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Payments systems multiply in emerging economies

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QSE enters seventh day of bull-run as index rises

Techno Q aspires to be leading ICT solutions provider in Mideast; aims QR1bn turnover

By Santhosh V Perumal
Business Reporter

Qatar Electronic Systems Company (Techno Q), which will soon be listed on the venture market of the Qatar Stock Exchange, is aiming to be QR1bn turnover entity as it seeks to expand domestic operations in cloud migration and cybersecurity; while planning foray into emerging markets and strengthening operations in Saudi Arabia as well as exploring options on joint ventures and acquisitions.

The company, which seeks to maintain its position as leading ICT (information, communication and technology) solutions in the Middle East, has already initiated discussions with liquidity providers as it gets listed on June 26 and is open to seek credit rating as it has also got long term plans to get listed in Saudi Arabia, where it finds immense potential. "We are expanding our operations in Qatar into other (related) services as well into IT (information technology), cloud migration and cybersecurity," Zeyad al-Jaidah, Techno Q managing director and one of the founder members, told *Gulf Times*.

It is increasing efforts on the group's expansion strategy to neighbouring markets, mainly Saudi Arabia, where the group established a 100% owned subsidiary at the beginning of 2023 to focus on AV, ELV and hospitality related projects, as well as Oman, where the group holds 98% equity interest in QIS to focus on similar projects in this neighbouring country. On the expected turnover in the medium to long term, Abdulla al-Ansari, Techno Q executive director and co-founder, confirmed that the company is eyeing QR1bn in the next five years.

Zeyad al-Jaidah and Abdulla al-Ansari, founders of Techno Q, outline the company's future plans. **PICTURE:** Thajudheen

"If we expand service-wise and geographically, hopefully we can reach our aspiration (of QR1bn turnover)," he said.

In 2023, the company reported revenues of QR269.4mn at a compound annual growth rate of 17.1% over the past three years, and net income of QR19.7mn. As per its listing prospectus, revenues were QR330.92mn in 2022 with a vast majority of it coming from projects. Over its 28 years of operations, the group's portfolio include the design and execution of cutting-edge race electronics for a premier international racing competition in Qatar, the creation and setup of sophisticated security access control systems for a number of football stadiums for a globally recognised sporting event, and the supply and installation of a comprehensive CCTV and Access Control Systems for Qatar's largest hospital. "The growth is in technology because it must be upgraded every five years roughly. So this is going to be continuous," al-Jaidah said.

Highlighting its plans to expand into cloud migration, al-Ansari said the trend now is that first move to the cloud, then once you are on the cloud, there are lots of associated services in terms of security, in terms of applications and so on." Asked whether the company has inorganic plans to grow; al-Jaidah said "we are actually now, as we speak, also looking into this possibility in order to grow a little bit faster, to try to acquire small companies and make a jump."

Asked about the potential acquisition, he said it has hired a consultant to start looking at acquisition in the region. He said the company is also open to forming a joint venture with companies that are not small. "So, we are looking at all possibilities to jumpstart our expansion... These will jumpstart our presence in the market instead of starting from scratch, hiring a team and doing that, these services from scratch," he said.

Asked how the potential acquisition would be funded, he said "we have cash reserves as well. So, we can utilise part of that for acquisitions." On listing, al-Jaidah said it will help enhance its visibility in the corporate world and "we don't need the money to expand... So we are not under that pressure."

Islamic finance assets in Qatar touch QR656bn in 2023: Bait Al Mashura

By Santhosh V Perumal
Business Reporter

Islamic finance assets in Qatar grew 3.3% year-on-year to QR656bn in 2023, of which Islamic banks accounted for 87.6 % of the total and sukuk for 11.1%, according to Bait Al Mashura, a leading domestic Shariah-principled financial consultancy firm.

The assets of Islamic banks grew 3.6% on an annualised basis to QR563.7bn in 2023 with financing witnessing a marginal increase of 0.6% to QR382.7bn, the firm said in its latest report.

"The Islamic finance has several promising prospects for the growth that are underlying in its continuous expansion, and accelerated development in terms of environment and penetration of new ecosystems," Prof Khalid bin Ibrahim al-Sulaiti, the vice-chairman of Bait Al Mashura, said in the report.

Islamic financial sector in Qatar is diverse, and comprises Islamic banks, takaful companies, Islamic finance firms and Islamic investment companies, in addition to Islamic finance products represented in Islamic sukuk, investment funds, and indices.

Total deposits declined 1.4% year-on-year to QR313.4bn in 2023 with private sector deposits constituting 59% of the total in the review period.

Prof Khalid bin Ibrahim al-Sulaiti, vice-chairman of Bait Al Mashura.

In the takaful sector, the assets of insurers reached QR4.2bn, which however fell 5.9% year-on-year; policyholders' assets were valued at QR2.2bn (a decline of 3.6%). Insurance subscriptions exceeded QR1.4bn, an increase of 8.8% on an annualised basis.

In the case of Islamic finance companies, their assets were QR2.5bn, a marginal increase by 0.8%. Financing provided by these companies increased by 4.8% to QR1.8bn, and revenues reached QR241.8bn, increasing by 7.7%.

In Islamic investment companies, the assets of the two such companies grew by 2.7% to QR522.3mn, and their revenues were QR41.4mn, which fell 33.5%, and their profits reached QR5.9mn in the review period.

Sukuk issued by Islamic banks increased by 86.6% to QR4.2bn; while those issued by Qatar Central Bank was valued at QR7.7bn, which showed an increase of 42.8% year-on-year.

The assets of Islamic investment funds exceeded QR942mn, increasing by 4.1%, and their performance varied during the year, the report said.

In Qatar Stock Exchange (QSE), the Al Rayan Islamic index increased by 3.76%, and the performance of the shares of listed Islamic finance companies varied between an increase of 29% and a decrease of 16%.

At the macroeconomic level, the growth returned to its norm during 2023 leveraging from the event legacy resulting in modern infrastructure and tourism, it said, highlighting that as per estimation, Qatari economy grew by 1.8%.

Expansion in North Field resulted in a financial surplus, in addition to enhancing services, logistic, industrial, and trade and finance sectors as indirect results, it added.

QCB foreign reserves surge 3.96% in May

QNA
Doha

The foreign currency reserves and liquidity of the Qatar Central Bank (QCB) increased by 3.96% year-on-year to reach QR249.165bn in May 2024 compared to QR239.664bn in the same period of last year.

The figures released by the QCB showed an increase in its official reserves at the end of May 2024, compared to what it was at the end of the same month in 2023, by roughly QR8.833bn to reach QR190.206bn, owing to the decrease in the balances with foreign banks by about QR2.816bn to the level of QR138.984bn in May 2024.

The reserves consist of key categories: bonds and foreign treasury bills, balances with foreign banks, gold, and Special Drawing Rights (SDR), and the State of Qatar's share at the International Monetary Fund (IMF).

In addition to the official reserves, there are other liquid assets (Foreign Currency Deposits), so the two together constitute what is known as the total foreign reserves. Gold reserves increased, as of the end of May 2024, by about QR7.276bn compared to May 2023 to reach QR28.327bn.

Balances with foreign banks declined by nearly QR1.192bn, to the level of QR17.744bn at the end of May 2024, compared to May of 2023, with the balance of special drawing rights deposits from the State of Qatar's share with IMF decreasing by QR66mn by the end of May 2024, compared to May 2023, reaching QR5,186bn.

Global payments systems multiply

By Fahad Badar

Changes to the global financial system, with non-US systems gaining maturity, represent healthy diversification, although could become the focus of geopolitical rivalry

In the 1990s, the global financial system was anchored around the US system. It was described by the metaphor 'hub and spoke', with the global economy dominated by the US as the sole financial superpower. The situation has recently become much more distributed in a multipolar financial world, featuring both benign outcomes and certain risks.

Two major developments have altered the landscape. First has been the rise of emerging economies. In 1992, the ten leading emerging economies, including China, accounted for around 12% of global economic activity. By 2022 that had become one third. The other significant trend has been the rise of geopolitical tensions, over security and trade. This has featured tariffs, bans on foreign direct investment in defined strategic industries, and the widespread use of financial sanctions by the US, especially against Iran and Russia, in pursuit of geopolitical aims, which has multiple and complex consequences.

Following the invasion of Ukraine in 2022, Russia was banned from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) system. This has caused inconvenience for Russian businesses, but the Russian state had been developing alternatives: The SPFS, a financial messaging service that replaced SWIFT for interbank transfers; and MIR, a card-payment network replacing Mastercard and Visa. The Chinese CIPS system, which is also a financial messaging system, has been growing rapidly. Established in 2015, by 2023 it was processing $67bn of transactions per day. This is small compared with SWIFT's $34tn, but it was 24% higher than the year before. China also has an alternative to Mastercard and Visa for card payments, called UnionPay.

The Indian Unified Payments Interface (UPI) system enables cost-free digital payments by text or scanning a QR code. By March 2023 it was processing Rs139tn-worth ($1.7tn) of transactions annually, accounting for more than 75% of India's digital retail payments.

UPI is linked to a digital-identity system enabling a more secure way of making welfare payments within India. Also, it is being extended internationally, being linked to payment systems in Qatar, Sri Lanka, the United Arab Emirates, Singapore, Mauritius and Bhutan, and is set to be expanded into other territories. The Modular Open Source Identity Platform (MOSIP), based on Bangalore, has made a publicly accessible version of the code underlying India's digital-identity system available to other countries. The Indian payments system could become an alternative to both SWIFT and CIPS.

The Gulf Co-operation Council nations have an established system called GCCNET, which creates a single ATM network linking all GCC national switches. It allows account settlement between member countries in the nations' own currency, without the need to open a non-GCC currency account. The NAPS system within Qatar facilitates payments by debit cards issued locally.

Such alternative payments schemes are developed for pragmatic economic reasons, to do with convenience, reduced transaction costs and better security. It would not be realistic to imagine that Mastercard and Visa should be the only card payment systems, or that SWIFT should have a global monopoly.

The rise in emerging economies and of non-US financial systems has not, so far, diminished the role of the US dollar as the principal reserve currency.

The ubiquity of the dollar, and the sheer scale of the challenge in replacing it, mean that its share in key financial transactions remains dominant, accounting for 85-90% of currency trades, and 47% of cross-border payments via SWIFT in early 2024, up from 38% three years earlier.

While diversification and maturation of financial systems in emerging economies have many benign effects, there is a risk that financial rivalry could fuel geopolitical rivalry. If it became the case that the choice by a nation as to which payments system or currency it uses is seen as an indicator of which side they were allied to, tensions could increase. This is not inevitable however, and in general the proliferation and maturation of different payments and banking systems is an inevitable feature of the rise of emerging economies.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

QSE enters seventh day of bull-run as index inches towards 9,600 levels

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday opened the week on a stronger note for the seventh straight session with its key index gaining more than 38 points on buying interests, especially in the transport, industrials and telecom sectors.

The Arab individuals were seen net buyers as the 20-stock Qatar Index rose 0.4% to 9,570.69 points, although it touched an intraday high of 9,576 points.

The Gulf retail investors turned bullish, albeit at lower levels, in the main market, whose year-to-date losses truncated to 11.63%.

About 52% of the traded constituents extended gains in the main bourse, whose capitalisation added QR2.19bn or 0.4% to QR555.22bn on the back of microcap segments.

The Arab individuals were seen net buyers as the 20-stock Qatar Index rose 0.4% to 9,570.69 points yesterday, although it touched an intraday high of 9,576 points

The foreign institutions' substantially lower net profit booking had its influence in the main market, which saw 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.16mn trade across 18 deals.

The domestic institutions continued to be net buyers but with lesser intensity in the main bourse, which saw no trading of sovereign bonds.

The local retail investors were seen increasingly into net profit booking in the main market, which saw no trading of treasury bills. The Islamic index was seen gaining slower than the main barometer in the main bourse, whose trade turnover declined amidst higher volumes.

The Total Return Index gained 0.4%, the All Share Index by 0.35% and the All Islamic Index by 0.27% in the main market.

The transport sector index shot up 1.54%, industrials (0.62%), telecom (0.51%), real estate (0.18%) and banks and financial services (0.14%); while consumer goods and services declined 0.35% and insurance 0.05%.

Major movers included Doha Insurance, Widam Food, Nakilat, Mesaieed Petrochemical Holding, Gulf Warehousing, Mekdam Holding and Industries Qatar.

Nevertheless, Qatar General Insurance and Reinsurance, Qatar Cinema and Film Distribution, QLM, Beema and Salam International Investment were among the losers in the main bourse. In the venture market, Al Mahhar Holding saw its shares depreciate in value. The Arab individual investors turned net buyers to the tune of QR1.35mn against net sellers of QR5.64mn on June 6.

The Gulf individuals were net buyers to the extent of QR0.41mn compared with net profit takers of QR4.81mn last Thursday.

The Gulf funds turned net buyers to the tune of QR0.69mn against net sellers of QR12.65mn the previous trading day.

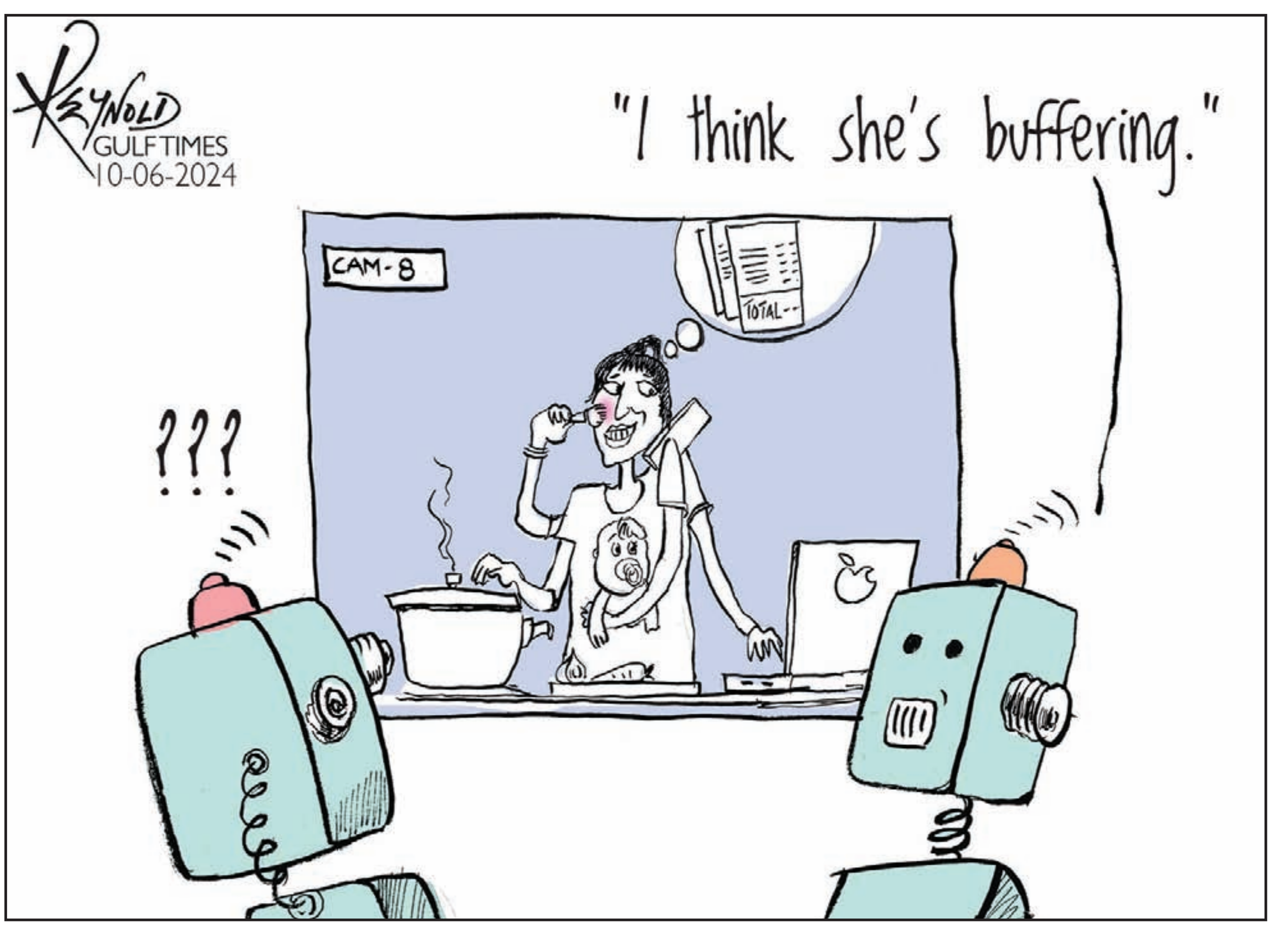
The foreign institutions' net profit booking declined significantly to QR10.3mn compared to QR60.22mn on June 6.

The foreign individual investors' net selling weakened noticeably to QR3.58mn against QR9.24mn last Thursday. However, the Qatari individuals' net selling strengthened markedly to QR25.96mn compared to QR2.12mn the previous trading day.

The domestic institutions' net buying decreased substantially to QR37.4mn against QR94.67mn on June 6. The Arab institutions had no major net exposure for the sixth straight session.

Trade volumes in the main market were up 4% to 162.93mn shares, while value shrank 9% to QR386.7mn and transactions by 15% to 12,226.

In the venture market, trade volumes jumped almost six-fold to 0.11mn equities and value grew six-fold to QR0.18mn on almost six-fold growth in deals to 17.



UDC chairman Ahmed bin Ali al-Hammadi presiding over the meeting, in the presence of the UDC board of directors, representatives of the Ministry of Commerce and Industry, and other shareholders.

UDC approves strategic sale of 40% stake in Qatar Cool

United Development Company (UDC), the master developer of The Pearl Island and Gewan Island, held yesterday Ordinary and Extraordinary General Assembly Meetings, which approved the strategic sale of its 40% stake in Qatar Cool.

UDC chairman Ahmed bin Ali al-Hammadi presided over the meeting, in the presence of the UDC board of directors, representatives of the Ministry of Commerce and Industry, and other shareholders. During the Ordinary General Meeting, the board adopted the nomination policy 'Nomination Procedures and Criteria for Membership of United Development Company Board of Directors'.

The Extraordinary General Assembly further approved the sale of 40% of UDC's stake of 91.06% in Qatar District Cooling Company (Qatar Cool) to Qatar Investment Authority (QIA) for a proceed of QR800mn.

Additionally, it approved amending Article No (9) of the company's Articles of Association (AOA) regarding foreign ownership percentage of the company's shares to possibly reach 100% and authorised the chairman to approve the amendment.

The approval of these agenda items marks a pivotal step in UDC's strategic growth and commitment to enhancing shareholder value, providing it with a substantial influx of financial resources.

This financial boost will enable UDC to invest in core projects and drive further innovation within The Pearl Island and Gewan Island. Additionally, the sale of a significant stake in Qatar Cool to QIA strengthens UDC's financial position and ensures that Qatar Cool benefits from QIA's expertise, enhancing its operational efficiency and competitiveness as a premier investment product.

The partnership with QIA is also expected to bolster Qatar Cool's capabilities, aligning with UDC's long-term vision of sustainable development and operational excellence.

The signing ceremony was held at Shell Headquarters in Oman and attended by senior management from both organisations. Al Meera's top management was represented by Ali al-Kuwari, chairman of Al Meera Oman, along with Yousef al-Obaidan, CEO of Al Meera Group and board director of Al Meera Oman.

Al Meera Oman, Shell Oman enter strategic partnership

Al Meera Consumer Goods Company has announced a strategic partnership with Shell Oman Marketing Company effective from June 1, 2024, marking a significant milestone in expanding its supply chain services to Oman.

The collaboration will entail Al Meera providing comprehensive supply chain services for 57 Shell Select convenience stores, which will be co-branded as Al Meera – Shell Select Stores.

The initiative marks a significant milestone in expanding product diversity in stores across Oman, aiming to comprehensively cater to the diverse needs of customers, thereby improving overall customer satisfaction.

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Shell Oman was represented by its CEO, Dr Mohamed al-Balushi, while Tanmia (Oman National Investments Development Company SAOC), a shareholder of Al Meera Markets SAOC, was represented at the signing by its CEO, Khalid al-Balushi, including Al Meera Markets SAOC vice chairman Said al-Maskari and Al Meera Markets SOAC board director Abdul Aziz al-Yahmadi.

The initiative will encompass a total of 57 stores distributed across various regions in Oman: 33 in Muscat, 11 in Batinah, nine in Sharqiya, and two each in Dhofar and Dhakhliya. This extensive presence will not only enhance Al Meera's brand visibility in Oman but also signifies its foray into the convenience/petromart retail format, underscoring Al Meera's dedication to innovation, customer satisfaction, and strategic growth. On this occasion, Al Meera stated: "We are thrilled to embark on this strategic partnership with Shell Oman. This partnership will enable us to extend our comprehensive retail solutions and superior customer service to a wider audience. "The co-branded stores will provide customers with an unparalleled shopping experience, combining Al Meera's trusted retail expertise with Shell's renowned convenience stores. We look forward to the successful implementation of this alliance and the positive impact it will have on the convenience store landscape in Oman."

Shell Oman's strategy for cultivating synergistic partnerships not only bolsters the company's competitive edge but also focuses on enhancing customer experiences. The collaboration with Al Meera Markets exemplifies Shell Oman's steadfast commitment to continuous enhancement and innovation in service delivery. By integrating Al Meera's retail expertise, Shell Oman has established a new standard for customer satisfaction within the sector.

Shell Select convenience stores are an integral part of Shell gas stations, offering high-quality convenience products and services. With a presence in numerous countries, Shell Select offers a wide range of items including snacks, beverages, groceries, and household essentials, catering to on-the-go customers. Additionally, they feature fresh food options, automotive products, and loyalty programs, ensuring a convenient and pleasant shopping experience.

This strategic alliance aims to boost sales and drive Al Meera's business growth in Oman, exemplifying the steadfast commitment to continuous enhancement and innovation in service delivery and leveraging the strong market presence and operational expertise of both companies..