges, such as the need to work remotely and provide online services to customers, which in turn can increase operational risk. The cloud provides a number of potential solutions.

Zero trust approach

- CSPs should employ a zero trust-based approach to enable remote access for employees without traditional VPNs

Built-in collaboration tools

- Best-in-class remote collaboration tools to enhance productivity of a remote and distributed workforce

Faster customer service

- CSPs can enable organizations to deploy AI/machine learning based solutions to address customer queries rapidly

High elasticity

- CSPs can provide additional resources e.g. analytics on the fly, to meet significant traffic spikes for high workloads

Managing third parties

Third party risk is a significant component of a firm's overall operational resilience position. CSPs can provide transparency via various mechanisms including audit and assurance, exit plans, and support for portability.

Audit and assurance

CSPs allow onsite audits and can provide necessary assurance through a third party compliance certification process

Exit plan

CSPs can support multi-cloud strategies as financial services organizations move their critical workloads to the cloud.

Portability

CSPs may support multi-cloud approaches through open-source technologies that can provide customers with adequate levels of portability. However, it is advisable that financial services organizations explore cloud native services where possible to fully leverage CSPs' managed services, only limiting their use where it will impact their exit plans.

A metamorphic approach to technology risk

Traditionally, financial services organizations have implemented technological systems where front offices operate asynchronously with back offices. Most of these technologies are self-managed and on-premise. However, customers now expect real time omni-channel presence at any time. This requires a complete overhaul of technological systems. This can be a prohibitively costly and unattainable strategy which is prone to failure if organizations were to follow traditional models of on-premise IT. By migrating to the cloud, financial services organizations can ensure that their technology arms are focused on delivering high-quality applications and experiences to customers, and not on operating underlying infrastructures.

Managed infrastructure

Financial services organizations would be well advised to focus on delivering impactful products and an enhanced customer experience, rather than focusing on underlying infrastructure e.g. data centers, physical servers, and network equipment.

Microservices deployment

Most CSPs support microservices architecture that can reduce the technical debt associated with maintaining unsupported hardware and operating systems. CSPs can also provide different orchestration engines to manage the deployment and maintenance of microservices on a continuous basis.

Rethinking the facility

CSPs build and maintain highly secure and resilient data centers with multiple layers of physical security and geographical spread. By migrating to the cloud, financial services organizations can get rid of the technology debt of costly data centers whose value depreciates; the associated operational costs of maintaining such facilities also increases over time.

Multi-geographical spread

CSPs may operate data centers across multiple regions and geographies, providing a level of protection against localized natural or man-made events e.g. natural calamities, riots, and attacks.

24/7 support

CSPs may have globally distributed support functions that can provide 24/7 support to financial services organizations in adverse situations.

Reduced disaster recovery (DR) costs

CSPs can help reduce costs of maintaining the costly and mostly idle infrastructure of DR sites. Financial services organizations may take advantage of the inherently resilient network of CSPs' data centers.

Operational resilience remains critical to financial services organizations, their customers and regulators. The cloud is a key capability that financial services organizations would be well advised to adopt—and indeed it has already been adopted by many—to maintain product and service excellence in the highly competitive Middle Eastern market.

Sheikh Shadab Nawaz
Director
Digital & Innovation
KPMG Lower Gulf

Reimagining the employee journey and HR agenda

The new ways of conducting business inevitably create a knowledge gap that must be bridged. Marketa Simkova makes the case for why the adoption of innovative business models should be accompanied by a focused people strategy for organizations to thrive.

The global economy is witnessing profound change as digital platforms and technologies recast the relationships between customers, employees and employers. Digital transformation has become an integral feature for banks. Banks in Oman have started responding by initiating transformation processes and accelerating the adoption of digital technology. In the future, the banks will likely continue to focus on AI and robotic process automation (RPA), leading to minimal human intervention.

In front-office functions, banks are leveraging AI algorithms to enhance customer experience and deepen partnerships with internal and external stakeholders through chatbots and voice assistants to provide personalized insights and recommendations. Various AI strategies across banks' business lines are being implemented within middle-office functions to assess risks, detect and prevent payments fraud, improve processes for anti-money laundering (AML), and perform know-your-customer (KYC) regulatory checks. Back-office operations may benefit the most from process automation, in areas such as transaction processing, wire transfers and account openings.

The transformative impact of automation

The changes in the customer journey consequently impact the employee journey.

As the traditional bricks-and-mortar branch banking model is replaced by FinTech and online banking, job roles and key skill requirements in banks will require a change. Employees are likely to focus more on value-adding tasks like capitalizing on data sciences and improving algorithms, leaving potentially monotonous and tedious operational tasks to be implemented by bots.

Internally, the employee experience offered by HR is set to undergo radical change. In the future, banks are projected to accelerate their reliance on RPA technologies to conduct HR functions such as onboarding, talent acquisition, compensation and benefits among others. RPA will likely take over tasks such as gathering employee documents and making new employee records, as well as autonomous updating of payroll inputs. Instead of spending hours on filing paperwork, HR employees may be able to engage in the more satisfying aspects of their jobs. We have also observed banks increasingly investing in workforce analytics. These changes can pave the way to a more interactive job domain for HR individuals where the function can be more "strategic", and contribute positively towards the organization's goals, leading to greater job satisfaction amongst employees.

Investing in people

Yet with opportunities, come challenges. To successfully transition into a desired future state, it is not enough to have a bold vision and an impressive budget. The Oman banking sector is embarking on an exciting journey of innovation and transformation, though this must be combined with a focus on upskilling and reskilling employees, as well as drawing in new talent to bridge the knowledge gap. This challenge is not unique to the Oman banking industry, but a global phenomenon, with banking CEOs around the world identifying talent shortage as one of the main threats to their growth prospects.

To address this challenge, banks around the world are investing in talent development initiatives to focus on the upskilling and reskilling of their employees. For example, Canada's BMO bank has approached the reskilling of its employees as a journey, rather than an event. BMO provides employees with ongoing training, with several flexible and informal learning options. These development initiatives have helped the bank stay competitive despite the pandemic.

Locally, increasing the percentage of Omani talent in the banking sector is a key component of the national strategy and an ongoing aim for banks. Adequate focus on building analytical skills will be necessary as data mining continues to remain important. This will probably require partnerships between banking players, regulatory bodies and academia, to ensure that Omani fresh graduates are well equipped to address the changing needs of the banking sector.

Does digitalization pose a threat?

Another concern that inevitably comes to mind is the fear of job losses due to AI and other technologies. While CEOs might view automation as a vehicle to reduce time and increase efficiency, employees may view AI-related initiatives as threatening. Such concerns are generally not without merit.

A study by Citibank revealed that "30% of bank jobs could be lost between 2015 and 2025, mainly due to retail banking automation." Industry experts expect this trend to keep growing in the future with lay-offs happening at a significant scale, as AI replaces the tasks of employees. However, digital transformation in the banking sector need not be disruptive to an employee's job security, nor hamper their drive to perform. If left unattended, these concerns can create an environment of uncertainty for existing employees, fueling fear and resistance which can harm the bottom line, break trust and hamper innovation efforts.

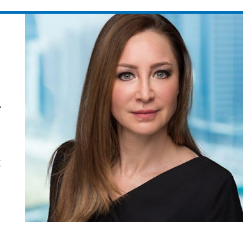
If managed well, employers can promote digitalization and obtain buy-in from employees. It is crucial for banks to proactively develop a clear 'case for change,' articulate why the change is happening, how it will impact those involved and how it will benefit them. A well-crafted change policy, including communication and stakeholder engagement strategies, can be a powerful tool to create alignment between business objectives and employees' passions, and enhance transparency. Putting together a sound change-management plan is essential to a successful transition to new ways of working with minimal disruption.

Developing a roadmap for change

An effective change strategy can mitigate risk such as loss of talent, widespread panic, low morale and toxic rumors. For example, employees whose roles are becoming redundant can be provided with a development plan to support an effective transition to other roles and opportunities. In other instances, technology may translate to an adjustment of specific tasks an employee is undertaking. A re-training program can communicate to employees how automation can support them in attending to a wider array of customers than they could otherwise cater to.

Digital transformation unlocks an array of opportunities for the banking industry as traditional relationships between consumers, financial institutions and employees continue to be redefined. To capitalize on the opportunities of tomorrow, it is crucial for banking institutions to have a clear and well thought-out strategy to engage existing employees through effective communication, training and upskilling, while concurrently attracting diverse talent to support their vision.

Marketa Simkova
Partner
People & Change
KPMG Lower Gulf



03

Governing and regulating

Oman value added tax (VAT): tax reform in the midst of a pandemic

After the UAE, KSA and Bahrain, Oman is now the fourth country in the Gulf Cooperation Council (GCC) to have introduced VAT. Aabha Lekhak describes its impact on the banking sector.

The economics of VAT in Oman[1]

Despite the challenges posed by the pandemic, Oman successfully implemented VAT with effect from 16 April 2021. The Oman State Budget of 2021 estimates the collections from VAT and excise tax for this year at over USD 1 billion. VAT is expected to be a significant contributor to Oman's GDP, which is targeted to grow by 2.3% in 2021. On the flip side, the one-off effect of the introduction of VAT is also likely to contribute to inflation, estimated to be 3.8% in 2021.

The framework

The law published on 18 October 2020 was followed by the Executive Regulations, released on 14 March 2021. While the law took effect 180 days from the date it was published i.e. 16 April 2021, like KSA and Bahrain, the implementation was staggered. Only businesses with annual supplies exceeding USD 2.6 million were compulsorily required to register with effect from 16 April 2021. Businesses with annual supplies between USD 1.3 – 2.6 million must register effective 1 July 2021, USD 0.6 – 1.3 million effective 1 October 2021, and USD 0.1 – 0.6 million effective 1 April 2022.

The filing of VAT returns as well as the payment of VAT is quarterly and due before the 30th of the month following the tax quarter.

Even though KSA increased the VAT rate from 5 % to 15% last year, Oman followed the GCC VAT Framework Agreement and introduced VAT at the modest rate of 5%, while allowing for several exemptions and zero ratings. One such exemption is for financial services.

Spotlight on the banking sector

Keeping with the global trend, margin-based financial services supplied by licensed financial institutions in Oman are exempt from VAT. These, among others, include provision of loans, extension of credit in rental or 'lease to own' transactions and issuance of financial instruments (such as derivatives, options, shares, bonds and securities) that yield interest or profit. Same supplies that are made outside Oman are zero rated.

Fee-based financial services supplied by licensed financial institutions in Oman are subject to VAT at 5%. The same supplies, if made to an overseas customer benefitting from these outside Oman, are zero rated.

Costs of irrecoverable VAT

Only VAT on certain inputs used to make taxable supplies i.e. both standard and zero rated, is recoverable. VAT on inputs used to make exempt supplies is not recoverable. VAT on certain common inputs i.e. expenses incurred to make taxable as well as exempt supplies, is only partially recoverable.

To determine the recovery percentage of common inputs, a supplier must consider the standard apportionment method i.e. ratio of taxable turnover to total turnover, or apply for a special apportionment method that reflects the actual, fair application of the inputs.

A study in the UK estimated USD 5.8 billion in irrecoverable VAT for the UK banking sector in 2017. While there is no definitive estimate of the irrecoverable VAT suffered by the banking sector in the GCC, owing to exempt supplies that account for a significant part of any bank's revenues, this number could well be eye-watering.

There is also the added compliance cost that acquisition of capital assets brings. Where capital assets are used for making taxable as well as exempt supplies, the use of these assets needs to be monitored over time and the VAT recovered on the assets needs to be adjusted to reflect the use.

Globally, banks are only able to recover a small fraction of the cost of irrecoverable VAT from customers by increasing their fee. Most of it is borne by the banks which tends to dent their profits. As banks in Oman grapple with the new VAT regime and the costs associated with irrecoverable VAT and compliance, it will be interesting to see how they manage their pricing policy in the current market.

Other challenges

Like in any other jurisdiction that introduced VAT for the first time, in the absence of sector specific guidance from the tax authorities the banking sector in Oman too faces some teething issues.

The taxability of various receipts and expenses like late payment fees, early termination fees, credit protection policy fees, and interchange fees have been, and in the absence of specific guidance, continue to be a vexed issue.

The requirement to use the average buy and sell rate published by the Central Bank of Oman (CBO) to determine the VAT liability on transactions in foreign exchange poses a practical challenge. Most banks do not use CBO rates for their transactions. Further, unlike several other countries where the central bank publishes the exchange rate at a specific time every day, the trend suggests that the CBO may publish the rate any time during business hours.

Moreover, the IT landscape in banking institutions can be complicated with multiple peripheral systems not necessarily capable of tax determination. The requirement to issue tax invoices for any supply adds to the host of system-related complications.

Coping with the evolving tax landscape

The tax landscape in Oman is becoming more complex and intricate than ever. With the same tax authority responsible for administration of corporate tax, withholding tax and VAT, the tax positions of, and tax filings by, taxpayers will have to be consistent. The tax department's role in an organization cannot be relegated to the sidelines. To practically manage tax risks and cope with the evolving landscape, organizations should integrate tax reporting into their finance and tax governance frameworks. This is particularly important as non-compliance could have penal consequences and risk reputational damage.

Aabha Lekhak
Partner
Indirect Tax
KPMG Lower Gulf

Tax governance and compliance in the new normal

The year gone by has seen Oman introduce several milestone reforms. Rakesh Jain delineates key changes to tax laws that are relevant to the country's banking industry.

Recently, Oman's tax sector has seen a slew of new developments, including fiscal stability initiatives, consolidation of the state's sovereign wealth fund, strategic reorganization of ministries, enhancing social security, promotion of public private partnerships, liberalization of the foreign investment law and an economic stimulus plan to spur growth.

These were supported with a specific focus on tax policies dealing with automatic exchange of information (AEOI), legislative reforms in the tax law, international tax developments and the implementation of VAT.

Activating the AEOI

Omani banks and other financial institutions (FIs) have experienced the first two filings with the Oman Tax Authority (OTA) for the Common Reporting Standard (CRS). The second year of filing, for which the extended due date was 10 June 2021, had an increased scope of review for the CRS filing. Furthermore, the Oman income tax law has been amended to equip the Tax Authority to seek information from FIs as per the procedures prescribed therein, apart from providing penalty provisions for non-compliance.

These developments confirm the importance that the Sultanate is giving to the creation of a tax transparent environment in collaboration with other jurisdictions. It is therefore prudent for FIs in Oman to evaluate their existing governance framework, due diligence procedures, training modules for staff, and reporting methodologies including technology, to maintain the robustness of the compliance process for CRS legislation.

Recent experiences from income tax assessments

The last couple of audit cycles have seen enhanced scrutiny from the OTA for all taxpayers. Certain Omani banks had issued Tier 1 securities and claimed the interest paid thereon as a tax deduction. The Tier 1 securities are classified within equity in their financial statements. The OTA has challenged this position and Omani banks are continuing to engage with the OTA on this matter. Other key areas of focus for the OTA relate to assessing reasonability of expenses, allowability of loan loss provisions with reference to those recommended by the Central Bank, and testing the arm's length nature of related party transactions such as recharges.

From a structural reform perspective within the OTA, all tax matters (i.e. corporate tax, VAT, withholding tax, exemptions, etc.) of a particular taxpayer are now handled by a single tax inspector. We believe this will help the OTA better understand the business of the taxpayer and concurrently require the taxpayer to maintain consistency in filings across different tax obligations. The OTA is also preparing for enhanced use of technology and data analytics to undertake risk-based assessment.

International tax reforms

Oman, as a member of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) by the OECD, had committed to implementing the four minimum standards. Consequently, it introduced Country by Country Reporting (CbCR) rules late in 2020, which are applicable to banks with cross border operations. CbCR provides a snapshot of revenues, profit/loss, employees and other key matters across jurisdictions. The information shared in CbCR is coupled with the international agreement on exchange of information between tax authorities.

CbC rules required all covered tax resident entities of multinational enterprises (MNE) to file annual CbC notifications. With the first notification compliance for the year 2020 done, the CbC notification for year 2021 is due for submission by 31 December 2021. With regard to the second compliance of filing a CbC Report, the OTA recently suspended this obligation for MNE groups which have their ultimate parent entity outside Oman. However, the requirement for the Omani headquartered banks to submit the first CbC Report by 31 December 2021 remains intact.

Likewise, Oman has also decreed the international Multi-Lateral Instrument (MLI) agreement. The purpose of the MLI is primarily to address tax treaty abuse. Banks with cross border transactions will need to review their withholding tax positions, as well as financing structures which would have been adopted because of favorable tax treaty provisions.

In July 2021, 130 country members of the OECD Inclusive Framework approved a significant framework for reform of the international tax rules. It is commonly referred to as BEPS 2.0 and comprises a two-pillar approach. Pillar One focuses on the allocation of taxing rights to market jurisdictions based on a formulatory approach, and Pillar Two secures an unprecedented agreement on a global minimum level of taxation amongst jurisdictions. While Oman already has an income tax regime in place, it may be required to set the local tax rules to align with these anticipated global changes. Multinational banks with operations in the Middle East and other jurisdictions with limited tax regimes will need to adjust to the expected change in the global and regional tax rules.

The need for tax policies and governance to be future ready

Tax rules continue to evolve and widen to keep pace with international developments, as governing bodies strive to address the deficit in state finances and increase scrutiny of the tax affairs of large taxpayers and multinational organizations. Tax compliance today is not solely reliant on traditional data from management accounting, but impacts different aspects of business. Congruence in different tax filings, e.g. income tax and VAT, will be critical as we expect tax authorities to seek reconciliations and challenge organizations where gaps are observed.

Banks should prepare themselves to make use of enhanced technology initiatives, as they work on developing a broader tax risk governance framework while meeting their obligations. With the enhanced focus on transparency today, tax is expected to remain a priority on the agenda for stakeholders in the banking industry.

Rakesh Jain
Director
Direct Tax
KPMG Lower Gulf

The role of stringent regulatory compliance

A failure to develop and factor in regulatory expectations is a significant threat to an organization's ability to meet strategic objectives. Maryam Zaman explains why unforeseen changes to laws and regulations may derail otherwise well thought out plans.

Regulatory risk has been a major concern for financial institutions over the past few years. The global and local regulatory environment continues to become more complex, and a closer look at the results of the KPMG 2020 Global CEO Outlook survey in the banking sector indicate why regulatory risk will remain a top concern for some time to come.

The banking sector's appetite for growth remains strong, with 99 percent of survey respondents stating they intend to grow their banks geographically over the next three years. Respondents also recognized that the complexity of regulatory risk increases as banks grow and become exposed to multiple regulatory environments. As a result, they also identified regulatory risk as a threat to their organizational growth plans. A further complication is the increasing pace of change within each regulatory environment. An understanding of the current regulatory landscape is no longer enough. Instead, banks must form expectations on the regulatory trajectory and factor these expectations into expansion plans.

In Oman and the Middle East, the regulatory landscape is rapidly evolving. Over the last two years alone, local authorities have issued or revised many regulations to strengthen the banking sector, ensure financial stability, and reinforce a new round of economic growth. The CBO is in the process of drafting a new banking law and has issued various circulars and guidelines related to Islamic finance, fraud risk management, anti money laundering and combating the financing of terrorism, Omanisation, digital onboarding of customers, FinTech, measures related to Covid-19, and several other topics. On 25 February 2021, the CMA issued a decision approving the regulation for public joint stock companies based on the provisions of Commercial Companies Law of 2019.

Building robust compliance frameworks

To succeed in an environment characterized by continual change, banks must adopt compliance frameworks that are mature and flexible. Existing frameworks can be a good starting point. A well-established example is Compliance Management Systems (ISO 19600:2014).

Banks may even opt to develop their own frameworks; however, they should ensure that key elements, such as compliance risk assessments, policies and procedures, training and communications, whistleblowing and investigation, monitoring, testing, and reporting are included in their framework. In all cases, the selected compliance framework should be tailored to the bank's circumstances, strategic objectives, and growth plans. If this framework alignment is sufficiently detailed, compliance costs need not rise as the bank grows and regulations change.

Emerging market regulators, such as those in the Oman, are playing catch-up to their developed market counterparts or industry-leading practices as they seek to facilitate greater integration with the global financial system and attract foreign investment. This catch-up pattern allows banks to proactively anticipate regulatory changes by benchmarking current local regulations against those in developed markets.

Important insights into upcoming regulatory developments may be gained in this manner, particularly in areas relating to environmental protection, cybersecurity, data-privacy, and risk-based compensation. Of course, local economic and market conditions must be considered while performing such benchmarking analysis.

The compliance function itself has not escaped the attention of regulators. Several new banking regulations have introduced minimum standards aimed at ensuring the effectiveness of compliance functions.

CBO Circular BM 932 on Corporate Governance of Banking And Financial Institutions requires banks to establish an independent compliance function that that will develop necessary systems and controls, assess the impact of new laws and regulations on licensed institutions' operations and procedures and conduct periodic compliance reviews.

The CMA's 2009 Executive Regulations of the Capital Market Law require the board of directors of companies operating in securities to appoint a compliance officer to act independently from management.

The compliance officer shall report to the board of directors and the audit committee and provide advice to management on financial risks, market risks and credit and operational risks.

Formulating an action plan

Because new regulations often necessitate changes to multiple business processes, when a new regulation is issued, banks should follow the following steps:

- Update the bank's regulatory repository
- Communicate changes to the relevant stakeholders (e.g. process owners, senior management, the board, board compliance committee)
- Conduct an impact assessment of the new regulations
- Review policies and procedures across the bank impacted by the new regulation and assess whether any updates are required therein
- Identify, document and implement controls to ensure compliance with the new regulations
- Design appropriate compliance testing techniques and adjust compliance monitoring plans
- Conduct employee trainings on the new regulations, the revised bank's processes and their roles and responsibilities to ensure compliance.

Technology to the forefront

IT tools should be carefully considered when designing a compliance framework. They can help compliance functions implement complicated tasks more efficiently by supporting the maintenance and functioning of regulatory repositories, compliance checklists, and compliance monitoring plans. They can be leveraged for the automation of compliance self-assessments, provision of real-time compliance calendars, and implementation of bank-wide dashboards diagnosing the overall compliance health of the organization.

Given the pace of change and global development, coupled with Oman's drive to develop its legislative and legal framework to ensure compliance with international standards, we can expect further regulatory developments. It is vital for compliance professionals to keep themselves up to date with ever-changing legislation and regulatory guidance. The deluge of new and expanded regulations is also a signal to banks in Oman to start the process of re-designing compliance frameworks and re-thinking the way the compliance function operates, and its place within the organization. Failure to do so may lead to an exponential increase in compliance costs that can potentially reduce opportunities for growth.

Maryam Zaman
Partner
Internal Audit, Risk and Compliance Services
KPMG Lower Gulf

Unlocking the value of external audit

Some commentators have recently been asking what the value of an audit is. Ravikanth Petluri outlines the areas where it can add considerable value to the interests of all stakeholders, and the action that can be taken to facilitate this.

Too often, the audit is seen as a "tick-box exercise" rather than as a critical pillar in a bank's governance structure. Nowhere is a strong and effective corporate governance framework more important than in the banking sector. In the Middle East and in Oman, significant steps have been taken already, with regulations recently introduced on enhancing the corporate governance framework within banks to move towards international leading practice.

However, less widely covered is the auditors' role in the overall corporate governance framework, and particularly the role external auditors play in supporting the aims of the Audit Committee (AC).

Encouraging robust dialogue

After the global financial crisis, the Institute of Chartered Accountants in England and Wales (ICAEW) presented several recommendations on how the audit process might evolve to promote confidence in the banking system. A key finding was that the relationship between auditors and ACs plays a critical role in good governance.

In the follow-up report, Enhancing the Dialogue between Bank Auditors and Audit Committees, a working group of audit firms and banks made a number of observations on how to make the relationships work well.

The report stressed the need to strike the appropriate balance between cooperation and challenge. Whilst there is not always the need for extensive debate on judgments, engagement on these critical areas are sometimes lacking in ACs.

One of the topics most discussed with the external auditor in the AC is what is considered to be the range of provisioning judgements. It is vital the AC understands where management has positioned itself on the auditors' views of the range of acceptable and possible outcomes. There are, however, several areas of judgement that can also be debated throughout the audit cycle, rather than at the end of the year. The ICAEW suggests "if those discussions result in a changed approach, there is time to implement the change in an orderly manner".

Attendance at audit and risk committee meetings

The discussion of the audit should not be considered as merely an 'agenda item' for the AC at quarter and year ends, but as an opportunity for the external auditor to provide independent insight on matters discussed in the AC meeting. In addition, audit teams typically have significant experience across a large number of different banks; extracting and taking full advantage of that experience can provide independent insight, contributing to an enhanced audit experience.

Good practice, as recommended by the ICAEW report, is that the audit partner attends the full meetings of the audit and risk committees. Our experience indicates it is clearly advantageous to ensure timely involvement of the auditors in understanding the background of critical matters, rather than reviewing minutes months later.

The ICAEW report recommends that where there are separate audit and risk committees, the auditor also attend the risk committee where "sharing risk assessments could assist both the auditor and risk committee in performing their roles".

Increasing auditor engagement

In recent years there has been commendable progress in the areas of direct engagement throughout the audit cycle and reviews of the audit files by the CBO and Capital Market Authority (CMA) in Oman and the other regulators in the Middle East.

We would encourage more frequent bilateral, i.e. between regulator and auditor, and trilateral meetings, including the bank, to collectively create a better understanding of the audit approach taken and the work done.

Unleashing the power of data

Increasing use of Data & Analytics (D&A) is often the key to unlocking the rich information stores that businesses hold. For audits, this means D&A is providing better insight into an organization's controls and risks and enables the auditor to further challenge assumptions and conclusions.

As banks in Oman are planning to invest significantly in technology, the quality and depth of 'data pools' will be enhanced. The value of data analytics and forecasting can be vast, but only if this data is made available timely, without significant undue effort, to the auditors who have also heavily invested in resources with data analytical capabilities.

Examples of where technology has been used effectively include revaluing 100% of derivatives portfolios using special platforms, and using analytics and machine-learning technology to identify unusual trends and outliers in 100% of journal entries and loan portfolios. By obtaining this deeper understanding of data populations and focusing on higher risk transactions, audit quality can be enhanced.

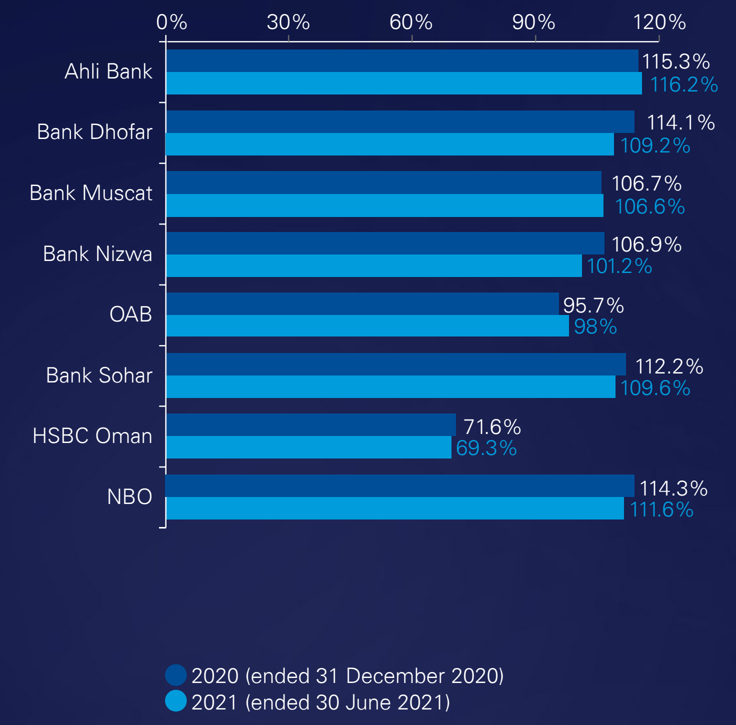
The audit profession is continually improving, evolving and reacting to audit regulator challenges. However, in order to unlock the value of external audit for stakeholders, there should be collective responsibility to ensure auditors work jointly with the audit committee and regulators. The ultimate objective is the same: to contribute to the quality of financial statements that provide a 'true and fair view'.

It is an exciting phase in the development of audit — the potential for auditors to add greater and deeper value, to clients and wider stakeholders in the capital markets, is significant.

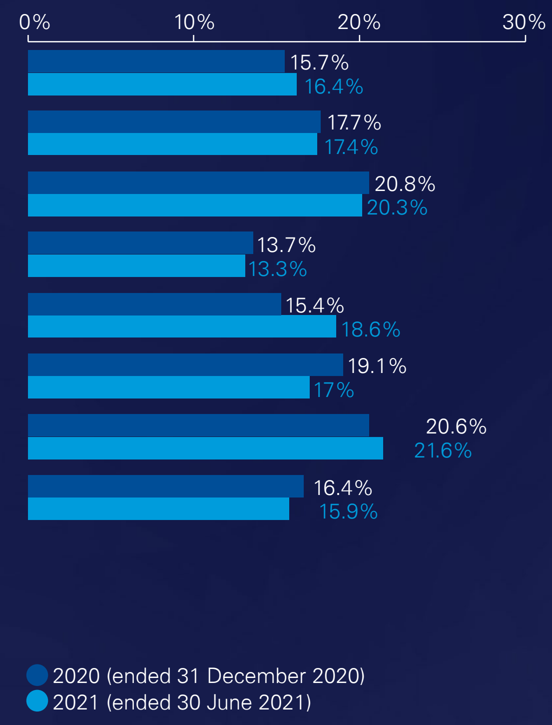
Ravikanth Petluri
Partner
Head of Financial Services - Oman
KPMG Lower Gulf

Key banking indicators

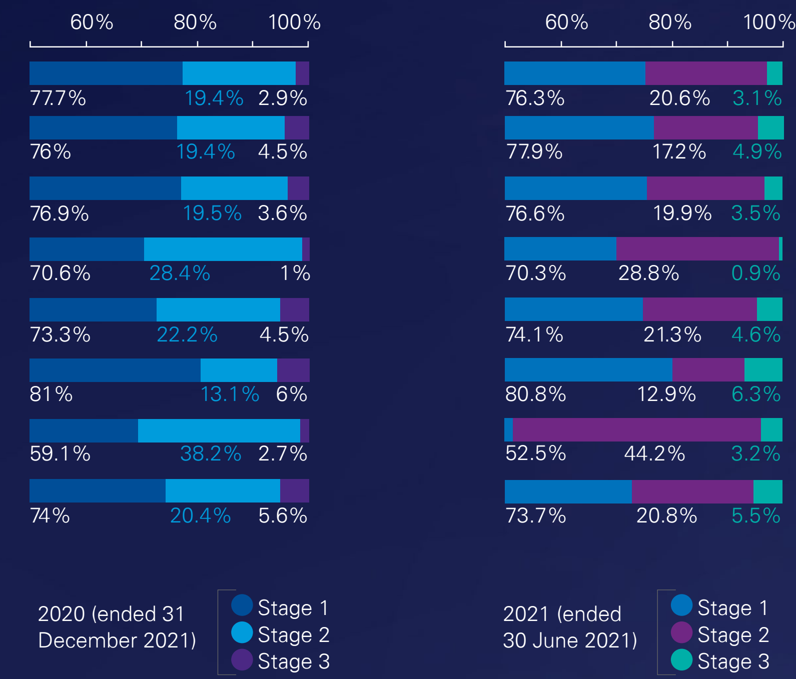
Loan Deposit Ratio



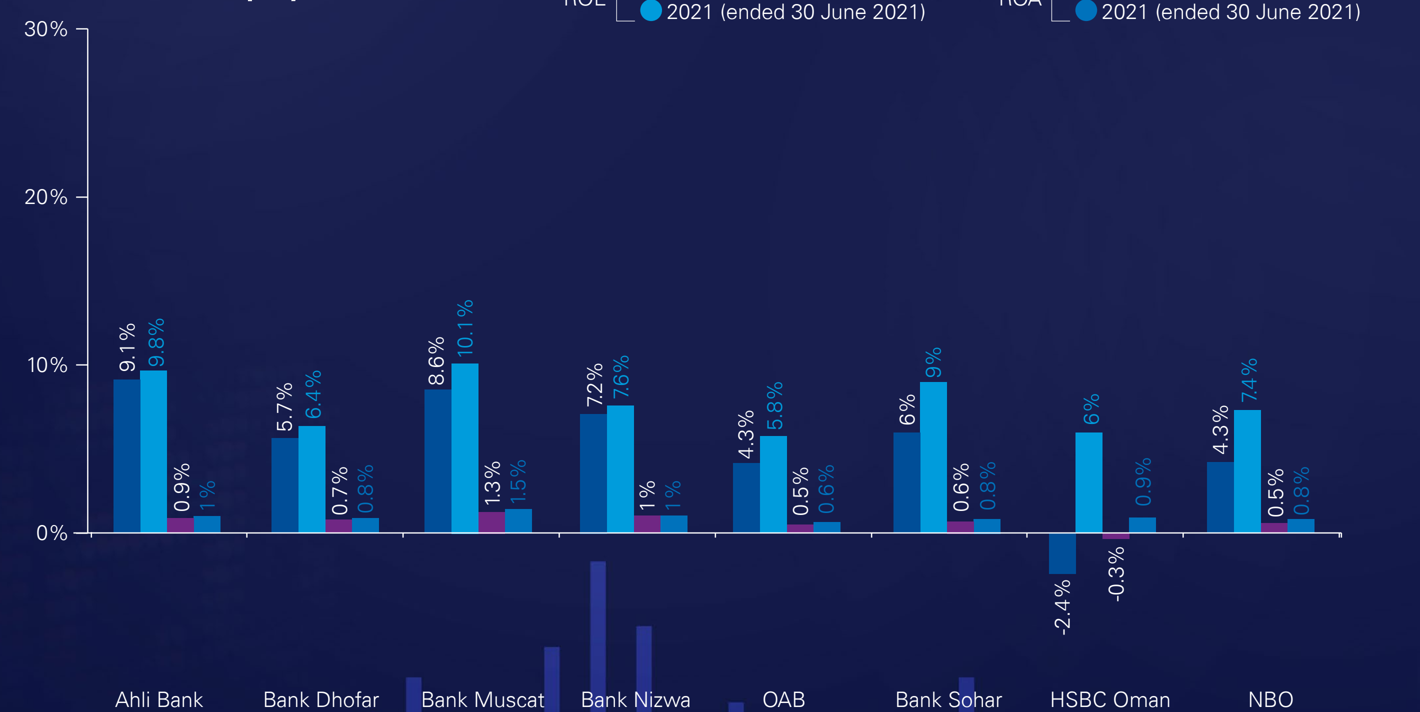
Capital Adequacy Ratio



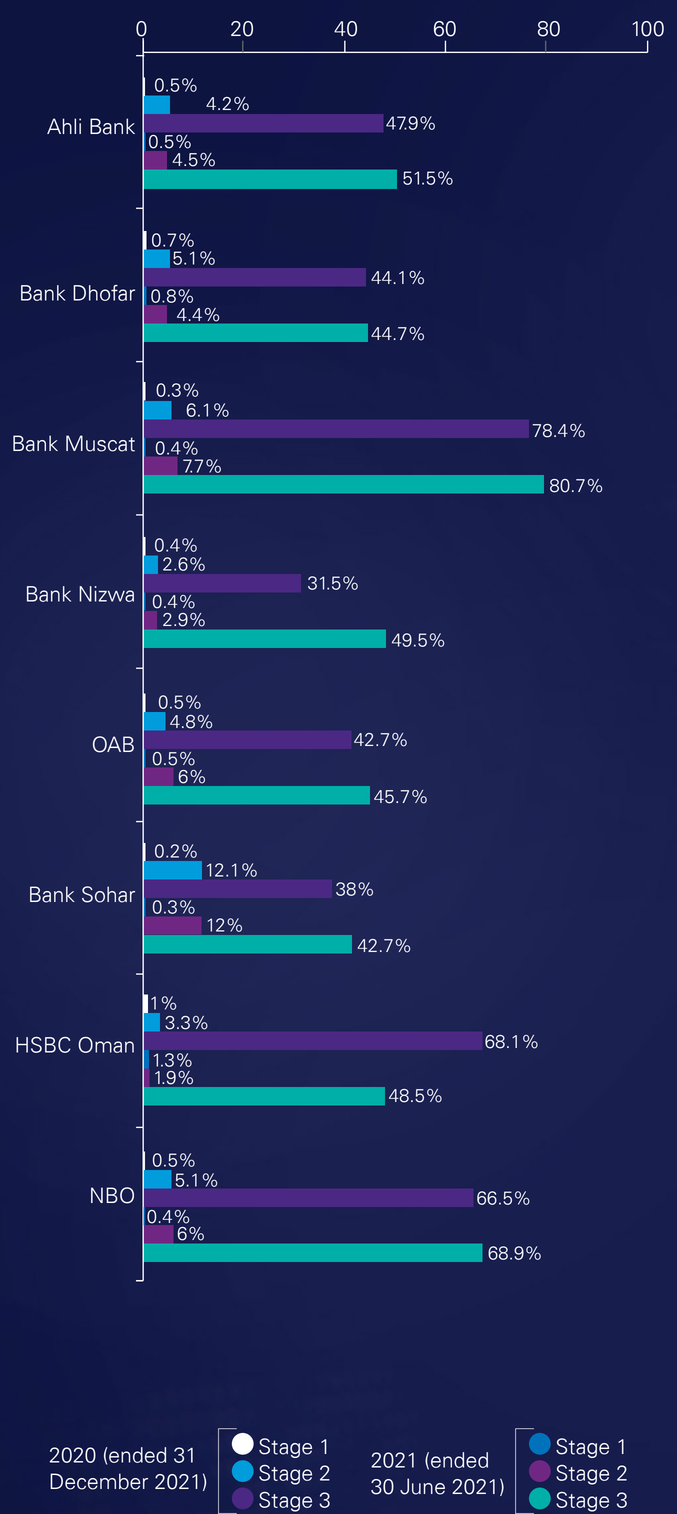
Total loans subject to ECL - By stages



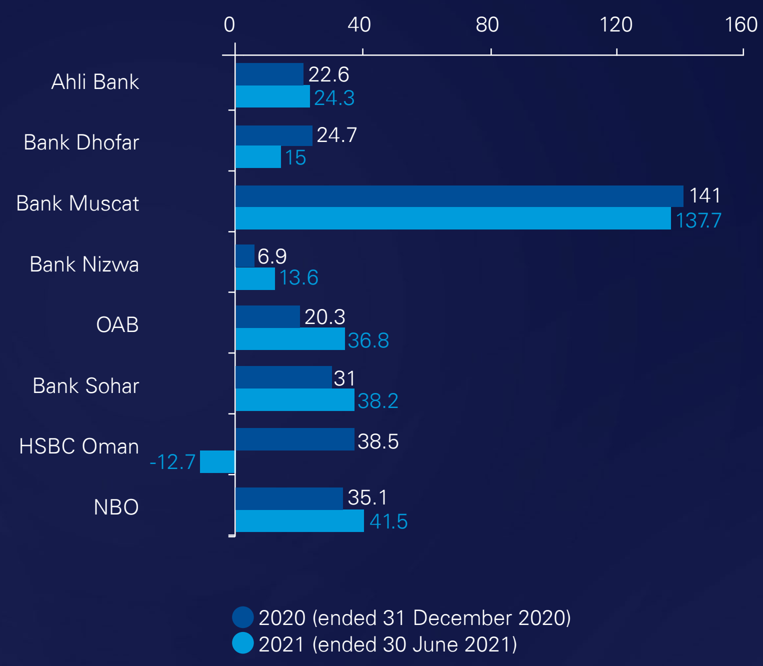
Return on Equity/Return on Assets



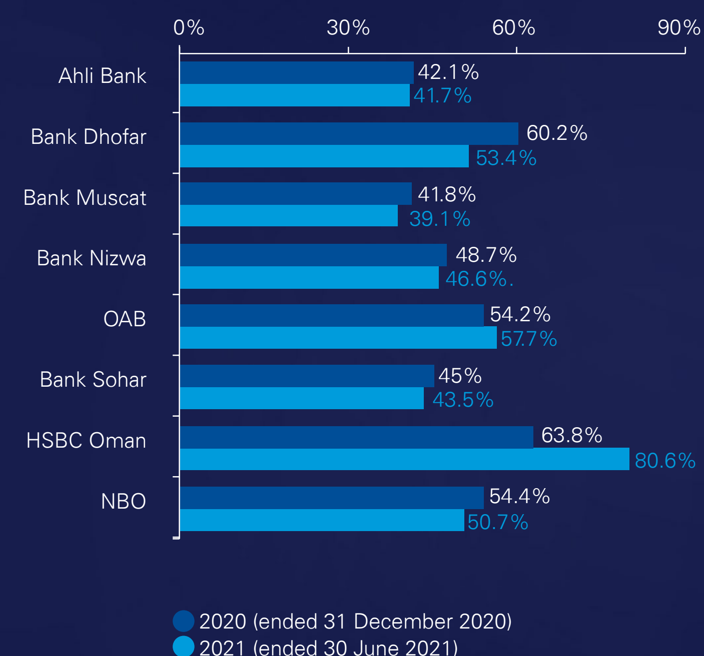
Coverage ratios on loans by stage



Net provision charge on loans and advances
(USD million)



Cost-income ratio



Credit rating

	S&P Long term issuer rating	**S&P** outlook	**Moody** Long term issuer rating	**Moody** outlook	**Fitch** Long term issuer rating	**Fitch** outlook
Ahli Bank	NA	NA	WR	NA	B+	NEG
Bank Dhofar	NA	NA	NA	NA	NA	NA
Bank Muscat	NA	NA	Ba3	NEG	BB-	NEG
Bank Nizwa	B+	Stable	Ba3	NEG	BB-	NEG
OAB	NA	NA	Ba3	NEG	NA	NA
Bank Sohar	NA	NA	Ba3	NEG	B+	NEG
HSBC Oman	NR	NA	Ba2	NEG	BB	NEG
NBO	NR	NA	Ba3	NEG	BB-	NEG

Contributors

The information in this report is based on our authors' in-depth knowledge of Oman's financial services industry, allied with detailed analysis of banks' financial performance.

About KPMG

For almost 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman. We work alongside our clients by building trust, mitigating risks and identifying business opportunities.

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. The KPMG network includes approximately 227,000 professionals in over 146 countries. KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by our clients.

KPMG is widely represented in the Middle East: along with offices in the UAE and Oman, the firm operates in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan, the Lebanon, Palestine and Iraq. Established in 1973, KPMG in the UAE and Oman employs 1,485 people across four offices, including about 100 partners and directors.

Our latest initiative, KPMG IMPACT, aims to help clients future-proof their businesses amid times of increasing focus towards issues such as climate change and social inequality. The goal is to help them achieve success across 17 major Sustainable Development Goals (SDGs) and become more resilient and socially conscious. For FY21, the firm has earmarked a global budget of USD 1.43 million for the initiative.

As we continue to grow, we aim to evolve and progress, striving for the highest levels of public trust in our work. Our values are:

Integrity: We do what is right.

Excellence: We never stop learning and improving.

Courage: We think and act boldly.

Together: We respect each other and draw strength from our differences.

For Better: We do what matters.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change. Our three pillars – exceptional quality of service, an unwavering commitment to the public interest, and building empowered teams – are the foundation of our firm.

Sources

https://www.researchgate.net/publication/338348152_A_structured_approach_to_implementing_Robotic_Process_Automation_in_ HR

https://home.kpmg/ae/en/home/insights/2020/11/a-different-service-for-a-new-reality.html

https://www.legislation.gov.uk/ukpga/1986/45/contents

https://www.legislation.gov.uk/ukpga/2006/46/part/26

https://uscode.house.gov/view.xhtml?path=/ prelim@title11/chapter11&edition=prelim

https://www.legislation.gov.uk/ukpga/2006/46/part/26

https://www.cio.com/article/3408018/cloud-computing-in-the-middle-east-the-next-big-tech-market.html

https://www.businessinsider.com/ai-in-banking-report

https://www.researchgate.net/publication/338348152_A_structured_approach_to_implementing_Robotic_Process_Automation_in_ HR

https://www.forbes.com/sites/forbeshumanresourcescouncil/2018/07/20/robotic-process-automation-is-coming-to-hr-heres-what- you-need-to-know/?sh=4d1754ce37f6

https://www.weforum.org/agenda/2019/11/ceos-worry-skills-gap-retraining-ai-automation/

Learning & Development at BMO Financial: "A Driving Force of Cultural Pride" | HR Exchange Network

https://www.entrepreneur.com/article/294142

https://assets.kpmg/content/dam/kpmg/ae/pdf-2020/10/ceo-outlook-report.pdf

ICAEW Financial Services Faculty "Audit of banks: lessons from the crisis" (2010)

ICAEW Financial Services Faculty "Enhancing the Dialogues between Bank Auditors and Audit Committees" (2012)

https://www.icaew.com/archive/technical/financial-services/enhancing-audit-audit-committee-dialogue?fromSearch=1

Contact us

Kenneth Macfarlane
Partner in Charge - Oman
t: +968 2 474 9649
e: kmacfarlane@kpmg.com

Ravikanth Petluri
Head of Financial Services - Oman
t: +968 2 474 9290
e: rpetluri@kpmg.Com

kpmg.com/ae

Follow us on:

Designed by KPMG Lower Gulf Creative team.

Publication number: 3648

Publication date: October 2021