Stuttgart is located at the heart of one of the strongest economic regions in Europe, with a very large number of small and medium-sized companies (SMEs). What does this mean for the local financial industry?

The German financial system is marked by its diversity, decentral structure, and three-pillar system of private, public, and cooperative banks.

If we consider that around 44% of our banks are public and cooperative banks which operations and clients are local. I would say that our SME environment, which is decentralized as well, and their continuous demand for liquidity to invest and grow shaped the structure and financial system as a whole. The concentration of SMEs and their success additionally reflect that there is very good access to capital in our region.

*SME finance is an important topic, in particular during and after the current crisis. Which developments do you see in this area, and what will be possibly changing?*

Our SMEs are going through a very tough time, and of course, not every SME will survive. It is a primary objective of our government to support our local SMEs with additional liquidity. But this does also mean that there have to be certain requirements fulfilled to get the full support. Therefore, I think that over the next years, we will see a significant change in the business models, a higher acceptance of a high-level digitation, and changes in the balance sheet reporting obligation in our SME environment.

*Stuttgart Financial has recently become a WAIFC member, and you have even joined the WAIFC board of directors. How were your first impressions?*

I am very proud that Stuttgart Financial could join this dynamic alliance, and I was positively impressed by the willingness and motivation of so many financial centers...
worldwide on jointly working on the same objectives despite the finance-system, regulatory and geographical differences. I am happy to see that it is the cooperation that drives the WAIFC, not the competition as usual.

**What do you expect from this membership? To what extent can a close cooperation with the other WAIFC members strengthen the Stuttgart financial center?**

As I already mentioned, the members of the alliance are very different. They follow different approaches to support their local financial centers. Therefore, there are great opportunities to exchange best-practice approaches and get to know perspectives we might have never considered without this membership. "Thinking out of the box" gets an entirely new meaning. I also believe that we can contribute an added value out of our experience.

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**Interview with Yousuf Mohamed Al Jaida, CEO of Qatar Financial Centre and Member of the WAIFC Board**

*Is the ongoing pandemic proving to be more of a challenge or an opportunity for the financial industry in Qatar?*

The Coronavirus (COVID-19) pandemic continues to fuel global social and economic uncertainty, and Qatar is no exception to the challenging impacts felt around the world.

However, a key differentiating factor in how economies can emerge from this financial crisis has been how quickly, and how extensively, countries have responded to boost their economies. Qatar has been at the forefront of this, with the IMF lauding Qatar’s targeted measures to combat the social and economic impact of COVID-19. This includes a $23 billion stimulus package to boost the private sector in addition to directing government funds to increase investments on the stock exchange by over USD $2 billion.

Despite challenges, Qatar’s economy continues to prove resilient in the face of this crisis, with its GDP expected to grow to USD $231 billion by 2024 from USD $193 billion in 2020. In March 2020, Oliver Wyman ranked Qatar as top responder after it provided this economic stimulus package to mitigate the impact on the economy and population. Additionally in April and May respectively, Moody’s Investor Service affirmed Qatar’s Aa3 rating with a stable outlook, and S&P affirmed its ratings for Qatar of AA-/A-1+ with a stable outlook, citing the country’s strong financial buffers. Fitch Ratings also affirmed Qatar’s ‘AA-’ ratings citing that it reflects continued fiscal and external surpluses, a strong sovereign net foreign asset position, and one of the world’s highest ratios of GDP per capita.

This is testament to the resilience of Qatar’s economy, and our continued strength is actually catalysing new opportunities in the financial industry in Qatar. The first six months of 2020 proved to be an opportune time for Fintechs specifically, demonstrated by Fintechs continuing to expand to Qatar as well as a continued push forward by local institutions to develop Qatar’s Fintech framework and regulatory environment. Fintechs are also forecasted to play a key role in recovery strategies both globally and locally.

Looking at Fintech in Qatar as a catalyst for growth, this crisis has highlighted the necessity and possibility of applying technology by financial institutions to better interact and service clients, including remittance services that eliminate the need to visit an exchange house; contactless payment solutions; the processing of insurance claims and payments remotely; and supporting lending to SME sectors.

For example, this year Qatar Central Bank (QCB) launched the Qatar Mobile Payment System (QMP), which provides a new and safe method for immediate electronic payment. HE Sheikh Abdulla bin Saoud al-Thani, QCB Governor, had said the central
bank is actively working on developing strategies to allow sector players to benefit easily and swiftly from many Fintech initiatives and products that are currently on the horizon. QCB also officially launched its regulatory sandbox inviting and accepting firms seeking to safely live-trial their services in the digital payment services space. Under the strict supervision of the QCB and the guidance of an expert panel, the QCB sandbox is central to government efforts to promote innovation in digital payment services.

In addition, and in line with the Qatar’s Fintech strategy, Qatar Development Bank (QDB) has already launched the Fintech Incubator and Accelerator programmes, which will cater to local and global Fintech entrepreneurs who are looking for a launch-pad and a hub to accelerate their growth.

As the primary enabler and facilitator for international Fintechs looking to operate in Qatar, QFC is continuing to license Fintechs on our platform via our ‘Fintech Services Providers Licence’, catering to those providing cybersecurity solutions, application programming interfaces (API), cloud computing, developing blockchain-based technologies, Artificial Intelligence (AI) and companies which provide a platform for facilitating real-time transaction capability of internet connected devices.

**What makes Qatar unique as a finance innovation hub?**

According to an S&P Global Ratings, Qatar, along with other GCC countries, appears most ready for Fintech adoption in the Middle East and Africa (MEA), thanks to the preference of clients for digital banking, the ready availability of financial capital, and a push by regulators. According to a recent EY survey, 85% of people in Qatar would move to a different bank if it offered better online and smartphone banking options, and with 88% of the population being expatriates with high diversity including being underbanked, Fintech has a major value-add to the Qatari market. With Qatar’s Fintech sector still in its development stages, Fintechs here enjoy an unsaturated market bursting with opportunities for cutting-edge financial services and innovation for both institutions and consumers alike. Furthermore, Qatar is ideally positioned to act as a commercial and operating hub for Fintechs looking to tap into key markets including India, Pakistan and Bangladesh, thanks to its solid business ties with these countries and more.

Looking at the QFC specifically as the primary licensing platform for local and international Fintechs, we are home to a host of international Fintechs including Instimatch Global, the money markets Fintech network; and Fineon Exchange, a Luxembourg-based global marketplace for exporters to trade their export receivables and trade finance assets. We are also home to QPAY, Qatar’s largest Fintech company. A key differentiating factor is that the QFC has various companies and institutions on its platform, ranging from big techs like Uber, to leading international financial institutions such as Bank of China and Morgan Stanley, as well as Fintech start-ups. This is only one example of how our diversified portfolio of clients has created a vibrant business community and international network, and also offers key opportunities for partnerships, cross-over and collaboration, particularly in light of high demand from banks. Qatar and the QFC also offer a host of incentives for Fintechs that give us a competitive edge over other markets, including waiving application and registration fees, offering workspaces rent-free, and other benefits.

While Fintech in Qatar is largely focused on online payments and remittances, which could very well improve the sector’s overall prospects, there has been substantial infrastructure and regulatory work advanced in the country to foreground Fintechs’ success in the local context. Qatar Fintech Hub, of which QFC is a partner, brings together a vibrant community of FinTech entrepreneurs, industry experts, regulators and investors and will create significant developments and opportunities in the short and long term.

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**Events**

**Webinar: International**
Financial Centers – Sustaining SME Growth in a Post-COVID World

Webinar during the Astana Finance Days on Wednesday, 01 July 2020, 18:30 ALMT (08:30 EDT/13:30 BST/14:30 CEST/15:30 AST/16:30 GST/20:30 HKT/21:30 JST). Participation is free of charge.

More

Third FinTech Webinar with Findexable: Open Banking Innovation. Open Sesame?

In a third FinTech webinar with Findexable on 08 July 2020, 09:00 BST/10:00 CEST, we will discuss Open Banking. A growing list of countries are looking at Open Banking regulation as a way to drive financial services innovation in their own markets, encourage the provision of new services, and improve the customer experience.

More

Paris Europlace International Financial Forum 2020

From Crisis to Recovery, the Role of the European Finance

More

WAIFC Annual General Meeting 2020

Annual General Meeting of the World Alliance of International Financial Centers in Doha on 18/19 October 2020

More

Downloads

Joint declaration on the current pandemic (PDF)
WAIFC Presentation (PDF)
How global financial centers can help combat the COVID-19 pandemic (PDF)
The role of financial centers in driving economic growth (PDF)
The World Alliance of International Financial Centers (WAIFC) is a non-profit association registered in Belgium, representing 17 leading international financial centers of four continents. Its members are city governments, associations, and similar institutions developing and promoting their financial centers. WAIFC facilitates cooperation between financial centers, the exchange of best practices, and communication with the general public.

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