

Third Financial Sector Strategic Plan

27 NOVEMBER 2023



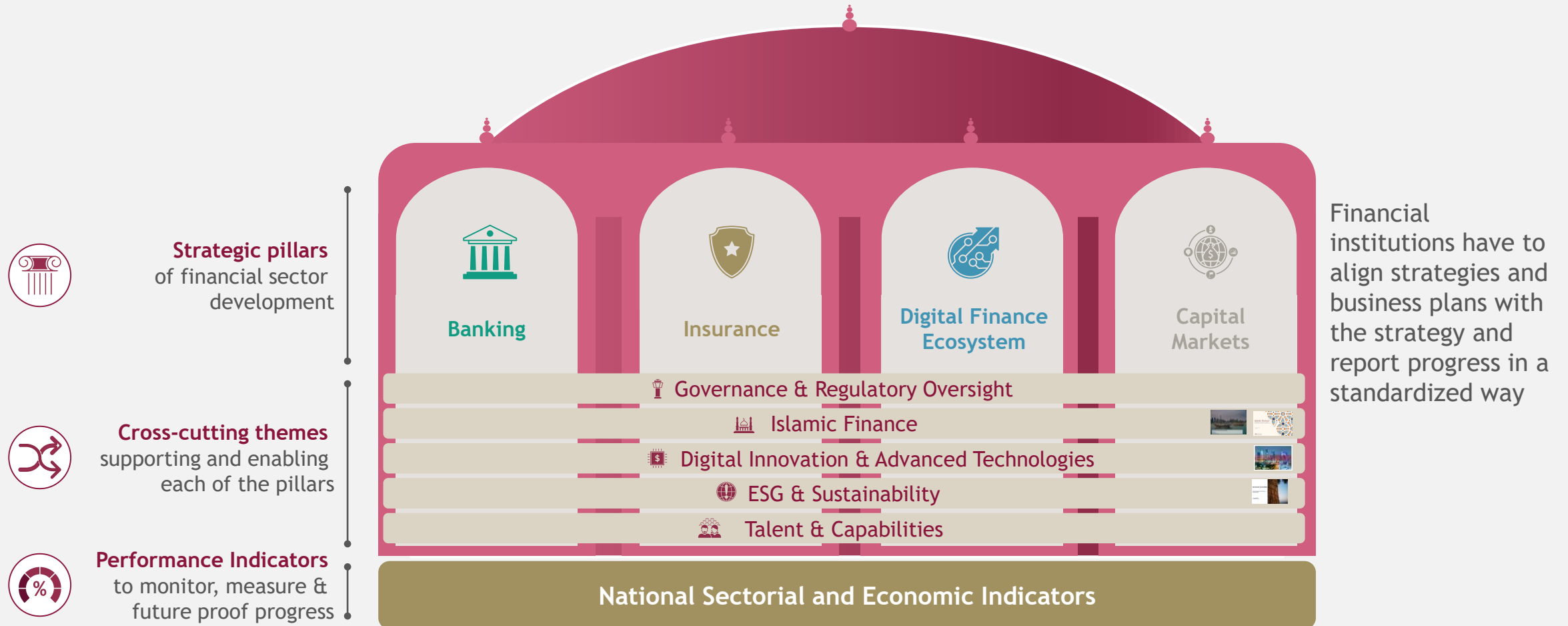
Our vision is ...

“

.. to create a financial and capital market that leads the region in innovation, efficiency and investor protection and positions Qatar to unlock its full economic potential in line with the 2030 National Vision

”

The strategy is founded on four pillars and supported by five cross-cutting themes



Sectorial aspirations are defined for each pillar to ensure the right focus to unlock economic growth and competitiveness for Qatar



Banking

Sophisticated and resilient banking sector excelling in diverse financial services and products, providing specialized advisory and structured funding built on regulatory and digital excellence



Insurance

Leading insurance sector distinguished by its diverse insurance products and services that drive the sector's growth and profitability, spread the culture of insurance in society and provide InsurTech products based on tight insurance rules and legislations



Digital Finance Ecosystem

Leading ecosystem embracing emerging technologies to accelerate digital transformation supported by adaptable and consistent regulatory frameworks and trusted market infrastructures



Capital Markets

Capital market that leads the region in innovation and efficiency and drives national development by improving the level of liquidity

Cross-cutting themes support the strategic pillars to ensure the foundations for successful implementation and delivery



Detailed action plans have been developed for the cross-cutting themes to support the strategic pillars



Banking

Sophisticated and resilient banking sector, providing diverse financial services and products, specialized advisory, and structured funding built on regulatory and digital excellence

Foundational elements



Enhanced regulatory measures for the financial sector to promote transparency, accountability, and trust



Enhanced efficiency, improved customer experience and driven innovation in the banking sector



Best-in-class talent and capabilities to increase knowledge transfer and adopt to changing market conditions

Select growth areas



Tailored financing offerings

- Launch new products to support growth ambitions in priority sectors
- Expand trade and export finance offerings for wholesale and corporate segments
- Develop special financing programs to support SME growth
- Offer savings and investment products to expats to encourage them to invest in Qatar (e.g., mortgages, investment products)
- Provide a range of Islamic and ESG product offerings



Specialized advisory services



- Sophisticate capabilities to increase non-interest revenues
- Support local players to grow beyond Qatar and expand abroad
- Implement mentoring & coaching programs for SMEs on financing, digital, and green transition
- Develop wealth management services for premium retail customers



Digital banking & payment solutions

- Develop a payment hub with real-time transaction monitoring, fraud detection and to achieve increased efficiency
- Expand advanced payment solutions such as digital wallets, virtual cards, and personal financial management tools



Will be achieved through 8 initiatives and 68 action items including 29 priority action items



Specialization areas



Insurance

Leading insurance sector distinguished by its diverse insurance products and services that drive sector growth and profitability, spread culture of insurance in society, and provide InsurTech products based on tight insurance rules and legislations

Foundational elements



Strong regulatory measures to position insurance and provide effective management of financial and economic risks as Qatar's economy expands and diversifies



Safe data and information management systems and established data reporting processes and standards for transparency and efficiency



Safe data and information management systems and established data reporting processes and standards for transparency and efficiency

Select growth areas



Developed local insurance market

- Grow demand and awareness for insurance products, **transforming the market perception**
- Launch **competitive insurance offerings** in health, life and climate risk insurance
- Offer **tailored insurance services** for priority sectors (e.g., logistics, a manufacturing)
- Expand insurance offerings to underserved segments for **increased inclusivity**
- **New insurance products and services** added to the market (e.g., annuities, disability insurance, wage protection, mortgage protection, etc.)



Regional InsurTech hub



- Lay out the fundamentals to become the recognized InsurTech hub in MENA through necessary reforms and incentivizing ventures



Sophisticated capital management

- Increase sophistication of insurers capital/asset management practices to limit premiums leakage and **ensure capital flow into Qatar's economy**



Re-insurance offerings



- Create the optimal environment to increase retention by insurers and position Qatar as a preferred destinations for the international re-insurance market



Will be achieved through **8 initiatives** and **41 action items**, including **26 priority ones**



Digital Finance Ecosystem

Leading ecosystem embracing emerging technologies to accelerate digital transformation supported by adaptable and consistent regulatory frameworks and trusted market infrastructure

Foundational elements



Enhanced data and regulatory frameworks for digital assets and decentralized finance to ensure a secure, stable and trusted legal & economic environment



Leading know-how in digital through training and immersive learning experiences, and grants for technology driven innovations



Sandbox to test a wide range of financial innovations and appropriate infrastructural components to allow sector growth

Select growth areas



Scaled digital payments ecosystem

- Promote fintech players in retail payments to stimulate ecommerce growth
- Development of leading market infrastructure to support innovation and collaboration



Established FinTech ecosystem

- Develop a FinTech Talent Center of Excellence to enable growth of innovative start-ups and innovations
- Provide incentives to facilitate BigTech and FinTech market entry to Qatar



Advanced digital solutions

- Introduce cutting-edge solutions to the Qatari financial sector - e.g., platform trading, robo advisory, blockchains, AI, digital assets, tokenization



Digitalization in ESG & Islamic Finance

- Become a leader in digitalization within Islamic finance and ESG
- Increase financial inclusion through introduction of digital possibilities



Will be achieved through 7 initiatives and 48 action items including 20 priority ones



Capital Markets

Capital market that leads the region in innovation and efficiency and drives national development by improving liquidity and velocity levels

Foundational elements



Enhanced regulatory framework aligned with leading international standards, including robust regulation on investor protection, market transparency, and corporate governance



State-of-the-art capital markets infrastructure, including electronic trading platforms and cloud computing facilities, ensuring data accessibility



Moving from emerging market to developed market status; raising the international profile of Qatar Stock Exchange and Qatar

Select growth areas



Advanced equity capital market



- Promote and encourage issuance by the private sector and SMEs
- Incentives investor participation to improve liquidity, and transaction costs
- Expand offerings in Islamic finance and ESG



Extensive fixed income market

- Strengthen the yield curve in Qatar to enhance the debt capital market
- Increase fixed income secondary trading for increased liquidity
- Issue advanced Sukuk and ESG products



Strong asset management sector

- Launch a competitive and comprehensive asset management solutions (including for expats)
- Provide support for asset management regarding custody activities



Market Development



- Launch derivatives exchange
- Deliver a commercial strategy in partnership with QSE creating the leading exchange in the region
- Create a sustainable and efficient operating model that is responsive to market requirements

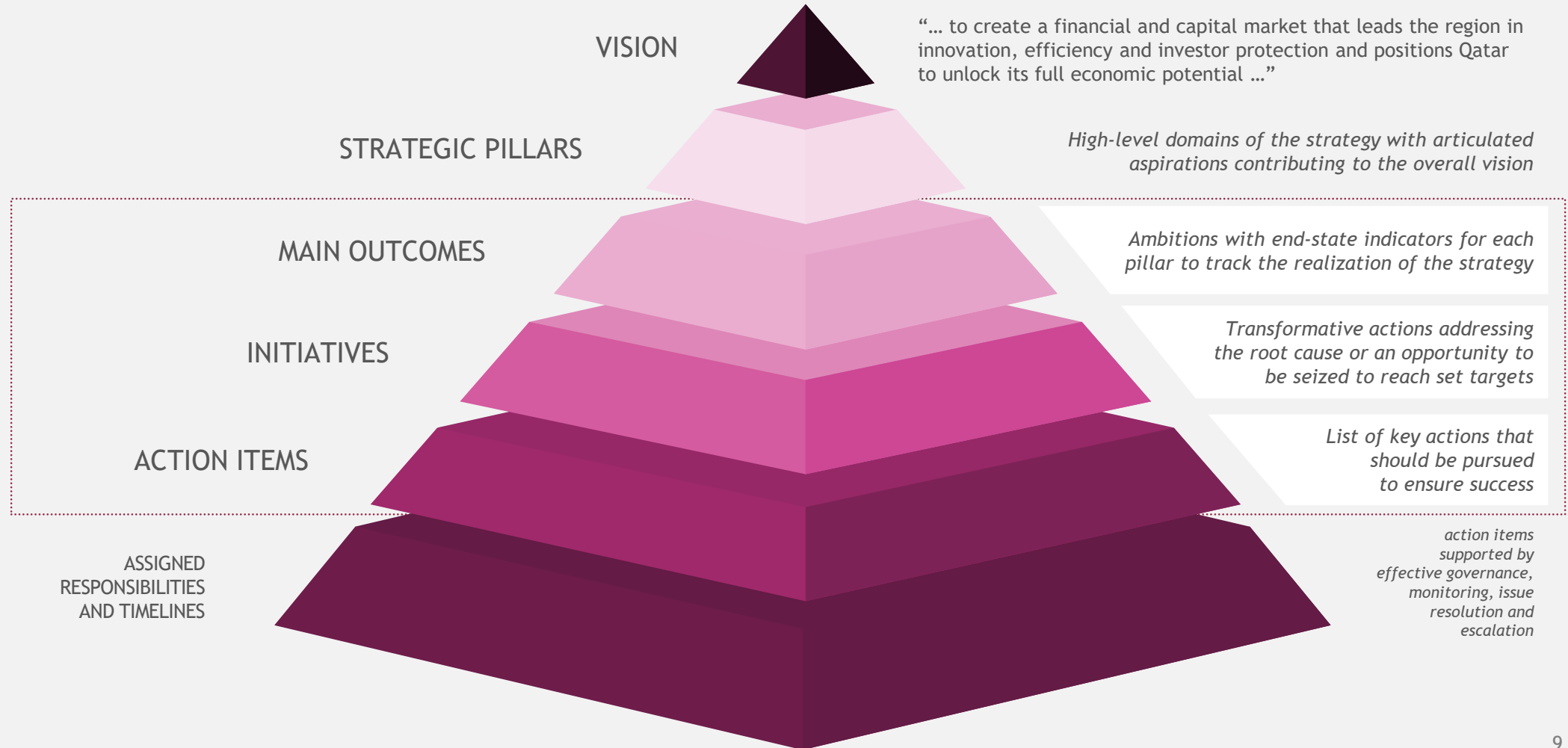


Will be achieved through 7 initiatives and 50 action items, including 23 priority ones

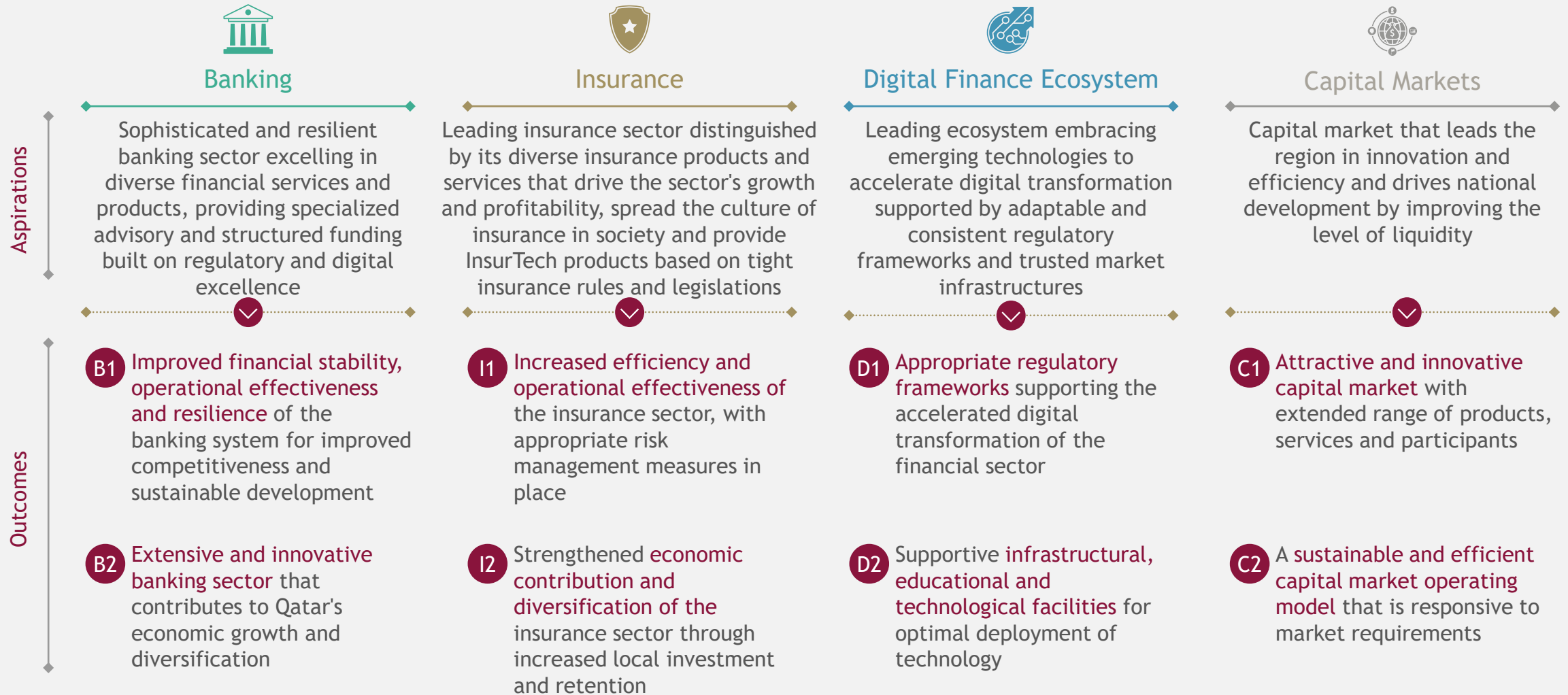


Specialization areas

Structured strategy framework in place to develop action items that directly contribute to our vision



An aspiration and a set of outcomes were defined for each strategic to ensure and measure success



The outcomes were broken down into initiatives and action items that are linked with a set of supporting indicators



Banking



Insurance



Digital Finance Ecosystem



Capital Markets

The defined main outcomes are broken down into initiatives ...

Banking | Main outcomes & Initiatives

Outcome	Initiatives
01 Strengthen the role of investment banking and advisory services in the financial sector (e.g., M&A, restructurings)	01.1 Enhance financial product distribution by offering products to priority areas (e.g., public sector, infrastructure)
02 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	02.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)
03 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)	03.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)
04 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	04.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)

Insurance | Main outcomes & Initiatives

Outcome	Initiatives
01 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)	01.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)
02 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)

Digital Finance Ecosystem | Main outcomes & Initiatives

Outcome	Initiatives
01 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	01.1 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)
02 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	02.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)

Capital Markets | Main outcomes & Initiatives

Outcome	Initiatives
01 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	01.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)
02 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)



... under which a set of priority action items are identified ...

Banking | Outcome 1 Initiatives & Projects

Initiatives	Sub-initiatives
01.1 Enhance financial product distribution by offering products to priority areas (e.g., public sector, infrastructure)	01.1.1 Enhance financial product distribution by offering products to priority areas (e.g., public sector, infrastructure)
02.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	02.1.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)

Insurance | Outcome 1 Initiatives & Projects

Initiatives	Sub-initiatives
01.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)	01.1.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)
02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)

Digital Finance Ecosystem | Outcome 1 Initiatives & Projects

Initiatives	Sub-initiatives
01.1 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	01.1.1 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)
02.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	02.1.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)

Capital Markets | Outcome 1 Initiatives & Projects (1/2)

Initiatives	Sub-initiatives
01.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	01.1.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)
02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)



... with additional supporting indicators to monitor delivery

Banking | Key indicators by initiative

Initiatives	Key indicators
01.1 Enhance financial product distribution by offering products to priority areas (e.g., public sector, infrastructure)	01.1.1 Enhance financial product distribution by offering products to priority areas (e.g., public sector, infrastructure)
02.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)	02.1.1 Increase the role of capital markets in the financial sector (e.g., IPOs, venture capital)

Insurance | Key indicators by initiative

Initiatives	Key indicators
01.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)	01.1.1 Increase the role of insurance in the financial sector (e.g., M&A, restructurings)
02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)

Digital Finance Ecosystem | Key indicators by initiative

Initiatives	Key indicators
01.1 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	01.1.1 Strengthen the role of digital finance in the financial sector (e.g., digital banking, digital insurance)
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Capital Markets | Key indicators by initiative

Initiatives	Key indicators
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02.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)	02.1.1 Increase the role of digital finance in the financial sector (e.g., digital banking, digital insurance)



The financial sector strategic plan will lead to strong overall sector growth

4.7%

overall Compounded Annual Growth Rate for the financial sector until 2030

84B

overall contribution of the sector to GDP by 2030



Banking

Main outcomes

B1

Improved financial stability, operational effectiveness and resilience of the banking system for improved competitiveness and sustainable development

B2

Extensive and innovative banking sector that contributes to Qatar's economic growth and diversification

Leading indicators (overarching)

T3

84 Total sector GDP contribution (QAR Billion)

T4

77% Credit to private companies (% of commercial credit)

Increase the share of credit to private companies by 15pp

T5

7% Credit to SMEs (% of commercial credit)

Supporting indicators



Banking sector productivity (net profit / employees)



Credit to private companies in priority sectors (% of total commercial credit)



Banking sector professionals with relevant degrees or certifications (% of total)



Volume of Islamic finance assets (% of total banking assets)



Total value of loans financing sustainable investments (i.e., green loans)



Insurance

Main outcomes

I1

Increased efficiency and operational effectiveness of the insurance sector, with appropriate risk management measures in place

I2

Strengthened economic contribution and diversification of the insurance sector through increased local investment and retention

Leading indicators (overarching)

T6

4 Insurance sector GDP contribution (QAR Billion)

Target penetration levels to reach the average GCC penetration rate for key subsegments (e.g., life, motor, healthcare)

T7

3.5% Gross Written Premium % of NHC GDP

Exceed leading GCC benchmarks

Supporting indicators



Share of life insurance GWPs (% of total insurance GWPs)



Share of re-insurance premium volume (% of total insurance premium)



Number of licensed InsurTech players



Share of insurance sector professionals with relevant degrees or certifications



Size of Takaful funds under management as % of total AuM



Share of climate risk or green insurance related GWPs (% of total insurance GWPs)



Digital Finance Ecosystem

Main outcomes

D1

Appropriate regulatory frameworks supporting the accelerated digital transformation of the financial sector

D2

Supportive infrastructural, educational and technological facilities for optimal deployment of technology

Leading indicators (overarching)

T8

30th GFCI Fintech (rank)

Match leading digital countries

T9

35 Licensed FinTech & InsureTech players

Continue the trajectory as outlined by the FinTech strategy

Supporting indicators



Intellectual Property Protection Score



Share of non-cash payments, % of total



Number of graduated students with relevant degrees or certifications



Number of firms admitted to and graduated from QCB sandbox



% of institutions compliant with data compliance and reporting duties



Capital Markets

Main outcomes

C1

Attractive and innovative capital market with **extended range of products, services and participants**

C2

A **sustainable and efficient capital market operating model** that is responsive to market requirements

Leading indicators (overarching)

T10

150% Yearly value of stock traded as a % of free float market cap

Exceed leading GCC benchmarks

T11

10 AuM managed from Qatar (QAR Bn)

Target an AuM growth rate of 18% as the historical growth of Asia pacific

T12

8+ Total value of firms' bonds issued in Qatar (QAR Billion)

Supporting indicators



Number of new equity listings on QSE annually



Value of listed fixed income in the QSE, % of GDP



Number of licensed asset managers and domiciled in Qatar



Number of education & knowledge-sharing workshops and forums organized annually



Share of transactions from institutional investors (% of total transactions)



Total volume of issued Sukuks as % of total fixed income market



مصرف قطر المركزي
Qatar Central Bank

دولة قطر ♦ State of Qatar