

Business



The Arab British Economic Summit, London

# FIs need to embrace FinTech as an exciting opportunity: Al-Bahar

## Shaikha Al-Bahar's speech at Arab British Economic Summit, London

**KUWAIT:** Shaikha Al-Bahar, Deputy Group Chief Executive Officer, National Bank of Kuwait said that financial technology is now a cornerstone of modern banking infrastructure and vital in remaining competitive and customer centric, ensuring retention and engagement in the current disruptive environment.

In her speech delivered at the Arab-British Economic Summit held recently in London, attended by governmental, business and economic figures as well as Arab and British business leaders, Al-Bahar emphasized the importance of adopting to a rapidly changing world, and to embrace FinTech as an opportunity to thrive, rather than tools to compete and survive.

Al-Bahar added that the future success of banking lies in the hands of technology. Banks must commit significant investment into building state of the art infrastructure if they wish to keep pace with the sector's accelerating trajectory, highlighting that some analysts go as far to predict that IT investments should be as much as 10% of annual revenues as is the case of some leading global institutions.

### Exciting opportunities to build and thrive

"For a while there has been a growing consensus, especially in MENA, that banks must adapt, or else they will not survive. Our philosophy is the opposite. We do not view technology as a threat to traditional banking services, but as a fluid enabler of solutions to better service our customers," Al-Bahar said.

She added that FinTech and Blockchain comes with the exciting opportunity to build and thrive. We must remain vigilant and proactive as we enter uncharted technological territory, rather than defending outdated mechanisms.

Acknowledging the importance of partnerships with non-bank FinTech players, Al-Bahar described it as an emerging trend that strengthen banking architecture while true internal integration can occur, confirming that this takes many forms, such as core IT upgrades to improve bandwidth and ranges to cyber-security resilience to combat rising online threats.

### Competition drives innovation

Al-Bahar said that competition brings with it the need for innovation, therefore our aim at NBK is for our new initiatives to give us an edge against our peers. "We have invested in our consumer platforms to provide better service experiences for customers, with new options such as selfie pay, biometric cards and smart phone fingerprint identification," Al-Bahar said.

She added that NBK has recently implemented a new mobile banking platform for Egypt, Iraq, Bahrain, Jordan and the UAE, which ensures seamless banking transactions. On top of this, our joining of swift GPI and Ripple networks to ensure real-time international remittances across geographies, bolstering our global transaction offering, also demonstrates how lever-

aging new technologies can create a remarkable customer experience built on reliability and convenience.

### Adapting to the impact of Fintech is a process

Al-Bahar explained that making a bank competitive in the current environment requires informed decision-making on technology and a deep understanding of the forces at work.

She further detailed NBK's strategy that identified three main areas of focus: 1) the threat and disruption of technological innovation, 2) the faster pace of change in product and services enabled through FinTech, and 3) facilitating customer engagement through digital banking services.

Al-Bahar also emphasized the importance of demographic considerations as a vital element in providing relevant technologies and solutions in the GCC region. In Kuwait for instance, 63% of the population is under the age of 30. This population also enjoys one of the highest internet and mobile penetration rates in the world. In such economies, advanced online and mobile banking is not a luxury, it is an integral part of the online financial ecosystem.

### Creating an infrastructure for enabling Fintech

Al-Bahar indicated that while re-investing revenue, regional markets are also

building a sandbox regulatory environment for new concepts and ideas to be tested. Banks should participate in this process to incubate and nurture programs, including the likes of Fintech Hive in Dubai, FinTech Saudi in the Kingdom of Saudi Arabia and FinTech Bay in Bahrain. Similarly in Kuwait, the central bank has recently issued a regulatory sandbox framework for FinTechs. We have no doubt that the appetite for partnerships among the larger banks will propel operations and service offerings into the digital age.

She pointed out that regulatory infrastructure must welcome both home-grown and overseas FinTech players to stimulate growth drivers across markets. Innovation is a key growth driver catering to a young and tech-savvy population. Younger customers will become early adopters of nascent technologies, such as AI and robotics, and will be adequately rewarded for doing so. It is in banks best interests to foster such relationships with key stakeholders.

### Wealth of opportunities

Al-Bahar confirmed that there exists a wealth of opportunity for investment in the Arab FinTech industry. It is remarkable to witness the progress that has been made and its implications for the industry. Powerful and relevant players are emerging, especially when it comes to payments and transactions. The recent London IPOs of Network International and Finabl, both



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of which are UAE-based businesses, are testament to that fact.

And similarly, NBK also had its own experience, investing in Smart Wealth, through our investment banking arm, NBK Capital. Smart Wealth is a digital end-to-end financial services advisor platform that we expect will be the future of investing.

"That is not to say that large banks should be competing in an arms race for FinTech partners. Investment in third-party ventures must remain measured and strategically sound. NBK's adoption of RippleNet supports our e-remittance business, which holds great revenue potential and will undoubtedly improve service to customers", Al-Bahar noted.

Moreover, she stressed on the fact that banks need to demonstrate serious commitment to customers, shareholders, regulators and partners by investing in FinTech. NBK itself has received few accolades for excellence in banking innovation and payment services which is a testament to our own commitment. Our investment efforts do not end there - they are extensive and diverse in scope.

Al-Bahar concluded her speech at the Arab British Economic Summit by saying that: "Shifting customer needs and demographic changes remind us that we must continue to do the best we can, finding new ways to deepen our business landscape and grow the sector together as partners, not adversaries."

### NBK sponsors the Arab British Economic Summit

National Bank of Kuwait sponsored the Arab British Economic Summit 2019 organized by the Union of Arab Chambers, Arab British Chamber of Commerce and the League of Arab States and with the participation of British and Arab business leaders, corporate affairs and public policy professionals.

The summit highlighted the subjects most relevant to UK and Arab business, showcasing the broad range of projects emerging and under development within the Arab world with the purpose of promoting and strengthening cooperation among its members. It also offered invaluable opportunities for investors, exporters, experts, consultants and providers of services to engage in dialogue with project leaders and decision makers.

The summit included valuable discussions about a number of key topics including: Challenges facing investment in the renewable energy sector, job creation, business climate, difficulties facing the investments in the infrastructure sector, as well as ways to attract inward investment in this sector by discussing the vital role played by infrastructure in promoting sustainable economic development in the Arab world.

Another topic of discussion was focused on the MENA region as an important strategic hub for facilitating trade between the UK, Europe and the new global markets such as Asia, in addition to the factors that make it most attractive to investors. Existing investment opportunities were pinpointed as the region expands as a hub for inter-regional trade.

Participants also discussed the challenges facing the agriculture sector and water security in light of the high population growth, considering to what extent the Arab world relies on imports to meet local demand for food produce and highlighted the investment and partnership opportunities as the region acts to develop sustainable agriculture.

The Arab British Economic Summit is an exceptional opportunity to network with key players from all sectors and expand trade exchange between Britain and the Arab world throughout all major economic sectors.

- Competition creates innovation and our strategy is built on delivering initiatives that emphasize our leadership
- FinTech is an opportunity to thrive, rather than tools to compete and survive.
- The future success of banking lies in the hands of technology & banks must commit significant investment into digital solutions.
- There exists a wealth of opportunity for investment in the Arab FinTech industry
- NBK recently launched "Smart Wealth" digital platform to be the future of investing
- Receiving accolades for excellence in banking innovation is a testament to our own commitment
- Kuwait enjoys one of the highest internet and mobile penetration rates in the world, and mobile banking is an integral part of the online financial ecosystem, hence the necessity to provide innovative online services
- Banks commitment to customers and shareholders drive the need to invest in FinTech and digital innovations