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BANKING | FINANCE | INSURANCE | TECHNOLOGY | REAL ESTATE
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Publisher's Note

In 2018, I decided to give in and make my dream come true. Every year since then has been a whirlwind. This year is no exception.

The world finally learns to live with the coronavirus pandemic, we see a war being waged, we see inflation, economic crises, countries declaring bankruptcy, and the surge of another possible pandemic. As we seek to return to our pre-COVID-19 lifestyles, we will continue to adjust to the effects of the coronavirus.

We have suffered through some of the most terrible issues I can recall as a city, a nation, and the globe as a whole, but it looks like we are on the other side, and I am incredibly enthusiastic about the future of this magazine and our community as a whole.

This August, we come out with a brand-new issue of Business Tabloid as we dig deep into the Technological Aspect of Financial institutions, we see further how the pandemic has reshaped our lives in a way that we can never go back to.

We see how the Accelerated Digital Transformation across the world has led to exponential advancements in technology, user-friendliness, economic policies, digital regulations and people embracing it. How It has brought around a new wave of cyber-security issues that everyone should be educated about.

We see an amazing leader, Mr Christian Patoruax, telling his story of how he broke barriers in broadband to become APAC's largest Ka-band satellite operator.

I believe this is a turning point in Business Tabloid's journey, as we prepare for the 4th Annual Business Tabloid Awards, happening tentatively on the 19th of January 2023 in Atlantis the Palm, Dubai. We look forward to a fantastic evening of fun, entertainment and appreciation.
I look forward to seeing you all there.

Best Regards

G.K. Thejaswini

Thejaswini GR

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NEWS

The stories that have been making Headlines

First Abu Dhabi Bank records highest ever profit in the first quarter of 2022

First Abu Dhabi Bank (FAB), the UAE's largest lender by assets, recorded a net profit of $1.38 billion (AED 5.1 billion) in the three months ending March 31, 2022. The figure is up 54 percent quarter-on-quarter and up 107 percent from a net profit of $680.62 million (AED 2.5 billion) in the same period in 2021.

According to a stock market bulletin posted on the Abu Dhabi Securities Exchange, this is the bank's biggest quarterly net profit in its history.

Led by Hana Al Rostamani, the Group Chief Executive Officer, and James Burdett, the Group Chief Financial Officer, FAB continues to have good fundamentals in asset quality, liquidity, funding, and capital measures, according to the data. The strong set of results illustrates that their plan is being implemented and that their main companies are moving in the right direction.

From First Abu Dhabi Bank's financial statements –

The bank's total income was $1.98 billion (AED 7.3 billion), including a net gain of $762.29 million (AED 2.8 billion) on the sale of a majority stake in Magnati payment solutions. In comparison to the first quarter of 2021, annualized earnings per share (EPS) increased by 113 percent at AED 1.84. Impairment costs increased to $124.4 million (AED 457 million) in the first quarter of 2021, up from $127.9 million (AED 470 million) the previous quarter. Operating costs came up at $408.37 million (AED 1.5 billion), indicating that continued strategic and digital

investments were made. At $118.15 billion (AED 434 billion), loans, advances, and Islamic financing were increased 15% year on year and 6% year to date. Customer deposits at First Abu Dhabi Bank climbed by 6% year over year to $163.34 billion (AED 600 billion); the deposit mix improved, with CASA balances increasing by $5.98 billion (AED 22 billion) to represent 52 percent of the total customer deposits.

The Liquidity Coverage Ratio (LCR) improved by 120 percent, indicating that the company's liquidity position is good. With an NPL ratio of 3.8 percent and acceptable provision coverage of 98 percent, healthy asset quality criteria were achieved. CET1 (Common Equity Tier 1) climbed to 13.0%, comfortably exceeding regulatory norms and indicating a strong capital position.

Sheikh Mohammed bin Rashid, Vice President and Ruler of Dubai, announced earlier this month that the country's GDP increased 3.8 percent last year, exceeding the World Bank's prediction of 2.1 percent. Despite global geopolitical obstacles and pandemic-related uncertainty, the UAE economy rebounded strongly from last year's pandemic-driven downturn and has continued to thrive this year. ▮

IBM CEO Arvind Krishna Elected to Federal Bank of New York's Board

Arvind Krishna, Chairman and Chief Executive Officer of IBM (International Business Machines Corporation), has been elected to the Federal Reserve Bank of New York's Board of Directors. Krishna will fill the vacancy in the office for the remainder of a three-year term ending December 31, 2023, according to the New York Fed.

The Federal Reserve System, or Fed, is an autonomous federal body established by Congress in 1913 to function as the United States' central bank. The Second Federal Reserve District, which comprises New York state, the 12 northern counties of New Jersey, Fairfield County in Connecticut, Puerto Rico, and the United States Virgin Islands, is overseen by the New York Fed. According to information on the Fed's website, the New York Fed is the largest Reserve Bank in terms of assets and volume of operation.

Krishna was previously senior vice president of Cloud and Cognitive Software at the University of Illinois at Urbana-Champaign. He has an undergraduate degree from the Indian Institute of Technology, Kanpur, and a Ph.D. from the University of Illinois at Urbana-Champaign. He was the general manager of IBM Systems and Technology Group's development and manufacturing organization, as well as the head of IBM Research.

The Reserve Bank directors serve as a vital link between the Federal Reserve and the private sector, ensuring that the Fed's monetary policy decisions are guided by current economic conditions. According to IBM's 2022 Notice of Annual General and Proxy Statement, chairman and CEO Arvind Krishna was paid $17.5 million in 2021, up from $17 million the year before.

"In his current and former roles, Krishna has led the building and expansion of new markets for IBM in the cloud, artificial intelligence, blockchain, and quantum computing. He has also played a significant role in the development of innovative IBM products and solutions based on these emerging technologies," the statement from the New York Fed added. ▮

Russia might default interest payments of $100 million as deadline expires

After a grace period on two international bond payments expired on Sunday night, Russia may be facing its first big foreign debt default in almost a century. A total of $100 million in interest payments were due on May 27 and were subject to a grace period that ended on Sunday night.

Several media sites have stated that bondholders have yet to receive payments, owing to international restrictions that prevented Russia from paying in its ruble currency. The Kremlin has consistently stated that there is no need for Russia to fail, but it is unable to pay bondholders due to sanctions, accusing the West of attempting to force it into a fake default.

According to Reuters, which cited two sources, some Taiwanese holders of Russian Eurobonds have not received interest payments due on May 27, indicating that Russia may be approaching its first foreign debt default since 1918, despite having abundant funds and a readiness to pay.

Russian Finance Minister Anton Siluanov allegedly told Russian state-owned news agency RIA Novosti that the payment blockage does not represent a true default, which often occurs as a consequence of refusal or incapacity to pay, and referred to the scene as a "farce."

Western sanctions in reaction to Russia's invasion of Ukraine and Moscow's countermeasures have virtually isolated the nation from the global financial system, but the Kremlin has found methods to pay bondholders many times.

Despite the extraordinary degree of sanctions levied against the Kremlin, the Russian currency rose to its highest level in seven years last week, following a February crash.

To counteract this, the leaders of the G-7 nations will declare a ban on Russian gold imports in response to Moscow's aggressive invasion of Ukraine, US President Joe Biden revealed on Sunday morning. The United Kingdom has also joined the United States, Canada, and Japan in prohibiting imports of Russian gold in an effort to limit Moscow's ability to support the Ukrainian war. ■

Dar Al Takaful and Watania complete merger to form one of the leading national Takaful (Islamic Insurance) providers in the UAE

Dar Al Takaful (DAT) and Watania, both publicly traded firms, have completed their merger, forming one of the region's largest Shariah-compliant insurance carriers and consolidating its shares on the Dubai Financial Market. According to a release, the joined business now has a total share capital of AED 260 million ($70.8 million).

Watania, which was listed on the Abu Dhabi Securities Exchange, has been delisted. Its stockholders earned 0.73 DAT shares for each Watania share they owned for the rest of their lives. According to a press statement, the merged firm would benefit from "substantial cost and revenue synergies, decreased operating expenditures, and superior IT platforms to grow its product offerings."

To mark the occasion, the new board of directors, led by Dr. Ali Saeed Bin Harmal Aldhaheri as Chairman, Mr. Matar Hamdan Sultan Hamad Al Ameri as Vice Chairman, and Board Member Mr. Abdullah Osseiran, were joined by Hamed Ali, CEO of DFM and Nasdaq Dubai, for a bell ringing ceremony at market open this morning.

Trading in Watania shares on the Abu Dhabi Securities Exchange (ADX) ceased as of the close of the trading session on Wednesday, June 15, 2022, as part of the merger completion process, and the company officially delisted from the ADX on June 30, 2022, following receipt of the merger certificate issued by the Securities and Commodities Authority (SCA).

The company put up a disclaimer on its website, claiming National Takaful Company (Watania) PJSC desires to announce that it is in the process of merging with Dar Al Takaful PJSC, with Dar Al Takaful PJSC surviving and Watania ceasing to exist upon conclusion of the merger. As a result, following completion of the Merger, Watania's business, including all rights and responsibilities deriving from it, will be transferred by law to Noor Takaful Family PJSC or Noor Takaful General PJSC (wholly owned subsidiaries of Dar Al Takaful PJSC).

"I am thrilled that we have formally become one company with one purpose, one culture and one common vision for the future," DAT chairman Ali Saeed bin Harmal Aldhaheri said in a statement, adding the merger reflects the UAE's evolving Islamic insurance sector. "Away from fragmentation towards consolidation. DAT will focus on deepening our customer reach and activities across the UAE, while also seeking opportunities to take our expertise overseas, particularly into the fragmented GCC market." ▮

Meta CEO displays prototype headsets to support $10 billion research funds

Meta, previously Facebook, promises to spend at least $10 billion this year on virtual reality and augmented reality research and development. On Monday, CEO Mark Zuckerberg demonstrated the company's development by unveiling many of the incomplete headgear prototypes it has produced in its laboratories.

Zuckerberg has staked his company's future on virtual reality, which immerses users in a computer-generated environment, and augmented reality, which superimposes computer-generated things over the actual world. Last year, the business renamed itself Meta to reflect its new emphasis on the metaverse, a virtual realm in which Zuckerberg envisions people spending growing amounts of time — ideally, through improved digital spectacles.

For the past few years, Meta has regularly demonstrated its progress on virtual reality headsets and augmented reality glasses to partners and the press in order to persuade investors that the project is worthwhile and to assist in the recruitment of highly paid developers and executives with VR and AR experience.

"It's not going to be that long before we can create scenes in perfect fidelity," Zuckerberg said on a call with media about the company's virtual reality efforts. "Only instead of looking at them on a screen, you'll feel like you're there. The issue today is that the vividness of screens that we have now compared to what your eye sees in the physical world is off by an order of magnitude or more."

Meta frequently displays unfinished prototypes for use in research during these roundtable sessions, which is unique in consumer electronics. Before communicating to the press about a product, gadget businesses want to finish it and work out how it will be made. For example, Apple, which is developing its own headgear, never displays prototypes.

The prototypes he showed were – Butterscotch, Half Dome 3, Holocake 2, Starburst, and Mirror Lake."These prototypes, they're custom and bespoke models that we built in our lab, so they're not products that are ready to ship," Zuckerberg said.

Samsung Australia fined $9.7 million for misleading waterproof ads

On Thursday, Australia's competition authority said that a court-ordered Samsung Electronics' local business to pay a A$14 million ($9.65 million) penalty. The company made false claims that seven of its Galaxy phones were water-resistant, despite the fact that the handsets might cease operating after being submerged in swimming pools or ocean water.

In the long-running dispute, which began in 2019, Justice Michael Murphy authorised the settlement between the tech corporation and the Australian Competition and Consumer Commission (ACCC) over marketing connected to seven Galaxy phone models.

The commercials on TV, online, and on billboards depicted the phones as water-resistant and being used at pools and beaches, despite the fact that the phones are not suited for use in pool water or salt water. According to the ACCC's counsel, Caryn Van Procter, if the devices were used in salt water or pools, there was "a serious likelihood of damage by corrosion to the charging port of the phone."

The agreed-upon payment is for a substantially smaller collection of advertisements. As part of the settlement, Samsung admitted that nine advertisements for seven products that were offered between 2016 and 2018 were deceptive. The issue would develop when someone attempted to charge their phone while it still had water in the charging port, despite a warning on the phone urging the user not to do so. According to the court, Samsung has now remedied this vulnerability with hardware and software upgrades in newer variants of the Galaxy phone.

During that period, Samsung sold 3 million of the Galaxy phone models covered by the contract in Australia. Justice Murphy criticised how items are frequently advertised in Australia, claiming that the federal court is frequently called upon to hear instances in which products are oversold to customers in marketing efforts. ▌

US Senate passes NOPEC bill despite backlash from oil producers

The NOPEC (No Oil Producing and Exporting Cartels) Act was passed by a Senate subcommittee on Thursday with a 17:4 vote. The measure is meant to safeguard American consumers and companies from artificially inflated gasoline and heating oil prices, but some analysts warn that enacting it might have unexpected effects. This bill is now passed after nearly two decades of unsuccessful efforts.

Top OPEC officials stated that the NOPEC legislation in the United States would authorize antitrust litigation against the producer alliance. This would aggravate market instability by driving away investment in the oil business.

Since Russia's invasion of Ukraine in late February, the OPEC+ coalition has been under pressure from consuming nations for not aggressively producing more petroleum to tamp down increasing prices and growing inflation. Russia, which generally produces around 10% of the world's oil, might see its crude output decline further by as much as 17% this year as a result of Western sanctions.

Saudi oil minister Prince Abdulaziz bin Salman stated that the OPEC and its partners are being unfairly blamed for the energy crisis when other commodities are also experiencing high prices. Suhail al-Mazrouei, the UAE's energy minister, noted that while the oil market is balanced and properly supplied, a lack of investment will threaten future output.

The US Senate Judiciary Committee forwarded the NOPEC measure to the full Senate for consideration on May 5, citing voter dissatisfaction with high gasoline and diesel prices as a reason for its passage. The measure would then need to pass both the Senate and the House of Representatives, as well as the president's signature, to become law. President Joe Biden, on the other hand, has not committed to signing the bill.The bill faces opposition from the US' own oil producers. "This may definitely have a negative impact on US operations and investments in those nations across all sectors," American Petroleum Institute President Mike Sommers said in a letter to US Senators Dick Durbin and Chuck Grassley last week. ▮

Aramco opens research hub for 'developing low-carbon solutions'

The Saudi Arabian Oil Company ("Aramco") opened the Aramco Research Center at KAUST (ARC KAUST), which intends to speed the development of low-carbon solutions for the energy market via the use of sophisticated analytics. This comes after Saudi Aramco pledged to reach net-zero emissions by 2050, a decade sooner than a government timetable for the kingdom.

The pledge is equivalent to those of European energy companies such as Royal Dutch Shell Plc and BP Plc, and it places Aramco ahead of US businesses Chevron Corp. and Exxon Mobil Corp. Saudi Arabia plans to produce 29 million tonnes of blue and green hydrogen annually by 2030, according to Energy Minister Prince Abdulaziz bin Salman.

The newly formed research cluster, strategically positioned inside King Abdullah University of Science and Technology (KAUST), uses artificial intelligence and machine learning to explore novel approaches to enhance low-carbon solutions and allow a Circular Carbon Economy. Researchers, engineers, and scientists at ARC KAUST want to create new technologies in carbon capture, low-carbon hydrogen/ammonia, non-metallics, e-fuels, liquid-to-chemicals, and advanced transportation.

The center's launch marks a key milestone in Aramco's expansion, providing unique partnership possibilities to exploit KAUST's expertise in fields like as supercomputing and data analytics.

Aramco Senior Vice President Upstream Nasir K. Al-Naimi, KAUST Vice President of Innovation and Economic Development Dr. Kevin Cullen, and senior executives from SABIC, Dow, and PetroRabigh attended the inaugural event.

Ahmad Al-Khowaiter, Aramco Chief Technology Officer, said: "The Aramco Research Center at KAUST offers a unique opportunity to strengthen our collaboration with KAUST and accelerate the development of cutting-edge technologies that will contribute to a low-carbon future. Today energy companies face the dual challenge of delivering sustainability and reliability. The critical research undertaken at this new facility will help us meet our obligations to customers and energy consumers worldwide, while also supporting our ambition of reaching operational net-zero emissions by 2050."

Middle East bags four out of five of the world's most efficient ports

According to a worldwide index produced by the World Bank and S&P Global Market Intelligence, four out of five of the world's most efficient ports are located in the Middle East. The area dominates the top five in a ranking of 370 ports. These included Saudi Arabia's King Abdullah Port (first), Oman's Port Salalah (second), Qatar's Hamad Port (third), and the UAE's Khalifa Port (fifth).

More than four-fifths of worldwide commercial trade by volume is carried by sea, with containers accounting for around 35% of total volumes and over 60% of commercial value, making the ranking a key global economic indicator. The index evaluated ports based on the number of time boats need to spend in port to accomplish assignments in 2021, a year marked by extraordinary port congestion and disruption to global supply chains as a result of the Covid-19 epidemic.

The Container Port Performance Index is calculated using total port hours per ship call, which is defined as the time it takes for a ship to arrive at a port and then leave after completing its cargo exchange. Examining the underlying data within 10 various call size ranges accounts for increased or decreased workloads. Given the potential for higher fuel and carbon reductions on bigger boats, the technique accounts for five separate ship size categories. According to the research, one of the key ways that governments are modernising their ports and making marine supply chains more robust is via the use of digital technology and green fuel alternatives.

Khalifa Port, which is owned by AD Ports, claimed its flagship deep-water port received high marks in the global Container Port Performance Index for its use of digital technologies and green fuel options (CPPI). Khalifa Port has deployed a top-tier professional staff as well as cutting-edge technology such as automatic stacking cranes, aerial drones, and an automated terminal operating system.

Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, said: "We have recognised the pressure that global supply chains are under and have worked hard to create efficiencies and new synergies in every area."

Boris Johnson resigns as the PM of UK

Image source: BBC

Boris Johnson, the Prime Minister of the United Kingdom, resigned today, bringing to a close a nearly three-year reign marred by controversy and scandals. The news comes as the number of resignations from Johnson's cabinet and the party has exceeded 60 since Tuesday evening, with one Conservative Party member after another openly expressing their dissatisfaction with the prime leader.

Finance Minister Rishi Sunak and Health Secretary Sajid Javid were instrumental in igniting the torrent of resignations. Following a disagreement over Johnson's decision to select Chris Pincher as deputy chief whip earlier this year, the two high-profile ministers resigned within minutes of each other on Tuesday evening.

A vote of no confidence would be taken in Parliament; if the government lost, a general election would be called, although this would need a major revolt from Conservative MPs to support a Labour motion.

Mr Johnson had scored an unprecedented landslide win in a general election less than three years ago, but he has been besieged by scandal in recent months, including punishment for violating his own lockdown regulations. Sir Ed Davey, Liberal Democrat Leader, said it had long been evident Mr Johnson was "unfit to lead our nation," adding that the "people will not forgive the Conservatives for propping him up for so long." Scottish First Minister and SNP leader Nicola Sturgeon remarked in a tweet that there is a "widespread sense of relief that the upheaval of the previous few days (indeed months) will cease."

Sterling rose beyond $1.20 as news of a reshuffle to replace a slew of ministers who resigned in the previous 48 hours emerged. While the pound has risen, it is still 4% lower than it was a month ago, when it was trading at $1.25.

The resignation

Boris Johnson made a statement outside Downing Street at 12:30 BST confirming his resignation as Conservative leader. Johnson stated that the process of selecting a new leader should begin immediately and that a timeline would be published next week, and that he will remain in office until a new leader is in place. The prime minister concluded his remarks by stating that the public's interests will be served until his replacement is selected.

Johnson's departure puts an end to his reputation as the "Teflon Prime Minister." The former mayor of London, 58, was well-known for his ability to sidestep political scandal. Despite rising dissatisfaction with Johnson's leadership, he survived a vote of confidence conducted by his own MPs last month.

Following Johnson's resignation, a leadership contest will be held to select who will be the next Conservative leader and prime minister. Former Finance Minister Rishi Sunak, Foreign Secretary Liz Truss, former Health Minister Sajid Javid, former Foreign Secretary Jeremy Hunt, former Levelling Up Secretary Michael Gove, International Trade Minister Penny Mordaunt, and Défense Minister Ben Wallace are among those expected to contest the leadership. ▐

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COSCO shipping Port – Hong Kong

Lt. Col. Bryan Miranda (Retd.)
Co-Founder
Digital Insights, Dubai

A Cybersecurity specialist with over 24 years of experience in the areas of Cyber Security, Cyber Forensics, Incident Response, Cyber Threat Hunting, Information Warfare, Intelligence Acquisition, Counter Intelligence, Prophylactic Security, Design and Deployment of Security Systems, Planning and Strategy. He has served in the most sensitive appointments as Team Manager of a covert Cyber Intelligence Acquisition Unit for Military Intelligence. He holds various certifications in Offensive Security, Cyber Forensics, Cryptography & Information Warfare. After retiring from the Indian Army, he wanted to devote his time to his passion, Cybersecurity.

Work From Home

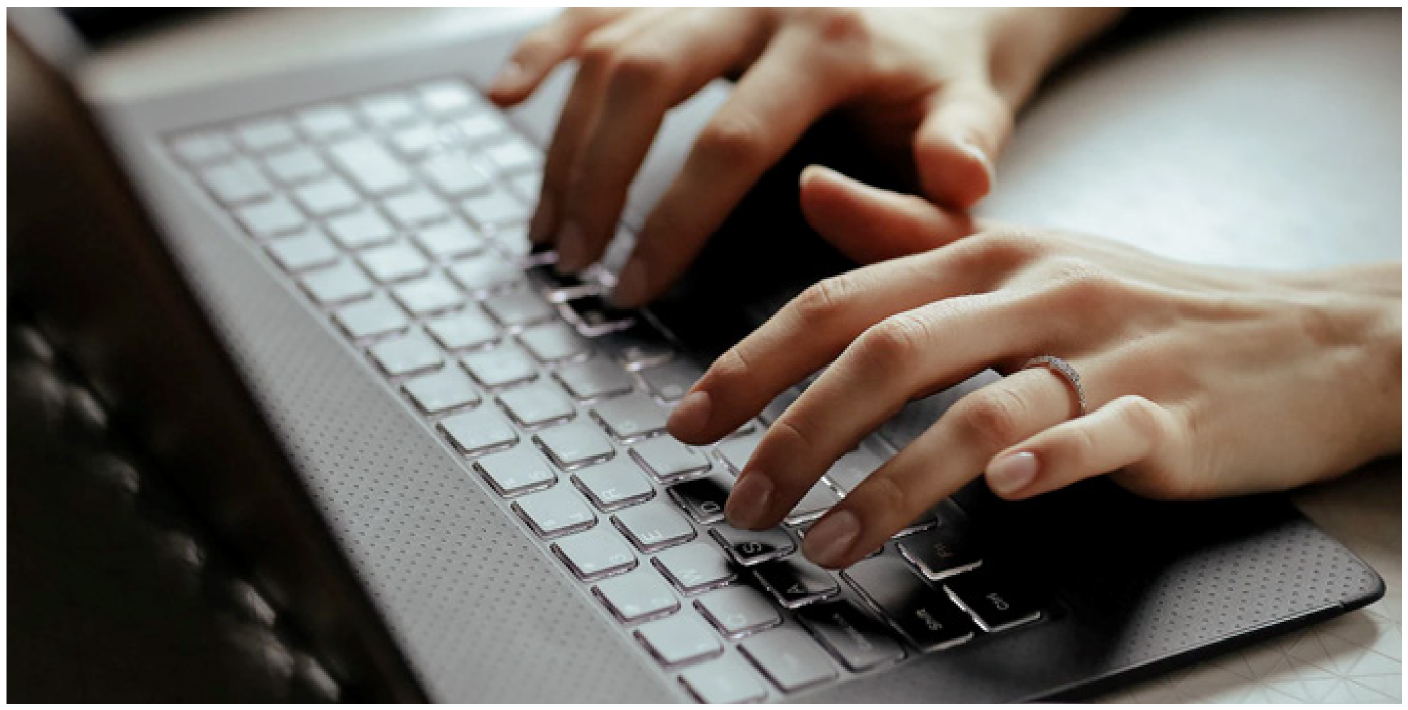
Security Threats faced during Newage Work Culture

Overview

Working from home due to the pandemic has raised a question about the security of remote working using the Virtual Desktop Infrastructure (VDI). COVID-19 global pandemic has disrupted business operations all over the world. Following the worldwide lockdown to prevent the spread of the coronavirus, a large number of companies were forced to quickly adapt and implement a new-age computer infrastructure to enable remote work of its employees in isolation. Work From Home (WFH) is one of the most popular techniques used by organizations that strive to preserve business continuity despite the lockdown around the world.

Working from home also posed several difficulties, including missing an important component; interaction with co-workers and being distracted by partners and family members. Enterprises | Small Medium Enterprises (SMEs) | Small Office Home Office are also facing issues related to technical infrastructure, and insufficient cyber and data security.

As organizations pursue the most flexible and cost-effective way to deploy highly available services to remote users, the demand for Virtual Desktop Infrastructure (VDI) is experiencing a surge. VDI has emerged as a logical fit, and businesses have employed VDI solutions at length. Experts anticipate that the COVID-19 crisis will influence 70% of the desktop virtualization business cases through 2023.



What is VDI?

VDI is short for Virtual Desktop Infrastructure, and it consists of End-user devices that securely connects to the server-based backend infrastructure. The result is a virtual desktop that functions just like a regular desktop on which applications have been set up and data is kept locally. All permanent data, including files and end-user application customizations, is saved when the VDI session ends to enable seamless desktop restoration upon subsequent login.

VDI Security Risks: Although VDI can be self-hosted, which has several benefits in terms of cost, scalability, and security. However, even VDI encounters many security vulnerabilities when companies and their IT teams are forced to drastically and rapidly increase VDI capacity to meet soaring WFH demands.

The Hypervisor: The threat actors can use malware to infiltrate the Hypervisor. Hyperjacking is the process by which an attacker infiltrates

the operating system and seizes control of the hypervisor. This attack is hard-to-detect and grants a hacker access to everything connected to the server, from access privileges to storage resources.

The Network: Virtual network settings are particularly vulnerable to attacks since they share the same physical resources as other networks, making them more susceptible overall. For instance, if a breach occurs in one part of a virtual network, other virtual networks' links and routers may also be at risk if they are not segmented to keep them away from the compromised network.

The Employee: Data breaches are increasingly originating from insider threats. It is true in VDI deployments because employees connect to virtual desktops running as part of the VDI system. A malicious user or a user with a compromised personal device or account may try to access the VDI servers or the desktops of other employees.

Unpatched VMs: Patching, maintaining, and safeguarding virtual machines require time. Each virtual machine has a unique setup and operating system. Delays in releasing security updates and patches endanger the entire VDI deployment if this process is not executed automatically. On the other hand, it takes time to patch, maintain and secure virtual machines, each with its operating system and unique configuration. Due to this, the IT administrators run the risk of falling behind on enterprise-wide patch management, increasing exposure to security breaches.

Conclusion

Virtual Desktop Infrastructure (VDI) security incorporates the technologies and best practices employed to secure virtual desktops. To create and control these virtual desktops, VDI makes use of virtual machines. VDI is the perfect answer for remote workforces since users can connect to virtual desktops from any location and any device.

Even though VDI enhances mobility and remote access to mission-critical applications, it also raises serious concerns. A compromised user desktop session, a stolen password, or an unprotected device can pose serious security risks to a business.

Why is the Middle East seeing a rising number of cyber-attacks?

Middle East has a phobia when it comes to the cloud ,most organizations have the data centers running out of a closet within their premises where we have time and again seen that they have outdated software versions and out of the box configurations.

The main security issues are the following:-

- Misconfigured Devices
- Cyber Hygiene
- Policy and Processes

Which industry is more susceptible to cyber-attacks, and why?

The SME domain is mostly affected (Small Medium Enterprise) because they have not spent the money correctly or built the environment correctly and securely.

The lack of understanding the importance of cybersecurity and the risks faced in case of a cyber attack.

What are a few inside-industry insights / solutions that will help reduce cyber-attacks?

Simple rule is to make it simple and make sure you keep an eye on the following:-

- CIA triangle
- Security | Comfort See Saw
- Keeping your eyes on the screen
- Conitious Monitoring
- Incident Response Capability

Please describe an instance where you went against a hacker and won.

My team and I have handled 86 Ransomware cases till date with a majority of it being during the pandemic we have helped large to small organizations get back on their feet.

It's not that we have beaten the hacker here its just that we have been able to help our clients to get back into business with out paying the ransom.

Artificial Intelligence in Wealth Management and Key market adoption strategies

Sajid Iqbal
Deputy CRO
Habib Bank AG Zurich
Risk Department

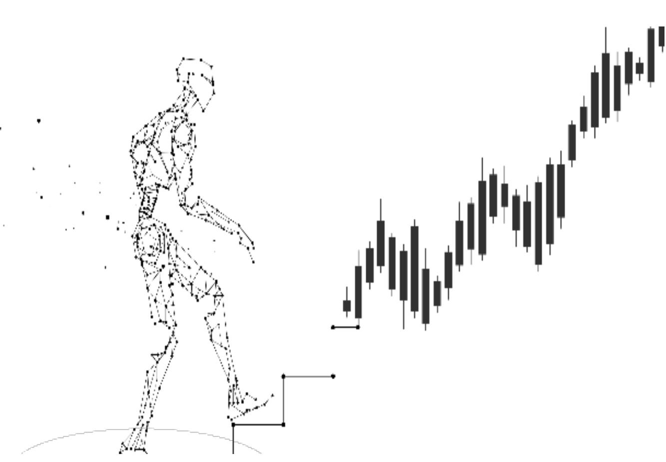
Sajid Iqbal is a seasonal Banker, Market & Investment Risk expert with unique expertise in Digital Banking. He has been in the banking industry for over 16 years and worked for leading banks across multiple regions. Sajid has extensive banking and risk experience and has worked in key positions for UBL, Barclays and RBS and currently serving as a deputy CRO in a Swiss bank Habib Bank AG Zurich. Sajid has specialized in Investment Risk and attained multiple regulatory and professional certifications.

Wealth management is a service that has been traditionally provided by humans. But as the digital world evolves, so does the way we do our finances. AI is playing an increasingly significant role in wealth management and it's not just about robo advising anymore. Robo advisors are a type of AI that provides automated financial advice to clients. They operate by using algorithms to analyze your financial data and then provide recommendations for you based on what they find. A new type of AI is emerging in the world of wealth management: digital agents. These types of agents use artificial intelligence to help you with your finances, but they don't just stop there - they also act as your personal assistant and manage all aspects of your life, from paying bills to making appointments and even helping with relationships!

Artificial Intelligence and Machine Learning – Hype, Noise and Reality

Before we discuss the use cases of AI & ML in wealth management, let me start by explaining the basic concepts and some misconceptions around AI & ML. We are living in a time where we are continuously bombarded with advertisement and marketing material telling us the magic of AI & ML and how it can remove all our problems and is going to free us all from having to do any work. The hype is really accelerated, and vendors have been chaotic to promote the use case of AI & ML in their products and services. There are AI & ML enthusiasts at one hand and on other hand there are apathetic who believe that AI & ML is going to replace human completely and made us redundant for the economy and job market. But the reality is in between of two extremes. AI & ML is a revolutionary science which can help

us to develop and design some great solutions to complex problems. However, we are yet to explore the full potential of AI & ML. Most of the time AI & ML are used interchangeably but there is difference, and that difference does matter. AI is more to do with the simulation of human intelligence processes by machines by developing algorithms with the use of statistics, computer science and robotics, whereas ML is the machine learning process by use of data. From an overall perspective, we can say that ML is part of AI. We also need to realize the fact that AI & ML is not going to replace human completely. It can replace some human functions for sure, which are complex in nature and are labor intensive. It's a misconception that



AI will replace the requirement of human intelligence and services, in fact there is huge resource gap for human intelligence to sustain the AI existence and its growth. Its just the matter of different skillset required in human than previously required for different jobs.

The role of Artificial Intelligence in Wealth Management

There are many use cases of AI & ML we are witnessing in health care, education, business & finance, law, transportation, and manufacturing. But the rise of AI in private banking, wealth management and capital market has been exceptional for the past five to ten years and there are reasons for it. As a traditional concept we understand that wealth management is a service industry which provides both advisory and financial services to a wide array of clients ranging from affluent to HNWI, UHNWI and families, whereas Private banking is banking, investment and other financial services provided by banks and financial institutions primarily serving high-net-worth individuals. Banks & financial institutes accumulates big data of their client's transactions, and this is where the use of AI & ML is helping them to track customer behaviors and enabling them to provide highly personalized products and services to their customers. Wealth Management & Private Banking services have

been expensive and are generally considered to serve clients with minimum investable assets or net worth starting between $2 million to $5 million. The reason for being expensive are also valid. There are highly paid experienced and qualified wealth mangers, portfolio managers and financial advisors providing personalized and comprehensive investment and wealth management strategies to their clients. However, with the use of fintech & AI it is now possible for banks and financial institutes to expand their client network by offering lower cost alternatives in form of online mobile app trading solutions and

personal finance management. Robo advisors have gain popularity in recent year and so far, has been the best use case of AI in wealth management. However, this is a very small percentage of what we can accomplish with use of AI & ML in wealth management.

Building successful AI business strategy for wealth management

It is a process which starts with asking right questions. What are the problems & issues our clients are facing? What are the services our customers are demanding from us? Where are we lacking in retaining existing and acquiring new customers? Most probably some or all the answers are available in the data. By deploying right analytical tools we can produce some meaningful and actionable information. Wealth management services requires producing lots of reports, analytics and information for their clients. The automation of time consuming and repetitive tasks can really save lots of time, cost and help to increase the performance of wealth managers, portfolio managers and investment advisors. Customer also demands the real time analysis and performance of their portfolios. Development of algorithms (robo advise) based on tested market strategies can produce suggestive investments trends for customers. With the increased regulation and monitoring over client suitability assessments, the AI can help wealth management organizations adapting to the changing client profiles and engagement. AI & ML implementation is significantly expensive proposition but with the scalability over a long-term horizon can really help to save cost, create better customer experience, improve decision making, innovate products and services and reducing risks.

Challenges for AI Adoption in wealth management

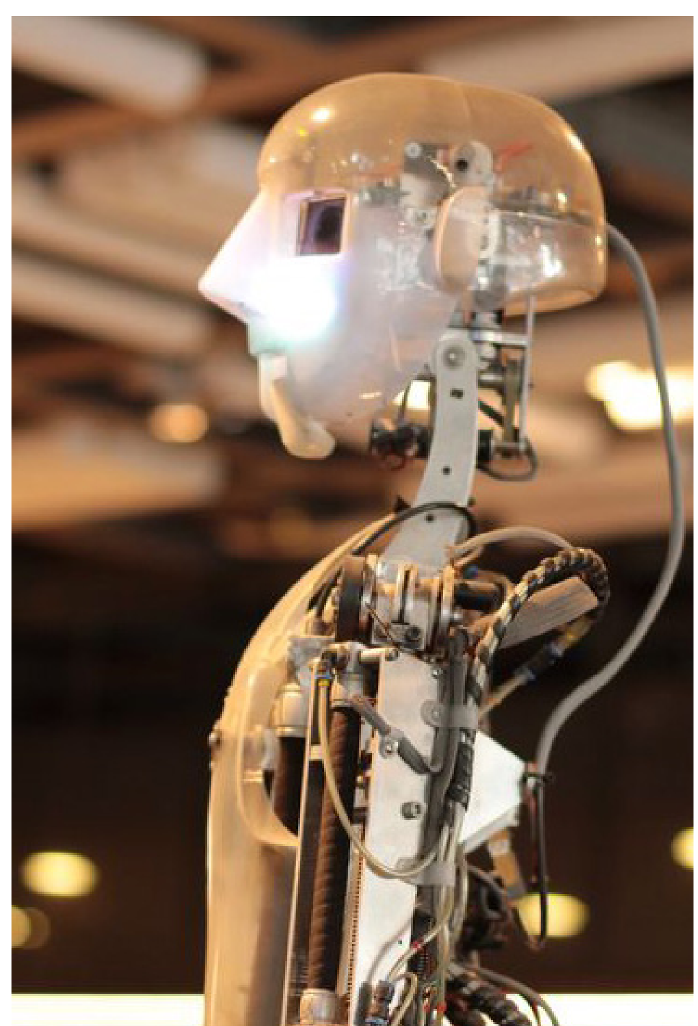
The number one challenge wealth management companies are facing despite the huge potential use case of AI implementation is making the business case to adopt AI. Hardware, software and staffing cost for AI implementation is expensive. However, there are vendors who are providing AIaaS (AI as a Service) platforms. Other challenges include the development of AI models and integrated data sets which can be used for multiple purposes in the organization. Trustworthiness of AI systems is also an issue as it requires a regressive testing and time to mature.

Need of regulatory framework

We have seen that wealth management services have always been the target of more regulation for the right reasons. Treating the customer fairly, protecting client privacy, client suitability and restricting mis-selling. However, with the increased use of AI & ML, there are also concerns on how the solutions are being developed, how systems are getting trained with biased algorithms or selective data sets. Although AI & ML has tried to eliminate the human from the equation but in reality, it is the human intelligence reflecting in the AI & ML solutions. So, it has become the area of concerns for the regulators to bring the AI & ML solutions under some scrutiny. This is necessary for the AI & ML market to develop more confidence in the technology and to allow it to grow sustainably.

Conclusion

There is a lot of potential and opportunities in AI & ML solution for wealth management companies. To capitalizes on these opportunities, the wealth management organization need to re-assess their current market position and future business strategies to adopt the latest technology and to develop some implementation roadmap. Early adoption can be a game changer for many wealth managements companies but they do not need to approach AI implementation head-on just because of hype and noise about AI & ML. ■



Christian Patouraux

CEO

Kacific Broadband Satellites

Breaking through the barriers of

BROADBAND

BEST SATELLITE EXECUTIVE
Mr. Christian Patouraux

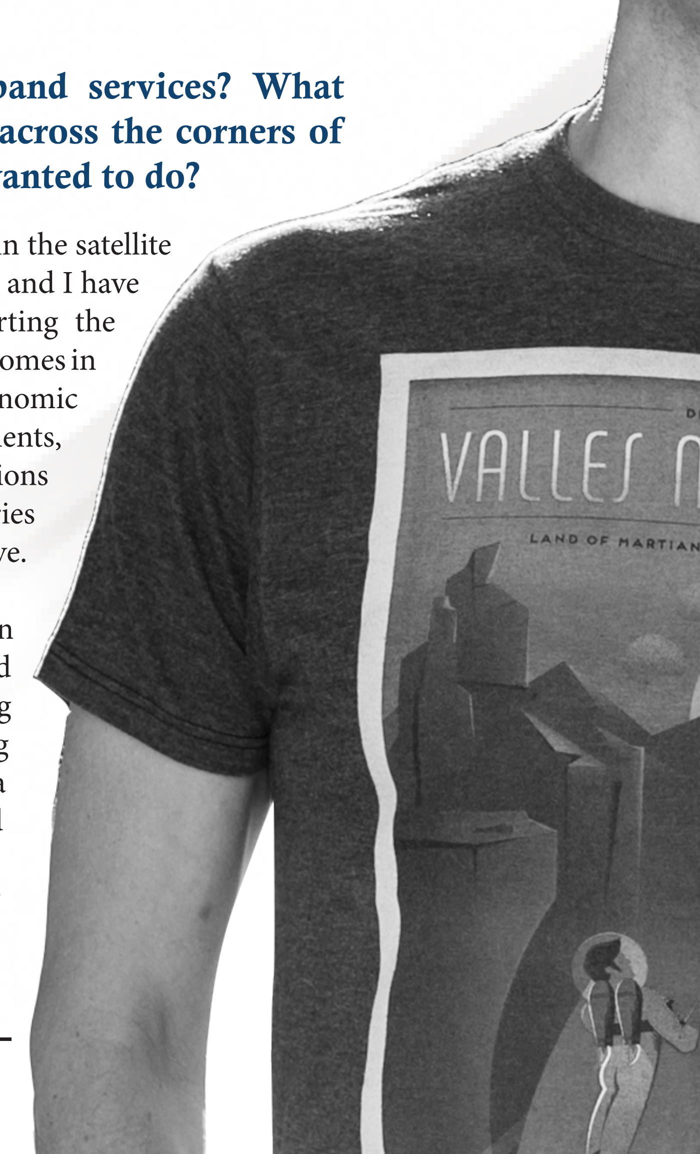
Kacific Broadband Satellites Ltd –Singapore Congratulations on winning the 'Best Satellite Executive' Award. Please tell us how it feels and what winning a Leadership Award from Business Tabloid mean to you.

I am honoured to receive this award from Business Tabloid. In 2013, I founded Kacific to bring high-speed, low-cost connectivity to remote regions of the Asia Pacific, fostering greater internet usage, fuelling economic growth, and improvements in service delivery across covered regions. Winning this award is extremely encouraging as it confirms that Kacific is heading in the right direction.

What turned you towards satellite broadband services? What made you realize that connecting people across the corners of the world with affordable internet is what you wanted to do?

Kacific believes in business as a force for good. I have been in the satellite communication industry for most of my professional career and I have seen how internet connectivity is fundamental tosupporting the delivery of good quality services and achieving equitable outcomes in healthcare, education and other areas. Connectivity fuels economic growth and drives opportunities. Kacific connects governments, public health facilities, educational institutes, large corporations and small businesses–enabling public service in the countries we serve.

When I set up Kacific, the mandate was to eradicate isolation and the vulnerabilities it generates by connecting people and enterprises that need connectivity most. There is nothing more satisfying for us at Kacific than to see videos of smiling first-time internet users accessing rich online content via a Kacific VSAT terminal. Every life that we and our ISPs and channel partners touch with internet connectivity represents a chance for a child, a family and a community to have better quality education and healthcare and be better integrated in a fast-paced, connected world.



What is the project that has been dear to your heart, and why?

The development of Kacific CommsBox, our disaster communication product, has particular significance for me, as it relates to an experience I had before founding Kacific. I was caught up in one of the world's most deadly tsunamis in the last 20 years: the 2004 Boxing Day (or the Indian Ocean) Tsunami, which impacted coastal communities in Indonesia, Sri Lanka, India, and Thailand.

I was on a small island where the death rate hit 50 percent after it hit. Two mobile towers continued to operate on battery for an hour and a half, and then all communication ceased. The entire island was shut off from the rest of the world.
People were severely wounded and needed emergency evacuation. There was also an urgent need for food, water, and sanitary infrastructure, and none was available. I watched as many perished in that disaster due to the lack of telecommunications in the remote island.

Fast-forward almost 20 years, and this experience has stayed with me. It has inspired the design of our Kacific CommsBox today: a transportable, all-in-one satellite communications product designed to provide instant connectivity in disaster zones, ensuring rapid disaster responses. It's water, and heat- resistant and durable, so is suitable for connecting people to medical care and emergency communications during times of distress.

Do you have a philosophy in life that you stand by?

Driven by the belief that "there is only one internet" – and that therefore access and quality level should be universal, I assembled a team of satellite and telecom industry veterans to build Kacific, a company that would design and launch an advanced telecommunications satellite and offer reliable satellite broadband to underserved parts of Southeast Asia and the Pacific that were being excluded from the digital world.

How has Kacific been able to reinvent itself so consistently over the past 10 years?

Kacific relies on informed insights to underpin our strategic decisions such as the technology we use and our business model. These come from our deep understanding of the growing, untapped market in the Asia Pacific region. Hence, we produce products with features that the market needs: affordability, accessibility, local presence, and flexibility.

We have developed a diversified business model to adapt to the growing demand and rapidly growing economies in the region. Kacific's retail franchise business model, Gigstarter, was developed during Covid-19 to ensure we could continue to sell the Kacific1 capacity and gain local presence among the monthly prepaid rural customers on top of the wholesale model. Offering pre-packaged monthly data plans with a simple terminal kit, this new franchise model has rapidly reached rural customers and seen success in the Asia Pacific.

Our team is also lean and agile by design, so we can respond rapidly to changes in the markets. Transparency is embedded within the company culture, which drives our communication model – we hold monthly town halls for cross-departmental sharing. Our strong board presence also ensures that Kacific delivers and reinvests ourselves to the market.

What do you see as the main challenges facing the global telecom industry?

Satellite financing is always a major challenge since the space business is highly capital-intensive, and deep tech needs longer incubation and development before results are seen. The long cycle of telecommunication infrastructure development and the large investment required are often incompatible with the mandates of private equity funds. Today, in the markets we operate in – Southeast Asia and the Pacific – risk perception regarding large scale satellite communication projects remains significant. Funding continues to be a major challenge since the space business is highly capital-intensive, and deep tech needs longer incubation and development before results are seen.

Other non-satellite costs add to the challenge. For instance, in most countries, the internet service provider has to pay the Government a licensing fee which is largely based on the amount of spectrum that they are using. It would be helpful if there were support and subsidies on 'landing rights' for those who offer satellite services.

Kacific has recently made news for deploying a record number of internet access to remote areas of Indonesia. How did Kacific overcome the logistic challenges and provide affordable internet access to those regions?

We work closely with the government and our partners to overcome the logistical challenges and timelines to provide affordable broadband in various regions. Our 1.2m Kacific VSAT terminals are small, easy to transport and easy to install, but they still require skilled boots on

the ground to set up correctly. Thanks to our network of local partners and Kacific Authorised Distributors in Indonesia, we were able to deploy and install a massive number of sites in rural areas.

BAKTI project:

BAKTI manages the Universal Service Obligation (USO) fund and the provision of telecommunications infrastructure and services in Indonesia. One of its major projects is to provide public internet access, through satellite services, in areas that have little or no access to affordable internet services.

Under the BAKTI project, we have deployed more than 2,500 sites through two ISP providers, PT Primacom and PT BIS Data (BIGNET). We worked together with BAKTI to provide high-speed internet access to schools, vocational training centres, community health centres, tourist locations, village halls, and government offices. Work on this large-scale project was completed very rapidly. We commenced in July 2021, and Primacom and BIGNET engaged with dozens of installers in different parts of Indonesia to deploy the broadband network in 5 months. Today, more than 5,000 Mbps is provisioned across the network.

BAKTI manages the Universal Service Obligation (USO) fund and the provision of telecommunications infrastructure and services. One of its major projects is to provide public internet access, through satellite services, in areas that have little or no access to affordable internet services. Under this extensive and rapidly completed project, Kacific, BIGNET, and PRIMACOM worked with BAKTI to provide high-speed internet access to schools, vocational training centres, community health centres, tourist locations, village halls, and government offices.

Teleglobal Mobile Backhaul project:

Our managed service partner in Indonesia has deployed 385 sites to offer Kacific's Mobile-Backhaul-as-a-service to help address rural Indonesia's growing demand for data connectivity. Working through major telecom operators like Telkomsel. has resulted in the expansion of data networks and coverage in rural Indonesia as they connect subscribers to their mobile networks. Deployment commenced in January 2021, and more than 2,000 Mbps is provisioned through the network to date.

This has enabled access to reliable connectivity for communities, healthcare centres & Government facilities in underserved and unserved areas.

Kacific is now the biggest Ka-band satellite operator in the Asia Pacific. What next?

Turning EBITDA positive in April 2021 has proven the market demand and the success of our business model, and the need for more satellite capacity to meet the demands of the markets. We plan to capitalize on this demand and turn it into a growth opportunity. Kacific1 is expected to be fully utilized by 2024, and we have plans to launch our second satellite Kacific2, in the next 3 years to increase capacity in our current markets and enter new markets such as India and Pakistan. By the end of 2030, Kacific plans to launch 7 satellites to expand and strengthen our geographical footprint.

Thinking of the kind of leadership qualities, if you could identify one key quality that a CEO should possess to achieve success, what would it be?

As CEOs we don't just run a company by the numbers. We must embody its values – for staff, customers, and all stakeholders. We need to lead by example, foresee changes and plan ahead. In that regard, I would say adaptability is key when facing new and difficult circumstances. It is important that we adjust rapidly to new conditions and not be afraid to take on new initiatives. To really challenge the status quo, you have to be prepared to experiment. And the corollary to that is, CEOs should always show resilience in the face of adversity: you have to see problems as opportunities.

With the accelerated Digital Transformation and Technology Adoption in the world, what should be the course of action for major telcos?

These words should be emblazoned on the walls of every telco: "More and better -- for less." Telcos should seek to improve network quality to provide a better internet experience for end-users. They should continue to invest in complementary networks like satellite internet to provide last mile connectivity for the unserved and isolated regions, especially for countries with geographical challenges and island archipelagos.

The logic is inescapable, even at the enterprise level. In urban and underserved areas, affordable satellite infrastructure has now become the main backup solution to ease congestion and offer businesses greater service availability. Kacific has partnered with local ISPs to offer Kacific Enterprise Backup to banks, factories and hotels in main cities. Telcos can add the satellite back up to their range of services for business and government.

The same goes for the government. In addition to the backup service, Ka-band has become an important contributor to offer 4G and 5G services to the governments and businesses in remote areas. Kacific has integrated satellites to the telecom networks in various markets and will continue to work with Telcos in other markets to connect the unconnected.

Is there a lack of digital transformation in any particular sector? How would Kacific approach it?

If the pandemic has achieved one positive outcome globally, it's in the area of digital transformation, which has emerged as a fundamental enabler of improved service delivery and business continuity, particularly when real-time communications are more critical than ever.

Teachers and students in many rural areas across APAC have benefitted from digital transformation initiatives. Others, however, continue to struggle because fast, affordable, reliable connectivity remains a distant dream. Service deployment in rural and isolated areas is very difficult to do on budget and on time. Yet without reliable internet connectivity, teaching, learning, and effective management are significantly hampered.

It's the same story across the health sector. When talking about internet connectivity, people tend to focus on its business benefits. However, it also often contributes to saving lives. In rural, remote areas, where the nearest healthcare centre is far distant, people have to make long trips to see doctors in person. Complicated cases can't be managed onsite without discussing cases with specialists abroad and sending health reports to provincial hospitals.

In response to the growing need as all communications rely heavily on internet services, Kacific partnered with GuarantCo, a company established by Private Infrastructure Development Group to encourage infrastructure development in low-income countries, to make internet access available in rural areas and affordable.

To provide connectivity to schools, clinics, and community halls as key hubs within rural communities, Kacific installed free terminals at no initial investment and gave an additional free 30GB of data for the initial phase of the project to further enhance medical services.

By installing infrastructure in these rural hubs, we ensure that there is a communication channel among the villagers and government officials, and the rest of the world. To date, we have installed Community WiFi systems at 260 medical facilities, schools and community hubs to keep them connected.

In what ways can small and medium-sized enterprises (SMEs) be encouraged to adopt new technologies with greater rapidity?

People sometimes think that only large enterprises can afford to adopt new technologies. That's not true. Access to high-speed and affordable internet allows SMEs to operate at a level consistent with international best practices, radically transforming their business operations, driving e-commerce, cloud computing, and efficiencies in supply chains and manufacturing to name a few examples.

For example, digital technologies can help SMEs in a number of ways:

- Accelerating integration into global markets, reducing costs of transport and border operations through internet-based trade activities
- Enabling access to resources and training which are increasingly becoming available online
- Using IoT devices to monitor heat, temperature, moisture, and other critical factors on plantations, farms, and warehouses
- Providing platforms to support innovation and productivity growth

To encourage SMEs to adopt new technologies faster and without additional burden, governments can focus on:

- Creating a more open, competitive ecosystem by encouraging small players to enter currently closed-off markets
- Tackling gatekeepers and ensuring a stable regulatory environment
- Helping SMEs to navigate the regulations in the industry, whether it's navigating the complicated regulations, responding to grant calls, or getting the required licenses. ■

Oil inflation might be a boon to the Middle East

but leaves other countries to deal with social unrest

-Vandana Srinivas

Energy costs have risen faster than projected, and certain supply chain disruptions caused by the pandemic were expected to last until 2022. The Russian invasion of Ukraine in February shook Middle Eastern and North African stock markets and oil sectors. All these factors pose a particular problem for largely import-dependent countries like the Gulf states – inflation. Oil prices skyrocketed, seeing a record high of 10 years at $125 per barrel. As crude oil is a major economic input, an increase in its price contributes to inflation, which gauges the overall rate of price increases throughout the economy. High oil prices present an opportunity for some countries. Experts in oil and energy say that, for others, it will likely imply increased costs for basic items and severe inflation, a possibility that most countries are not enthusiastic about. The Gulf countries, which are among the world's largest hydrocarbon producers, are seeing billions of dollars added to their coffers as a result of an oil price increase fueled by the Ukraine conflict. Following an eight-year oil slump exacerbated by a pandemic-related downturn, they are poised to post their first budget surpluses. Iraq, Iran, Saudi Arabia, and the United Arab Emirates (UAE) will be in the first group, as would some other countries with better relations with Russia. They're all members of Opec+, a powerful group of 23 oil-producing countries. The Gulf Cooperation Council (GCC) consists of Saudi Arabia, Oman, United Arab Emirates (UAE), Kuwait, Qatar and Bahrain. According to research that was released in February by Mitsubishi UFJ Financial Group (MUFG), the GCC countries are expected to have a 6.1 percent gain in GDP in 2022 due to higher oil prices and fiscal surpluses for the first time since 2014. The GDP gain will lead to an aggregate fiscal surplus of $27 billion. High oil prices would fund additional development projects and infuse cash into state coffers for the Opec+ countries. Other non-

oil-producing countries will suffer the consequences of high oil prices in the form of higher living costs and greater inflation rates. Each country's situation is different when it comes to dealing with high oil costs.

Inflation rates in the Middle East

According to a report by the PwC, in December, inflation rates in Qatar ranged from 6.5 percent, the highest since 2008, to -0.4 percent deflation in Bahrain. When evaluated using 2020 non-oil GDP, the regional average was 2.2 percent in November, the final month for which data was available at the time of writing for Oman and Kuwait. This is the highest rate since 2018, yet it is still low by historical standards, and much below the inflationary peak in 2008 when the GCC's annual average rate was 11%. Inflation in the United States reached a 40-year high of 7% in January, while the IMF's World Economic Outlook forecasted 3.9 percent inflation in advanced economies in 2022, roughly double what it had predicted only three months before.

Inflation in the Middle East is expected to decrease in 2022, according to economists. It is expected to fall to 2.4 percent, according to the IMF's October predictions, which are now slightly out of date, and even lower at 2.1 percent according to the Arab Monetary Fund's November forecast. But, recent projections also similarly predict low inflation, with the median of economists polled by Reuters in January ranging from 2.0 percent in Saudi Arabia and the United Arab Emirates to 2.8 percent in Qatar.

Development because of the inflation

During previous oil booms, Gulf states prioritized public sector salary increases and large gifts to citizens, ignoring diversification and reinvestment. According to Omar Al-Ubaydli, Director of Research at the Bahrain Center for Strategic, International, and Energy Studies, this is unlikely to happen this time. The Gulf's current thinking is that economies must prepare for future crude price drops and minimize their reliance on oil revenue. They're leveraging the present oil price to fund initiatives and diversification strategies that will aid them when the price falls. The GCC's confidence in demand for their major commodity and their capacity to recover has been strengthened by global oil demand, according to analysts. Because of the turmoil in Europe regarding their dependence on Russia for energy, OPEC members like Saudi Arabia and the United Arab Emirates are expected to benefit even more. Even Bahrain, the region's smallest economy, may be able to balance its budget for the first time since 2008 if crude prices continue remaining high. The price increase will instill confidence, restock balance sheets, and facilitate the Gulf countries' economic recovery.

Effect on the non-oil-producing countries

Oil prices have historically had a greater impact on the Producer Price Index (PPI), which measures the wholesale price of goods, than on the Consumer Price Index (CPI), which measures the retail price of goods and services. Inflation is fueled by higher oil prices, both directly and indirectly through increased input costs. Higher oil prices have

an indirect influence on inflation because crude oil is a key element in petrochemicals used to create plastic, therefore more expensive oil will tend to raise the pricing of many things made with plastic. Similarly, transportation costs, such as fuel prices, are factored into consumer prices, with oil accounting for about half of the retail price of gasoline. Asia is very vulnerable to the oil price surge produced by Russia's invasion of Ukraine since it is a net energy importer. The effect on the biggest economies of Asia is detailed below. The energy deficit and constant hikes in oil prices are serious enough to generate widespread discontent and social upheaval. China, the world's top oil importer, is seeing a squeeze on earnings and consumer spending power, as well as decreased export demand, challenging Beijing's efforts to stabilize a faltering economy. The increase in oil prices raises the risk of Japan's inflation quickening, but it's unlikely to cause the Bank of Japan to reduce its stimulus. This is due to the fact that economic growth continues to underperform despite several measures by the government. The rise in food and crude oil prices is certain to flow into headline inflation, which has already beyond the Reserve Bank of India's 2 percent -6 percent goal range's upper tolerance level. Increased prices are eating into consumers' disposable earnings, the economy's backbone, which has yet to fully resume spending following the pandemic. South Korea is concerned that rising energy costs may harm its export earnings as a result of the war. The country's manufacturing industries rely significantly on imported energy, and the country's trade surplus was only recently restored in February following a two-month deficit caused by high oil costs. ∎

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MIDDLE EAST PUSHES TOWARD RENEWABLES

to reduce dependency on oil-economy

- BT Correspondent

Many Middle Eastern economies rely on fossil fuels to finance their budgets and sustain economic activity. The Middle East produces a third of the world's oil. Saudi Arabia, Iran, Iraq, the United Arab Emirates, Kuwait, and Qatar are among the leading fossil fuel producers in the world. The Gulf Cooperation Council (GCC) countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates—control almost 30% of the world's proven oil reserves and roughly 20% of its proven natural gas reserves. OPEC members generate over 39% of today's crude oil, with Saudi Arabia, the organization's founding member, generating over 12.2 million barrels per day. Saudi Aramco, a state-owned company, is primarily responsible for these numbers. Saudi Aramco is one of the most valuable corporations in the world, with assets valued at over 510 billion US dollars. Despite being the world's biggest energy exporter, with over 1.36 billion tons of oil equivalent exported, the Middle East's governments are keen to diversify their economy and decrease their reliance on oil. This is because global demand for fossil fuels has grown highly variable, as well as being susceptible to geopolitical and social events. The current coronavirus (COVID-19) epidemic exemplifies how the Middle East's economics are impacted by a decline in global oil demand and, as a result, a drop in oil prices on the world market. Progressive governments, particularly those in the Gulf Cooperation Council, have accelerated investments in renewable energy sources such as solar and waste into energy. This could significantly reduce the region's carbon footprint, and establish competitive rates for power-intensive businesses and manufacturing. This would also assure a sufficient supply of desalinated water, all of which would improve the region's prospects. Renewables play a critical role in the region's sustainable energy transition, which must be considered in the context of the region's broader socio-economic development. With the deployment of renewables, there is a ripple effect across society in terms of economic growth and diversification, job creation, improved trade balance, and increased water security.

The Renewable Push

They also have a lot of renewable energy resources like solar and wind. The Middle East renewable energy market has an installed capacity of 24,073 MW in 2020, and it is expected to grow to 59,656 MW by 2027, with a CAGR of about 13.43% between 2022 and 2027. In the primary example, renewable capacity development in the Middle East and North Africa (MENA) is predicted to quadruple over the next five years, from 15 GW to over 32 GW. Over the following five years, the Middle East Renewable Energy Market is expected to increase at a CAGR of 13.43%. The United Arab Emirates, Saudi Arabia, Israel, Egypt, and Morocco account for more than three-quarters of the capacity increase. The cost-effectiveness of solar PV in meeting climate goals and fossil fuel diversification demands is one prevalent motivator. Solar PV is responsible for more than two-thirds of the region's new renewable capacity. As the region's governments try to expand the number of renewables in their energy mix, the Middle East is on its way to becoming one of the world's most important Renewable Energy hubs. In the first semester of 2021, no contracts for oil- or gas-fueled power stations were issued in the Middle East and North Africa region, according to Middle East Energy Transition. Around $2.8 billion in renewable energy project contracts were awarded in the region during the same time period. Over the next five years, the percentage of MENA's solar PV growth that occurs in net fossil fuel exporting nations is predicted to expand from 40% to 67 percent. Solar PV is predicted to grow by over 6 GW in the United Arab Emirates, with CSP, biofuels, and hydropower following closely after. Due to greater-than-expected PV capacity granted in the most recent independent power producer auction, new government-owned PV projects at data centers and landfills, and advances in the development of waste-to-energy projects, the prediction is somewhat higher than last year.

Bahrain

Bahrain's Economic Vision 2030 is a comprehensive strategy based on three guiding principles: sustainability, justice, and competitiveness, that aims to shape the government's, society's, and economy's visions. Bahrain is currently pursuing a number of solar energy projects, the largest of which being a 2 million square meter facility at Askar. A key goal is to make clean energy more affordable, with a national renewable energy target of 5% by 2025 and 10% by 2035.

Israel

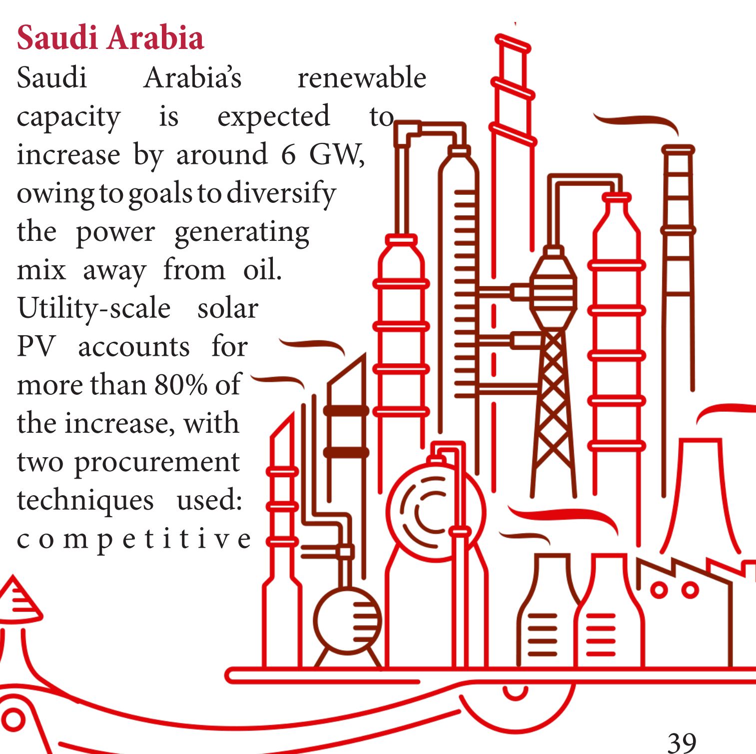
The construction of 5.2 GW will more than quadruple Israel's renewable capacity between 2021 and 2026. FITs, net metering, self-consumption with reimbursement for surplus energy, and competitive auctions account for more than half of the growth in distributed PV. Due to an increase in 2030 renewable energy objectives (from 17 percent to 30 percent) and increased support for solar PV, the prediction is more hopeful than last year.

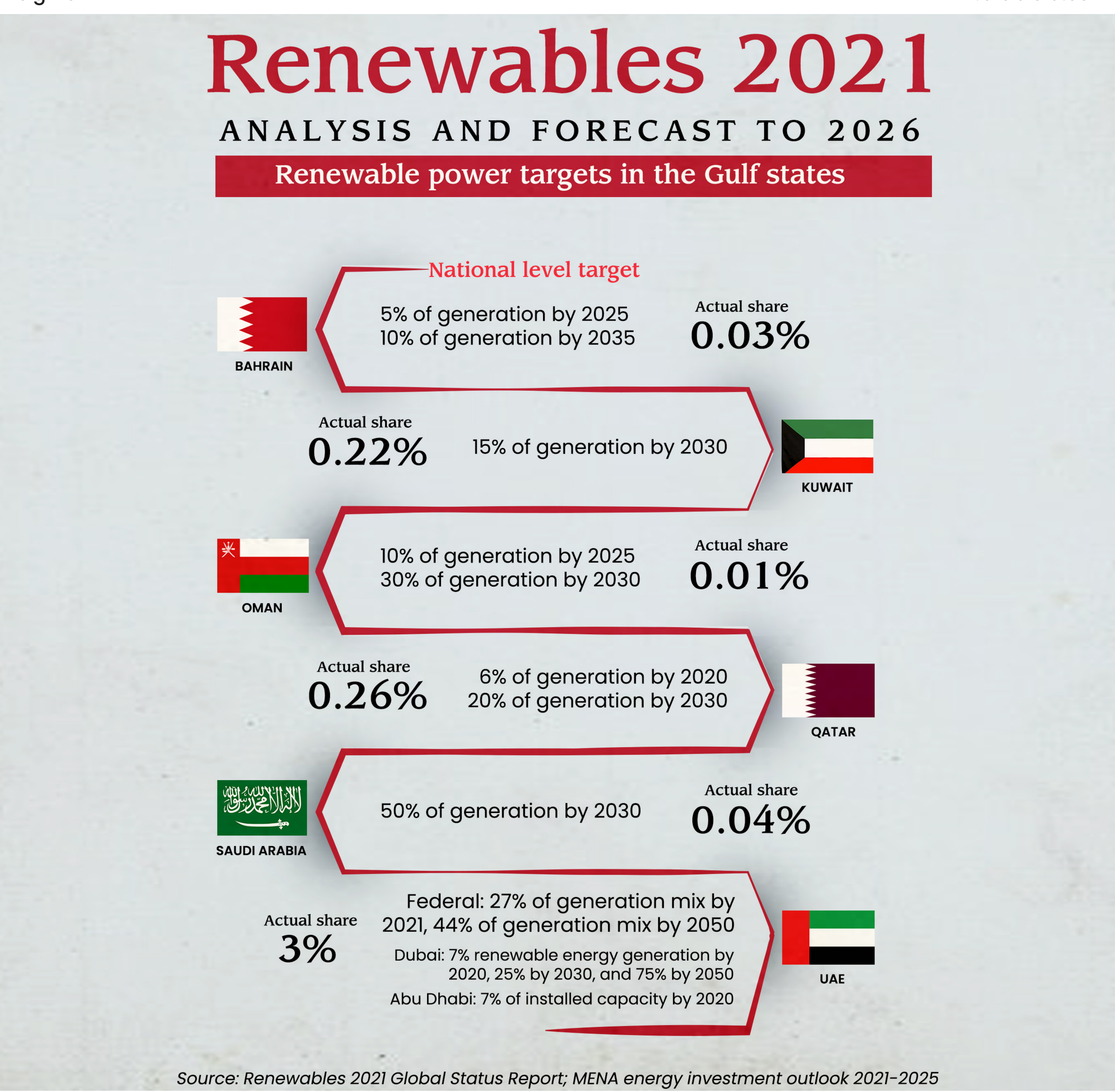
Egypt

Egypt's renewable capacity will grow by 68 percent (4 GW), with onshore wind leading the way, followed by solar PV. Unsolicited bilateral contracts with the government utility account for the majority of the expansion. The renewable capacity of planned projects has been boosted as a result of recent advances under this initiative.

Saudi Arabia

Saudi Arabia's renewable capacity is expected to increase by around 6 GW, owing to goals to diversify the power generating mix away from oil. Utility-scale solar PV accounts for more than 80% of the increase, with two procurement techniques used: competitive





auctions for independent power producers and unsolicited bilateral contracts with utilities. The National Renewable Energy Program (NREP) is a Vision 2030 strategic effort aimed at maximizing the Kingdom's renewable energy potential. The Ministry of Energy's Renewable Energy Project Development Office (REPDO) was created to carry out the NREP's objectives. Saudi Arabia, the Arab Peninsula's largest country, has declared its intention to become carbon-neutral by 2030, with an aim of obtaining 50% of its electricity from renewables and nuclear power. Saudi Arabia aspires to be a leading diversified economy and a model for long-term development under its Vision 2030.

United Arab Emirates

The United Arab Emirates is the second GCC country to include nuclear energy in its long-term energy strategy. The Barakah nuclear power plant located in the Emirate of Abu Dhabi was the UAE's first nuclear power plant. The UAE published its 'Energy Strategy 2050' in 2017, with the goal of increasing renewable energy's contribution to the total energy mix from 25% to 50%. To accomplish the UAE's economic and environmental goals, the Energy Strategy blends renewable, nuclear, and clean energy sources. To address its expanding energy demand, the UAE expects to invest AED 600 billion by 2050.

Oman

In Duqm, Manah, and Dhofar, Oman is now working on a mix of wind and solar projects with completion deadlines ranging from 2021 to 2024. One of the goals of the Sultanate of Oman's Vision 2040 is to generate 30% of its electricity from renewable sources by 2030, as part of its national energy strategy. ■

How the MENA region is turning the tide

to include financial openness in its policies

- Vandana Srinivas

Financial openness is achieved through reducing barriers to the cross-border movement of capital and financial services, expanding and strengthening cross-border financial linkages, and eliminating less favorable treatment of international investors and foreign capital. The Middle East and North Africa (MENA) area is varied. It is undergoing several economic and political transitions. Yet, it has the potential for more and better progress. It has a fortunate geographic location with access to big markets and a youthful and growing educated population. It also has competitive advantages in various areas including manufacturing, renewable energy, and tourism. In response to the COVID-19 pandemic and the Ukraine conflict, the MENA nations are adopting changes to create a more robust and inclusive economic model. Its goal is set to be improving growth, governance structures, diversification, employment, private sector development, and integrity. Many MENA nations, including the GCC countries, Jordan, Lebanon, Morocco, and Tunisia, have tightened banking supervision and regulation. They have created up-to-date mechanisms for collecting prudential information on a regular basis, and inspecting and auditing banks. They have taken measures to meet worldwide Basel standards.

FDI (Foreign Direct Investment) restrictions inhibit investment

The attractiveness of MENA economies to international investors is determined by a variety of variables that include market size, geography, and, most importantly, laws and institutions that foster a consistent and predictable investment climate. Long-term advantages accrue from an open and non-discriminatory foreign investment environment. Investment is essential for promoting economic growth and long-term development. It increases an economy's productive potential, resulting in job creation and income growth. International investment can give additional benefits. FDI may assist enhance resource allocation, manufacturing capacity, and access to foreign markets in addition to delivering new cash to a host economy. The OECD FDI Regulatory Restrictiveness Index compares statutory FDI limitations in over 70 countries (including all OECD and G20 members) across four major categories of FDI restrictions. Egypt, Jordan, Morocco, and Tunisia are all signatories to the OECD Declaration on International Investment and Multinational Enterprises. The non-discrimination concept states that all investors in similar conditions, regardless of ownership, are to be treated similarly. National treatment requires a government to treat foreign-owned or controlled firms in similar conditions no less favorably than domestic enterprises. FDI limitations diminish competitiveness by possibly discouraging foreign investment. Gains in productivity across sectors and even the economy as a whole In the MENA area, there is a lack of competition in the private sector. One of the major hurdles to more dynamic employment and business creation

is the dominance of a few dominating enterprises. While FDI restrictions continue to exist in the MENA target economies, several governments have achieved significant reforms in recent years to lessen discriminatory barriers against foreign investment.

The Need for Coherent International and National Policies

Since the early 1990s, external financial deregulation has resulted in a spike in foreign capital flows. While the actual growth advantages of financial openness are unknown, it has prompted emerging nations to engage in expensive

reserve buildup on a previously unheard scale. Despite the fact that this provides some protection against financial crises, many developing nations have seen increased economic instability and full-fledged financial crises since the early 1990s. These crises have had a significant impact on GDP and long-term growth prospects. More policy coherence in the international and national financial, economic, and employment policy might help to focus on employment and incomes. The main intended outcome of financial liberalization is that it would help (developing) nations to better use resources and improve capital creation by increasing FDI and other international capital flows such as private portfolio investment. A more open national financial system was viewed as an essential complement to the removal of barriers to international capital flows. International capital flows have increased significantly, particularly since the mid-1990s. For the past seven years, global gross private capital flows (the total of the absolute values of foreign direct, portfolio, and other investment in- and outflows) have been greater than 20% of global GDP, compared to less than 10% of global GDP prior to 1990.

How Transparency Can Help the Middle East and North Africa

The lack of transparency in MENA has taken numerous forms, ranging from a lack of total data to a lack of accessibility and questionable veracity of data that does exist. The crisis has been allowed to fester and become deeply established in numerous organizations. It might now have serious ramifications. According to a WHO report, a big portion of MENA's sluggish growth is undoubtedly attributable to a lack of data and openness. Many MENA nations have either lagged in their capacity to create data or have prohibited access to data, both of which result in bad policy. Just as a lack of data on the spread of a virus impedes public policy and societal responses, a lack of data and inaccurate indicators of public debt and unemployment impede policy efforts to address these long-standing development difficulties. The sustainability of current account and fiscal deficits across MENA countries depends on various factors, as listed below –

- **Demography and savings** -

As dependence ratios decrease, national savings increase, improving the current account. As dependence ratios decrease, national savings increase and the current account improves. Refugees, who make up a sizable proportion of the population, are included in demographic data, including predictions.

- **Forecast growth and domestic savings** -
If an economy's growth is predicted to pick up, it will almost certainly run a current account deficit. This is because it will be able to utilize future resources produced from higher expected growth to pay for today's investment or consumption.

- **GDP per working-age population and net savings** -
Domestic savings are more likely in economies with high labor productivity in comparison to other countries. Thus, unless gains in production per worker are accompanied by disproportionate increases in domestic spending, increases in aggregate labor productivity are connected with current-account improvements.

- **Commodity prices and the trade balance** -
Commodity price variations can impact an economy's trade balance. When commodity prices rise, trade balances improve for net exporters but worsen for net importers. When trade balances fluctuate, so do current account balances.

- **Exchange rate regimes** -
Fixed exchange rate regimes may have actual exchange rate misalignment, affecting the current account. The exchange rate regime variables interact with relative labor productivity to indicate the amount to which the regimes alter the responsiveness of current accounts to changes in labor productivity.

Government restrictions for foreign equity participation

Among the MENA economies, sectoral foreign equity limitations for various industries include –

Business & financial services:
In Lebanon and Tunisia, foreign ownership of legal services is prohibited. Engineering is restricted in Tunisia and Jordan, while Jordan restricts foreign ownership of scientific and technical consultancy organizations. In Morocco, foreign ownership of architectural, accounting, and auditing services is restricted. Algeria, Lebanon, Jordan, and Tunisia all prohibit foreign investment in some financial services.

Distribution:
Only domestic enterprises are permitted to engage in wholesale and retail commerce in Egypt, Libya, and the Palestinian Authority. Jordan and Lebanon limit foreign equity investment in distribution services to less than 50%. Foreigners with a majority stake in any of the Tunisian distribution companies must obtain prior government approval before proceeding.

Transport:
Foreign ownership in aviation and sea transport is restricted in Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia. Jordan likewise bans foreign equity control in rail and road transport to less than 50%, while Lebanon bars foreign ownership of inland freight transport. Foreign investment in road transport and ancillary transport services at ports is prohibited in Libya.

Agriculture:
Algeria and the Palestinian Authority forbid foreign ownership of most agricultural land. Algeria also forbids foreign investment in the production, use, transportation, import, and export of certain agricultural products. While Morocco permits foreign investors to lease agricultural property, outright ownership is forbidden. However, a planned bill may change this ban.

Openness to foreign investment

The key regulatory constraints to foreign investment in the MENA target economies are based on the OECD FDI Regulatory Restrictiveness Index (the Index). The Index assesses the level of restrictiveness of an economy's legislative policies on FDI in over 70 nations and 22 industries globally. Despite substantial changes, MENA economies are on average more restrictive than other areas, potentially restricting FDI inflows and overall productivity improvements. This has ramifications for the MENA nations' professed goals of economic diversification and involvement in global value chains.

Impact of openness on economic growth

With fits and starts, economic reform in the Arab world is back on the table for many Middle Eastern and North African administrations and officials (MENA). Among these notions is the extent to which financial markets might act as a critical catalyst for diversification. Although liberalized and developed financial markets cannot save crisis countries from instability, facilitating capital flows to promising private-sector industries. These industries can help set the stage for sustained expansion and more inclusive economies in MENA countries that have a history of low, inconsistent, or shallow economic growth. An efficient and well-regulated financial sector encourages saving and promotes capital allocation,

and it has proven critical in generating and maintaining high levels of economic development. It goes without saying that financial market liberalization in nations racked by conflict and insecurity—Libya, Syria, and Yemen—will remain a distant, if not impossible, vision for decades. However, for countries that enjoy relative stability, the expansion and deepening of their financial sectors may generate a positive feedback loop in the domestic economy. Furthermore, stimulating local capital that feeds into job creation might assist these nations in dealing with perennial economic difficulties such as volatility of oil prices (for oil-exporting countries), remittances, and assistance (for non-oil exporters). The GCC has well-established banking and market sectors, which contribute to a virtuous cycle of growth, but are not fairly distributed; what remains is the diverse economic growth that comes with it. Other MENA nations have low savings rates, undeveloped institutions and regulators, and poor banking penetration rates, in addition to repeated regional crises.

The research demonstrates that expanding financial openness boosts private credit, bank assets, stock market, and private bond market development, and delivers efficiency advantages in the banking system while controlling for the anticipated endogeneity of financial openness. However, the influence of financial openness on domestic financial growth may vary depending on institutional quality, investor protection, and trade openness. Rising financial openness will, in general, increase the size and activity of financial intermediaries. It will also improve banking system efficiency, and contribute to the development of private bond markets in countries with moderate to high levels of institutional quality. It will bring in investor protection, as well as countries with high trade openness. The fast integration of advanced and developing market countries into international capital markets has resulted in significant shifts in global saving and investment patterns. ■

How the MENA region could reap huge benefits by accelerating focus on Digital Transformation

- Vandana Srinivas

The socioeconomic benefits of completely digitizing economies in the Middle East and North Africa would be enormous. GDP per capita may increase by more than 40%; manufacturing employment might increase by 7%; and tourist arrivals could increase by 70%, creating jobs in the hospitality industry. Furthermore, long-term unemployment rates might be reduced to insignificant levels, and female labor force participation could more than double.

Digital transformation is fundamentally changing how organizations are run and, as a result, how consumers are served. Due to the numerous intricacies involved, digital transformation used to be a lengthy process that took months to complete for businesses. Nowadays, though, the transition may be achieved in a matter of weeks, if not days. This is the component of digital transformation that accelerates.

The economies of the Gulf Cooperation Council (GCC) are experiencing major transitions in order to meet the demands of the fourth industrial revolution (4IR or 4.0). Strategies and initiatives are being developed to successfully execute digital transformation. However, managing projects to achieve the intended objectives is critical for long-term development.

According to a World Bank report, fully digitizing the economy may result in a 46% increase in GDP per capita over the next 30 years or a $1.6 trillion long-term gain in dollars. The report adds that the MENA region's GDP per capita improvement in the first year would be about $300 billion. The rise would be more pronounced in lower-income MENA nations such as Egypt, Morocco, Tunisia, and Yemen (an increase of at least 71% since benefits are driven by decreasing the access gap to digital technology).

The gains from shifting to a more digital economy are exponential and governments should do everything they can to remove barriers preventing such a transition. The sooner and faster the push, the bigger the gains.

FERID BELHAJ

WORLD BANK VICE PRESIDENT FOR THE MIDDLE EAST AND NORTH AFRICA

Need for digital acceleration

It is no longer enough to be just a digital consumer today. To maximize the numerous economic and social benefits of the digital frontier, governments must also create the necessary technology and human resources. Consumers in the Middle East have accepted digital technology; therefore, the challenge now is how to incorporate digital into all aspects of Middle Eastern society, including business and government. "The gains from shifting to a more digital economy are exponential and governments should do everything they can to remove barriers preventing such a transition. The sooner and faster the push,

the bigger the gains," says Ferid Belhaj, World Bank Vice President for the Middle East and North Africa in a report, 'The Upside of Digital for the Middle East and North Africa: How Digital Technology Adoption Can Accelerate Growth and Create Jobs'. "A digital transformation would provide jobs in a region where unemployment is unacceptably high, particularly among the youth and women. With concerted effort, this narrative can change," he added.

There exists a MENA-specific digital paradox that it needs to overcome. While the populations of MENA nations have embraced social media use – more than predicted given their GDP per capita levels – their utilization of the Internet and digital tools such as mobile money to pay for services is lower than expected given national income levels. For example, as a comparison, over 66% of MENA inhabitants use the Internet, but only 61% of Latin America and the Caribbean (LAC) and 54% of East Asia and the Pacific (EAP) populations do. Digital payments are used by 32% of developing MENA nations (i.e., non-Gulf Cooperation Countries) compared to 43% of LAC. With the exception of Iran and the UAE, the majority of MENA nations have fewer mobile accounts than would be expected given their economic levels. For example, the GCC has a smaller percentage of the population having a mobile money account (21%) than Sub-Saharan Africa (24%).

Banks accelerating digital banking

The MENA region is a thriving area in fintech, particularly in financial technologies. In terms of untapped potential, the MENA region is well-positioned to become the next thriving center of digital banking innovation. As of now, the Middle East's fintech sector has had a 30 percent compounded annual growth rate (CAGR), with capital financing expected to reach $2 billion USD by the end of 2022. Governments around the Middle East have launched incentives to accelerate digital transformation, with the ultimate goal of increasing economic diversification, encouraging sustainability, and improving public contentment. Different governments, for example, have built national platforms, applications, and payment systems to exchange information and improve residents' access to services. **Saudi Arabia** – Saudi Telecom Bank (STC Bank) is Saudi Arabia's first digital bank, a rebranded version of the old bank with a capital of 660 million USD. Following in the footsteps of STC Bank is real estate firm Abdulrahman Saad Al Rashid & Sons (ARTAR), which has been granted a license to operate a digital business development bank with a capital pool of $400 million USD. According to KPMG, the fintech market in the Kingdom of Saudi Arabia expanded 147% from 2018 to 2020 and is predicted to rise another 55% by 2033, highlighting the promise of digital banking in Saudi Arabia.

UAE (United Arab Emirates) – Because of the National Innovation Strategy, the UAE has become one of the fastest-growing economic and technical centers. Other efforts, such as the AI Strategy 2031 and the Emirates Blockchain Strategy 2021, have also spurred investments in technology breakthroughs, particularly in the banking and financial industry. Most crucially, the introduction of over 40 financial free zones across the seven Emirates has promoted digital banking innovation in the UAE. Foreigners can own neobanks in the UAE under English common law without the assistance of a Local Service Agent, according to the requirements of these new financial zones.

Qatar – According to IPSOS, more than 94 percent of Qatari bank clients have utilized at least one type of digital banking channel. To compete with its neighbors, the Qatar Central Bank (QCB) has strengthened its financial industry investments. And, with over 75% smartphone usage in Qatar, most banks are shifting to mobile banking services to meet client demands.

Bahrain – Bahrain has been working on the Economic Vision 2030 to focus on competitiveness and sustainability as part of the national commitment to transition away from its reliance on oil. In keeping with this aim, the Kingdom of Bahrain has created meem, the first Shariah-compliant digital bank under the Gulf International Bank's digital arm (GIB). Bank ABC is another notable Bahrain-based digital bank, with a banking infrastructure that allows users to access numerous channels 24 hours a day, seven days a week. According to UABdigital data, 78% of Arab state banks claim they are "well on their way" with digital. However, resource management remains a major concern.

Challenges facing the Middle East's digital transformation

Collaboration across all areas of a corporation is required for the effective deployment of innovative and agile techniques. However, many businesses fail to consider this, resulting in a poor digital transformation endeavor. Current examples of digital transformation requirements include:

Cloud Security and Data Privacy — With the rise in cyberattacks in the area and internationally, cyber security remain a major concern that may stymie adoption and investment in digital platforms and cloud computing.

Bookkeeping — As a result of digital transformation, there is a higher emphasis on data analysis, process optimization, reconciliation preparation, and the use of auto-certification to minimize volume.

Modernizing Financial Planning and Analysis (FP&A) – FP&A is accomplished by a cost-conscious examination of business unit strategy, planning, investment allocation, and predictive data analysis.

Innovation – Create a link between efficiency and creativity. Consider cloud, data, AI, and machine learning as a flexible and scalable R&D foundation that allows for quick experimentation, insights, and iterations.

Technology — Due to location and population distribution, implementing a connection infrastructure might be difficult. Basic information and communications technology (ICT) infrastructure is not always readily available, making it difficult to provide digital services. Because automation and flexibility cannot be completely realized without the integration of a good ICT system, the nature and effect of technology are rapidly evolving, posing new issues. Backward compatibility of new technologies with legacy, as well as a lack of global integration platforms required for innovations to have a real impact, are examples of these hurdles.

The future of digital banking in the Middle East

In the Middle East, digital banking has a lot of potential. According to the Milken Institute, there are already over 465 fintech startups in the region (as of April 2022), up from only 30 in 2017. This rapid rise corresponds to looser rules and more investment in banking innovation. Furthermore, the speed of innovation is dependent on the Middle East region's 70% average internet penetration rate, which ranks fourth globally. As a result, an increasing number of individuals are opening digital banking accounts. Most significantly, the sheer imperative of being effective global rivals will force GCC nations in the Middle East to invest more in fintech technologies and digital banks. ∎

Cyber-Security

A Threat to the Digital Acceleration in the Middle East

- Vandana Srinivas

Cybersecurity attacks are a persistent issue, particularly for Middle Eastern businesses and organizations. These threats can halt operations, damage a company's reputation, and result in costly legal action. The more technology a company relies upon, the more vulnerable it is to cyberattacks and challenges. Hackers are increasingly focusing on Middle Eastern firms that are converting to digital procedures and handling sensitive data.

Data compiled by Kaspersky shows that cybercrime is up 600% due to the COVID-19 Pandemic. It is estimated that worldwide, cybercrimes will cost $10.5 trillion annually by 2025. The global annual cost of cybercrime is estimated to be $6 trillion per year, worth 1% of the Global GDP.

According to The National News, approximately 2.57 million phishing assaults were discovered in the Middle East from April to June of 2020. According to a Gulf News story, the UAE is the second-most targeted country for cybercrime. The yearly cost of assaults in the country is estimated to be $1.4 billion.

The continued success of Middle Eastern nations' digitalization ambitions carries with it an increased and rising exposure to the risk of cyber assaults. These attacks, carried out by other nations and more sophisticated criminal rings from throughout the world, have the ability to halt digitization's progress and jeopardize the benefits it provides.

Cyber Crime in the Middle East

As a result of the epidemic, cybercrime has become a top priority for most firms embracing digitalization. In the first half of 2021, there was a 17% increase in cybercrime records, mainly malware assaults, in the Middle East. Oman, Kuwait, Bahrain, Qatar, and Turkey are among the nations that have seen a dramatic increase in cybersecurity threats over the previous year.

Government institutions, financial services, healthcare, education, and technology are among the most targeted industries with large increases in industrial control system (ICS) hazards.

The Middle East is a popular target for cyber-attacks which highlights the importance of cybersecurity in the region. According to ResearchAndMarkets.com's worldwide estimate, the Middle East cybersecurity market is predicted to rise from $15.6 billion in 2020 to $29.9 billion by 2025, at a compound yearly growth rate (CAGR) of 13.80%.

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Every national government in the MENA area is working to establish a safe digital environment, but these efforts are too frequently fragmented, tactical, and reactive. Furthermore, they do not incorporate the engagement of all key players. As a result, government actions frequently lag behind the ever-changing threat landscape, and defensive measures are evaded or exploited. A strategic approach to national cyber security that adheres to the "CCC" paradigm is required — comprehensive in nature, collaborative in goal, and capability-driven.

Governments in the Middle East are highly aware of the emerging security scenario connected with digitalization. Many of them have increased their cyber-security operations in recent years in order to strengthen their national cyber-security capabilities and improve the protection level of their important national information infrastructures.

Security concerns heat up the Middle East

Data Breaches: Exposed credentials and initial access brokers

According to a Ponemon Institute and IBM Security 2020 report, the average cost of a data breach event per organization in the Middle East is $6.53 million USD, well above the global average incident cost of $3.86 million. The estimated financial effect of data breaches has increased by 9.4% in the last, with threat actors focusing on industries with the most sensitive consumer data for financial benefit. Healthcare organizations were determined to have the greatest cost per record of a data breach, closely followed by the financial services and technology industries.

Phishing attacks, especially on social media

Phishing-related assaults and frauds increased, owing to the increased success of such acts, with

COVID-19-related subject lines driving illicit email opens, and an overall increase as people spent more time online. Phishing is a common method used by both cybercriminals and nation-state entities.

According to a Kaspersky Security research, more than 2.57 million phishing assaults were discovered this year across the Middle East, from Egypt to the UAE, Saudi Arabia, Qatar, Kuwait, Bahrain, and Oman.

Targeted attacks (ransomware)

In addition to data breaches and phishing methods, security professionals must keep an eye out for more focused assaults such as social media account breaches and ransomware operations that attempt to extract huge quantities of money or sensitive data from their victims.

Over 55 intelligence events targeting the Middle East have been documented by Digital Shadows researchers in the previous six months. 17 of the 55 intelligence events were explicitly connected to ransomware.

Privacy Laws to Ensure Cybersecurity in the Middle East

The General Data Protection Regulation (GDPR)

GDPR went into effect on May 25, 2018. This law was adopted as a global standard for data protection, signaling the development of the personal data protection landscape. GDPR fines can amount to up to 4% of worldwide revenue or €20 million, whichever is greater.

Law No. 13 of 2016 in Qatar

To safeguard the safety and security of personal data, Qatar established a law under the "Personal Data Privacy Protection Law." This clause became effective once the Ministry of Transport and Communications was tasked with executing the law. Organizations that receive personal data must conform to principles of justice, openness, and human dignity. The financial penalty for non-compliance with the rule, according to this law, can be up to QAR 5 million.

Law No. 30 of 2018 in Bahrain

On August 1st, 2019, Bahrain implemented the PDPL (Personal Data Protection Law). It was inspired by the European Union. Offenders face a maximum punishment of one year in prison.

Egypt's Personal Data Protection Law No.151 of 2020

Egypt established PDPL in July 2020. This law was intended to address the issue of data privacy and protection. This law restricts the gathering of personal data to just lawful reasons. It also outlined the procedures for firms to get permits to handle sensitive and personal data. If any unlawful behavior is discovered, the culprits can be fined up to EGP 5 million or imprisoned for up to 6 months.

UAE-DIFC Law No. 5 of 2020

The UAE adopted the DIFC Data Protection Law on July 1, 2020, and it went into effect on October 1, 2020. This law applied to all countries that were signatories to the DIFC. The EU's General Data Protection Regulation impacted this regulation. This legislation is intended to protect personal data, and noncompliance may result in fines.

The state of national cyber-security policies in the Middle East

The majority of present programs adopt an IT-centric approach to national cyber security. They are tactical remedies to a strategic problem. A national cyber-security program necessitates a coherent, comprehensive plan that identifies critical national cyber capabilities and explicitly allocates ownership of these capabilities and responsibilities for national cyber security to a committed lead agency.

At the moment, most of the existing cyber-security initiatives are reactive. Their priority is recovery from a cyber assault rather than attack prevention. A robust and long-term national cyber-security policy must include proactive cyber-capabilities that can aid in the prevention of attacks, such as information exchange and constant monitoring for enhanced situational awareness.

The majority of current efforts are centered on the government's involvement in developing and maintaining cyber security. A national cyber-security effort, on the other hand, must be comprehensive. It must include the private sector and citizens, and enlist their help in addressing the security of important digital assets and infrastructure throughout the country.

A practical approach to the Middle East

The governments of the Middle East are the only stakeholders with the power, reach, and resources to develop and drive a truly national cyber-security agenda, ensure alignment of efforts, and drive collaboration and continuous improvement through sector-specific, national, and eventually regional governance bodies.

The Middle East's strong economy, along with rising digitalization, has piqued the interest of cybercriminals

worldwide. As a result, it is up to the government to create a national cyber-security program, allocate ownership and responsibilities at the highest level, and start it. All that is left for Middle Eastern governments to do is confront this fundamental issue, which jeopardizes their national digitization initiatives and hopes for successful twenty-first-century economies.

Preliminary actions that can be taken in the adoption and execution of cyber-security plans –

Establish a central national cyber-security body:
The national government should create a central national cyber-security body (CNCB) to define and oversee the national cybersecurity strategy. This body must be autonomous and separate from any existing public organization, such as ministries, councils, or regulatory bodies. This ensures the body's neutrality, which is essential for removing any lack of cooperation from a group of stakeholders and ensuring collaboration. At the same time, this newly formed entity must be enabled by the highest authorities, such as the national security council, and publicly mandated by laws or decrees in order to establish its legitimacy and authority over public and private entities.

Define a national cyber-security strategy:
The CNCB should develop a national cyber-security plan in accordance with the country's vision, national interests, and national/regional security imperatives. As previously said, the strategy should be all-encompassing, collaborative, and capability-driven. One of the plan's main success factors is the complete participation of key national stakeholders throughout the strategy development process, to ensure that crucial ideas and aspects are included in the strategy. This technique is better for certain authorities' approach to establishing a plan in silos, which makes socializing the strategy and obtaining stakeholder support harder.

Establish a national dialogue:
To begin the partnership process, the CNCB should convene a nationwide forum with important stakeholders. This communication can take the shape of a national cyber-security governance body presided over by the CNCB, working groups focusing on certain themes or industries, or regular conferences and other events.

Build preventive national cyber-security capabilities:
The CNCB should take the lead in developing national preventative cyber-security capabilities. This includes creating national cyber-security rules and standards, such as a national information assurance standard. It also requires establishing a national compliance authority to ensure that such standards and rules are followed.

Build reactive national cyber-security capabilities:
The CNCB should also push for the development of reactive national cyber-security capabilities. This includes the formation or strengthening of a national Computer Emergency Readiness Team. Because such organizations currently exist in most countries in some form or another, it is critical to match the strategic direction of the Computer Emergency Readiness Team with the national cyber-security plan. This harnesses the power of cooperation to define the sorts of answers that the country wishes to develop. ■

FASTER FRAUD DETECTION FOR A THRIVING DIGITAL ACCELERATION

– how the Middle East must brace itself against cybercrime

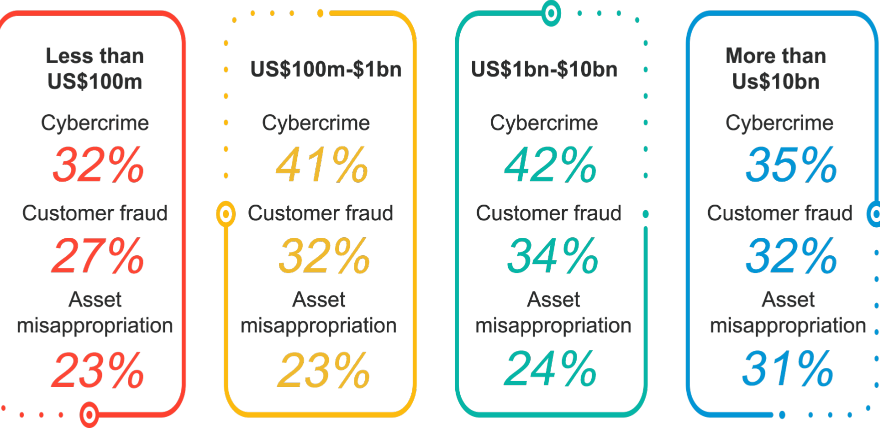
- BT Correspondent

Organisations that established remote procedures in response to the pandemic have spent the last year optimizing and improving their systems to provide a great and safe client experience. However, with identity theft, payment fraud, phishing, and other financial crimes at an all-time high, digital security is a never-ending task. The scam sector is getting more organised and involves more and more participants separated into hierarchical groupings, accounting for 57% of all financially motivated cybercrime. The number of such organisations has risen to a record high of 390, which is 3.5 times more than the previous year when the greatest number of active groups was close to 110. The amount of brand-impersonating scam materials generated each month has also grown. Group-IB, a worldwide leader in cybersecurity, observed a 150% growth in the Middle East and Africa area. This is higher than the increases in the Asia-Pacific area (83%) and Europe (89%). Because of SaaS (Scam-as-a-Service), the number of cybercriminals in one scam gang surged tenfold from 2020 to 2021, reaching 100. The number of websites used for acquiring and delivering "grey" and illicit traffic, as well as luring people into fraudulent schemes, has more than doubled. Scammers will enter 2022 with a new degree of scam assault automation: no non-targeted users. To enhance conversion rates, scammers are now targeting certain types of victims. Scammers' initial point of contact with potential victims is increasingly becoming social media.

Fraud rates and financial impact

Preventing fraud and other economic crimes is a difficult task made more difficult by today's changing risk landscape. As organisations move swiftly to adapt to change, unscrupulous actors hunt for opportunities to exploit potentially growing gaps in fraud defences.

Types of Fraud experienced, by organization size (in global revenue)



Source: PwC's Global Economic Crime and Fraud Survey 2022

According to PwC's Global Economic Crime and Fraud Survey 2022, the proportion of organisations facing fraud has stayed largely stable since 2018. However, the study of 1,296 CEOs from 53 nations

and regions discovered a growing danger from external perpetrators—bad actors who are rapidly increasing in strength and effectiveness. Almost 70% of organisations suffering from fraud said the most disruptive occurrence was caused by an external assault or coordination between external and internal sources. Although the rates of fraud and economic and financial crime are static, the consequences of these crimes are significant in both large and small organisations (as measured by annual revenues). Companies with worldwide annual revenues of more than US$10 billion encountered fraud 52% of the time in the previous 24 months, with nearly one in five reporting that their most disruptive incidence cost more than US$50 million. Smaller businesses (those with less than US$100 million in revenue) were more likely to be impacted; 38% were victims of fraud, with one in every four suffering a total loss of more than US$1 million.Adoption of

Increasing complexities of Frauds

Fraudsters have discovered that adaptation is essential to their success. They can remain ahead of detecting systems if they continue to evolve. The modern hacker employs increasingly complex, imaginative methods to get important client information and login passwords in order to break into accounts. When a new tool, method, or technology is developed and used, we may expect fraudsters to use it as well. Modern con artists have mastered the art of imitating legitimacy. They work on a huge scale, coordinating and manipulating massive amounts of synthetic and fake accounts. Even though some of their tactics are older, earlier detection methods will fail when employed in new and novel ways. Financial institutions face a serious danger of losing credibility, and hence customer trust and related revenue, if they do not discover a solution to avoid fraud. Such dangers will also deter businesses from fully utilizing the expanded reach of digital platforms. Investments in digital security, on the other hand, will become a market differentiator, producing commercial value for organisations that adopt a proactive approach.

Sector	Percentage
Industrial manufacturing	32% Cybercrime
Financial services	38% Cybercrime
Energy, utilites and resources	29% Cybercrime
Retail and consumer	27% Cybercrime
Goverment and public sector	36% Cybercrime
Health industries	40% Cybercrime
Technology, media and telecommunications	50% Cybercrime

The security landscape of 2022

Digital identity initiatives – Governments throughout the world are establishing digital identification programs that will allow customers to access a variety of services through the internet or mobile applications. Singapore, the UAE, and Australia have already issued digital identification schemes, and the EU is following suit with the reform of eIDAS and the launch of the European Digital Identity. Furthermore, the use of certified electronic signatures will become increasingly important since individuals will be able to legally sign contracts online using their digital identities. Security measures for embedded finance offerings – Both consumers and businesses have been increasingly willing to collaborate with non-financial entities. These firms have greater access to customer data, which allows them to provide a better user experience and increase brand loyalty. However, although these integrated financial solutions provide value to customers and opportunities for financiers, they also draw hackers' attention. Skyrocketing cryptocurrency fraud – Crypto exchange systems have been swiftly constructed from open-source, with no regard for their security environment or fraud control.

At least 32 incidences of hacking and fraud have already occurred in 2021, totalling about $3 billion. Without a doubt, the amount of cryptocurrency hack events and fraud losses in 2022 will set new records. The most popular sorts of crypto hacking are phishing and social engineering attempts, despite the fact that the technology to protect consumers from these attacks has been in use by traditional banks for years. Fraud, financial crimes and cyber operations Many organisations distinguish between fraud and financial crime for the purposes of detection, interdiction, and prevention. Boundaries are blurring, especially with the emergence of cyberthreats, which illustrate how intricate and interconnected criminal operations have grown. Furthermore, the distinction is not legal, and regulators may see it as the outcome of organisational silos. Nonetheless, financial crime has typically been defined as money laundering and a few other criminal offences involving the use of financial services in support of illegal businesses, such as bribery and tax evasion. It is frequently handled as a compliance problem, such as when financial institutions avoid fines by engaging in anti-money laundering operations. The marketplace has been altered by digital convergence. The modern consumer prefers "digital interactions" (cashless and seamless payments) and spends more time on "virtual platforms." The payments market has been changed by digital convergence, the smartphone revolution, and inexpensive, high-speed Internet. They have given financial companies unparalleled access to customers, allowing them to actually reach into their pockets. And, for their part, customers have been fast to adjust to the new marketplace.

CRIME PATHWAYS ARE CONVERGING, BLURRING TRADITIONAL DISTINCTIONS AMONG CYBER BREACHES, FRAUD, AND FINANCIAL CRIMES.

Unified risk management for fraud, financial crime, and cyber threats promote digital trust, which is emerging as a consumer differentiator for banks. Security is plainly central to this notion and its most critical component. Convenience, openness, and control, on the other hand, are crucial components of digital trust. Customers' weighting of these traits varies by segment, but benefits like hassle-free authentication or the speedy resolution of disputes are frequently essential builders of digital confidence.

Fraud and insider threats

- Internal and external threats
- Retail and nonretail threats
- Insider threats
- Market abuse and misbehavior

Cyber breaches

- Confidentiality
- Integrity
- Systems availability

Financial crimes

- Money laundering
- Bribery and corruption
- Tax evasion and tax fraud

Example: cyberattack on a central bank

- Bank employee's SWIFT'credentials stolen with the help of insiders
- Malware surrepti tiously installed on the bank's coumputers to prevent discovery of withdrawals
- Funds routed from bank's account at branch of another country's central bank (on a weekend to ensure staff absence
- Withdrawals ware made at the third bank through multiple transactions that ware not blocked until too late
- Attacks amy have been linked to a known sanctioned entity

Source : Society for Worldwide Interbank Financial Telecommunications

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