Tables: Credit cards, loans, mortgages and insurance across the Gulf

The Gulf region's first personal finance and investment magazine

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September 2007 Issue 106

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ISLAMIC FINANCE

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Kuwait.....KWD1.0
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Published by
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Cover Image
Courtesy of www.bentleymotors.com

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BPA audit applied for December 2006

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August was a month of upheavals, but just short of a catastrophe as Ben Bernanke and the Federal Reserve decided to give the financial markets a breather by cutting the discount rate by 50 basis points. The gesture was enormously helpful, as it brought a number of financial institutions back from the verge of bankruptcy or closure. There was also a sigh of relief from our local and regional players as they have had significant liquidity invested in the international capital markets and there could have been terrific losses. Although the ominous clouds seem to have passed for the time being, the ground realities in certain asset classes have not changed with the apparent change in fortunes, with central banks across the world playing the classical role of lenders of the last resort. Unless we get a rate cut by the Fed soon enough, pressure points will build up again, as problems of the housing market in the US are far from over and reverberations from the collapse of the subprime debt market can be still felt. Besides, equity markets continue to be hot and valuations in emerging markets are still high. So, the next three months should be a wait and watch for small investors, although for long-term equity market investors the best way forward is to look for growth sectors globally.

On our own turf, institutional investors on the Dubai Financial Market continued to be short, thus bear hammering the market. But the upside of this has been that it has left some counters attractive. Real estate stocks are looking particularly cheap right now. Some investors, of course, are wary of a property price correction in Dubai, and that could be a reason why they're not that bullish on Emaar. The DFM, however, did pick up some momentum towards the end of the month. On the flipside, the Saudi stock market has risen some 500 points in August, as we went to press. If this momentum continues, then asset allocation of funds to the Kingdom could increase. It could also mean some Saudi liquidity coming to other regional markets.

Before I sign off, I must mention that on the 5th of September we are launching our first funds summit, which will involve top industry experts discussing issues pertaining to corporate governance. We will release a document next month to share the findings of this event with you. Hopefully, in the future, we'll be hosting more of these events – we'll keep you posted.

And, let me take this opportunity to wish all our readers Ramadan Kareem.

Utpal Bhattacharya
Editor

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Islamic credit cards getting noticed

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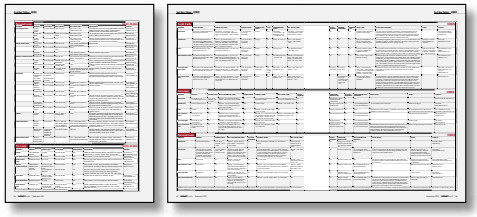

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Michael Klimek

cominvest to structure a sukuk mutual fund

There has been talk of a sukuk mutual fund for some time now, but no major asset management company has come out, on record, to say that they will structure one soon. A **MONEY***works* report on the first likely sukuk mutual fund that could be launched in the coming months.

Cominvest, the asset management subsidiary of Germany's Commerzbank, is exploring the possibility of launching a sukuk mutual fund to take advantage of the enormous interest in the sub-asset class among investors. If cominvest succeeds in creating the fund, it will be the first such collective investment fund to be launched targeting investors anywhere in the world.

There has already been more than US$13 billion in sukuk issuances this year and another US$7 billion is to be issued by the end of the year, according to one unconfirmed report. Sukuk securities have also been witnessing a fair amount of liquidity, with estimated daily transactions of between US$80 and US$100 million in the over-the-counter secondary markets with institutions like HSBC and Barclays making the market.

Whilst not wishing to take away credit from market makers for having created secondary market interest over the last couple of years, it should be emphasised that over-the-counter transactions are almost always big ticket dealings between institutions or very high net worth investors through these market makers. Also, a very large portion of these sukuks are not at all traded by institutions and are locked up as safe investments.

In the past, there have been talks about the possibility of creating mutual funds targeting sukuks, but leading players have cited a number of reasons as to why it's still early for structuring such collective investment funds targeting the retail market. cominvest, which is a newcomer at the Dubai International Financial Centre (DIFC) and has credentials in structuring Islamic products, has taken up this challenge, according to Michael Klimek, the Middle East's managing director of the asset management company.

Klimek said that the structure for the sukuk mutual fund is ready with cominvest and it could be done either from Luxembourg or elsewhere. But there are also a few challenges for which solutions are currently being sought, he added.

"The beauty of the sukuk is that as a security, it already has a fatwa and it is Shari'ah compliant. So we can easily create this fund. We plan to launch a portfolio that invests only in sukuks, at least 10 sukuks to give us a good diversity. So, for investors or institutions, they pay into that fund, which in turn invests into sukuks," he said.

The challenges, he explained, start from sourcing the sukuks for investments in the first place.

"It is the portfolio manager's responsibility to get allocation to sukuks from the markets. While we will need some sort of up front commitments from financial institutions lead managing or market making the sukuk issuances, we will also have to have an arrangement with a local bank distributor for the fund to be successful. We are currently working to put these pieces of the puzzle together," explained Klimek.

On some of the other ways of tackling the liquidity problem that the fund could encounter once launched, he said that the fund will need to be flexible and allow the portfolio manager to invest up to 49 per cent in Murabaha and money market instruments that are Shari'ah compliant. He also said that since there are no benchmarks available, it will be beta exposure for investors and the fund. The alpha will, of course, follow over a period of time as the market matures and deepens, he added.

cominvest, which was the first mutual fund house to be set up in Germany, manages Euro60 billion in assets. The company's first mutual fund, launched in Germany in 1949, still exists.

In the DIFC, cominvest will operate under the Commerzbank licence. Klimek said that apart from core banking and asset management, the group will also bring its activities of mortgage and investment banking expertise to the DIFC.

Klimek said that the structure for the sukuk mutual fund is ready with cominvest and it could be either done from Luxembourg or elsewhere. But there are also a few challenges for which solutions are currently being sought.

Tariq Al Malki

Al Khaliji gains strong investor confidence

The beginning of August saw Al Khaliji listed on the Doha Stock Exchange. Since listing the new bank has been trading way above par. A **MONEY***works* report from Doha.

Al Khaliji Commercial Bank (Al Khaliji), which listed on the Doha Stock Exchange on August 1, shot up over 100 per cent before the month ended. The brand new bank's chairman Tariq Al Malki told newsmen in Doha that investors will have to make an investment decision on the bank by analysing Al Khaliji's business plan and the track record of the team that is working for the bank - in the likely absence of any financial reports coming from the bank in the next 16-17 months.

Al Khaliji opened for trading at QAR12.5 on August 1 and touched a high of QAR13.70 before closing at AED11.60. At the time of going to print, the share was trading at AED11.20, more than 100 per cent over the par value of AED5.

In an interview with **MONEY***works* in Doha on the sidelines of an event to mark the listing of the bank on the Doha Stock Exchange, Al Malki said that investors will receive the first audited financial results of Al Khaliji only at the end of 2008. He gave assurances, however, that this should not worry investors, as the bank's management is under good hands. He also added that the bank will try to come up with periodic disclosures in the interim.

"We urge our investors to look at our business plan and the track record of the management team. As per regulations, we will not need to submit our financial results until the end of next year, but currently we are working with our auditors to look at ways of disclosing interim financial results on a continuous basis," he added.

Malki said that Al Khaliji will initially focus on the Qatari market. He said that the bank plans to open four branches in Doha to begin with, but over a period of time the intention is to set up a complete network of branches across the country. He also did not rule out the possibility of expanding the bank's presence in other GCC markets outside of Qatar.

"We will do whatever is profitable for shareholders. Currently we are working on a number of corporate financing deals both inside and outside Qatar. In the future we might also get involved in directly investing in equities of Gulf-based companies. We might also set up separate entities as subsidiaries of the bank to manage certain businesses. Also, if we find out that there is demand for Islamic finance, we will get into that line of business as well," he said, giving a broad overview of what could be expected of the new bank in the future.

On consumer banking, Malki said the target is to have full retail operations up and running by the fourth quarter of this year. He said that the bank has already identified and acquired land at four different sites in Doha.

Over 86,000 Qatari investors participated in the IPO of Al Khaliji that opened for subscription in April. The offer was over two times over-subscribed at QAR1.37 billion. Malki, however, pointed out that it was not easy to set up the new bank, and recruiting the right professionals was an even harder task.

"We believe that getting our team in place was a tremendous achievement in itself, as it was not easy to get the right staff. It is an open market and competition is intense. We also faced other logistical problems that pushed our costs up, especially as we started at the same time as the Asian Games in Qatar. And that doubled our costs in terms of flying in people, arranging hotels and accommodations, etc.," he said.

Speaking about convergence of regulators in Qatar, he said that it may or may not happen, as things are still a little premature to comment. But even if it goes through, it will not be an issue for Al Khaliji, he added.

"We urge our investors to look at our business plan and the track record of the management team. As per regulations, we will not need to submit our financial results until the end of next year, but currently we are working with our auditors to look at ways of disclosing interim financial results on a continuous basis." *Tariq Al Malki*

Retail investors feel unsafe in the market

Foreign investors and institutional investors dumped their holdings on the DFM last month as a global liquidity crisis took centre stage. A **MONEY***works* report.

The Dubai Financial Market (DFM) was battered by foreign investors last month, even as international markets went through a phase of terrific volatility and a liquidity crunch. Despite the UAE or GCC markets, seen by many as decoupled from international and emerging markets, they weren't left alone from the crisis, as international hedge funds took flight and foreign investors took liquidity out of the markets to fund losses elsewhere. The DFM alone saw foreign investors pulling out some AED1.4 billion in the first half of the month, dampening the mood of domestic retail investors who were gradually coming round to testing waters once again as Emaar dipped below AED11.

Retail investors who invested in Emaar at the AED10.90 level with the view of exiting in three months with 10-15 per cent profit seem to have gotten stuck again, as the bear hammering of the property stock took the share price to AED10.10 on August 21. An investor speaking to **MONEY***works* identifying himself as Tarek said that he bought into Emaar heavily recently, thinking that there was a "big opportunity" of making "something out the stock" in the next few months. "But now it looks like the wind has gone out of its (Emaar's) sail," he said.

Significantly, Emaar's fundamentals are looking up at its current price. According to data taken from GulfBase.com, Emaar's current P/E ratio is at 9.36, while its price to book value ratio is at 2.02 and price to revenue ratio is at 3.93. But Emaar is not alone in terms of attractiveness in value; there are a few counters where numbers have become attractive. Dubai Investments is another company that has a current price earnings ratio of 8.08, according to GulfBase.com.

Analysts in the market say that since most of the international hedge funds have a very short-term view, it was not surprising that they went short on the DFM stocks during the middle and early part of August. It is very likely that they will come back again.

Data sourced from the DFM show that institutional investors net sold shares valued at AED724.65 million* between August 12 and August 16. Companies were the biggest net sellers at AED790.39 million in this period. They were also the biggest net sellers in the previous week at AED70.94 million and the week before that at AED499.56 million.

The figures are also indicative of the fact that it is not just hedge funds, but also companies that are traditional investors on the DFM that decided to liquidate their holdings in bulk and flee the market in August bear hammering almost all counters. Analysts said that losses in the stock market in the third quarter will show on the books of listed companies, as some could have booked significant losses.

According to DFM data, institutional investors, which include companies and banks, net sold for the months of June, July and August (till August 16) shares valued at AED1.14 billon. In the same period, foreign investors' net investment stood at a negative AED1.28 billion.

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It is, however, important to mention that investment patterns of foreign investors and institutional investors have not always been the same. For example, foreign investors were net buyers in June at AED193.49 million and were net sellers in July at over AED59.35 million, while institutional investors were net buyers of shares valued at a total of over AED93.78 million in June and over AED100 million July as well.

Although individual Arab investors have remained invested in the DFM, while non-Arabs and institutions have fled, the negative sentiments have hit small local investors once more with a number of them saying they will wait out Ramadan to make the next move. They also fear that the global uncertainty will continue to rub off the local markets and that any investments, unless with a longer-term view, are not safe at this point.

**The difference between total bought and total sold.*

Badr Al-Islami signs trust agreement with Dubai's Land Department

Badr Al-Islami, the Islamic financial division of Mashreq, has signed an agreement with Dubai's Land Department governing trust account conditions for real estate developments. The trust account service will ensure that payments made by investors towards "off plan" property purchases are protected until residential units are registered in the buyer's name.

This agreement comes as a response to Decree No. 8 issued by His Highness Shaikh Mohammad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai.

Property developers across Dubai now have to hold a guarantee account with one of three financial institutions that are in partnership with Dubai's Land

Department. Money paid by buyers or financiers towards properties will be deposited into a trust account with the respective institution.

Developers can then apply for the money to be released by the trust account manager by producing a certificate from a consultant certifying that the project has reached an agreed stage.

With this agreement, Badr Al Islami will be committed to opening trust accounts for any developer after they submit a written authorisation from the Land Department. Opening the trust account will include signing an official agreement between Badr Al Islami and the developer. Each project will then have a separate account, even when there are multiple projects conducted by one developer.

In related news, KM Properties was the first developer to register for the new Land Department's Law and is now licensed to develop and sell real estate in adherence to the new law.

Capital Intelligence has announced that the foreign currency long-term and financial strength ratings for Bahrain-based TAIB Bank have been affirmed at BBB-. The foreign currency short-term rating is also maintained at A3.

The foreign currency ratings carry a positive outlook in view of the imminent change in ownership. Dubai Financial, part of Dubai Investment Group, recently agreed to acquire a controlling 60 per cent stake in TAIB, subject to regulatory approval. The positive outlook underscores the strength and resources of Dubai Financial. Although TAIB remains a small bank as measured by both total assets and capital, the franchise continues to grow with focus on the US, UK and Indian markets.

Inflation on rise in Saudi Arabia in 2007

In Saudi Arabia, inflation is expected to rise to 2.8 per cent in 2007 from 2.2 per cent the previous year, as quoted by Al-Rajhi Bank & Investment Corp. in a report last month.

List of reasons researched by **MONEY***works* includes higher demand for consumer products and greater demand for investment in infrastructure. Increased demand for housing and infrastructure projects has been the reason for inflation, as the construction industry has had to bear the higher cost of labour and materials and put greater pressure on prices. The weak dollar seems to be another reason for high inflation, as the Saudi currency is pegged with the dollar.

Another report by Citigroup indicates that inflation in Saudi Arabia will reach 2.7 per cent in 2007. However, during the holy month of Ramadan and the Hajj season, there is usually a spike in inflation, and in 2007 the figures could reach as high as three per cent.

According to the Central Department of Statistics, the cost of living index rose to 104.4 points in June 07, up 0.2 per cent compared with May 07.

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Dubai government announces set up of new holding company

Dubai government has set up a new holding company, Borse Dubai, to consolidate the government's holding in the two stock exchanges, DFM and DIFX. Both exchanges will continue to be regulated by the Dubai Financial Services Authority and the Emirates Securities and Commodities Authority.

Borse Dubai intends to exist as a facilitator for the two exchanges, allowing them to explore joint opportunities for the development of capital markets in the region. The new holding company is also expected to create a common platform for the two exchanges to expand internationally.

Essa Kazim, chairman, DFM

DFM chairman Essa Kazim, who has also been appointed chairman of Borse Dubai, said: "Both exchanges will share best practices, maintaining operational efficiency at international standards. Borse Dubai will boost confidence among issuers, investors and intermediaries who will benefit from a presence in both exchanges, as well as a broader and more varied range of services."

The board of directors at BankMuscat has approved a proposal to raise capital through private placement of 15 per cent of its shares with Dubai Financial Group, a Dubai Group company, for US$619 million - the single largest cross-border investment in the banking sector in the region. The price of a BankMuscat share that would be issued under the private placement would be OMR1.475 per share. The deal is expected to be completed before the year end, after the necessary regulatory and shareholder approvals.

Cityscape Dubai has increased the amount of space available by another 27 per cent, on top of the 25 per cent growth recorded in 2006. Last year saw 508 exhibitors from 34 different countries, 32,442 industry professionals participating from 107 countries and 1,148 conference delegates and speakers. This year's event, at the Dubai International Exhibition Centre from October 16-18, is now spread over 70,000 square metres.

American Express Company reported Q2 income from continuing operations of US$1.1 billion, up nine per cent from US$972 million a year ago. American Express has seen continued growth in card member spending. During the last three months, spending on American Express cards rose 15 per cent and the company added more than two million cards.

23 Marina achieves 50 per cent property value appreciation

Hircon International has announced that 90 per cent of the residential apartments for 23 Marina have been sold, with a 50 per cent price appreciation since its launch in March 2005. 23 Marina, set for completion in 2009, will be the world's tallest exclusive residential building, over 380 meters high.

According to Darshan Hiranandani, director of Hircon International, the majority of the apartment buyers are affluent expatriates from India, the GCC and Europe.

23 Marina will feature two and three-bedroom apartments, as well as four-bedroom duplexes. 23 Marina also has 48 exclusive duplex apartments located on the top 24 floors, each with its own private plunge pool, Jacuzzi and internal elevator. Prices range from AED1.7 million for the two-bedroom units to AED8.5 million for the duplexes.

National Bonds attracts international investors as online purchases grow

National Bonds Corporation has reported that its revenues from online sales of the Shari'ah compliant National Bonds have exceeded AED15 million, with a large number of customers from the UAE, the UK, Ireland, Saudi Arabia, the US, Canada, Australia, Europe and the GCC investing in the savings scheme over the internet.

And, a Filipina nurse living in Abu Dhabi won the highest reward for saving for the future when National Bonds announced her as the 16th millionaire of their monthly draw held on August 4, 2007.

The Shari'ah compliant savings scheme also saw two UAE nationals, Saeed Mohammed from Fujairah and Muftah Saleh from Abu Dhabi, each winning the second prizes of AED100,000.

Real Estate Regulatory Agency outlines its role and objectives

Dubai Property Group (DPG) hosted Dubai's recently established Real Estate Regulatory Agency (RERA) at its recent monthly networking event. His Highness Sheikh Mohammed Bin Rashid Al-Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, launched RERA on July 31, 2007, as a service agency under the Dubai Land Department with its own financial and administrative independence to regulate Dubai's real estate sector.

Marwan Bin-Ghalita, RERA CEO, presented the agency's mandate to over 250 DPG members and real estate professionals, outlining RERA's areas of operation and future plans.

"RERA was established and launched as a part of Dubai's 2015 vision for economic development and falls in line with the current developments within the real estate sector," said Bin-Ghalita. "As a government entity under the Land Department,

Marwan Bin-Ghalita, RERA CEO

RERA's main objective is to establish the foundation for a globally attractive real estate sector that satisfies and guarantees all stakeholders' rights and expectations."

Bin-Ghalita highlighted RERA's main responsibilities within a framework of eight specific areas which include: licensing all real estate activities, managing developers' trust account, licensing and organising real estate agents, regulating and authenticating rental agreements, regulating and supervising owners' associations, regulating real estate related media advertising, regulating and licensing real estate related exhibitions, publishing and circulating official sector research and studies, enhancing national participation in the real estate sector and increasing real estate awareness.

DPG recently merged with the Dubai Chamber of Commerce and Industry's 'Real Estate & Property Business Group' in a joint effort to further promote Dubai's real estate sector. The combined group operates under the DPG name and works together to represent, protect and promote the interests of Dubai's real estate community.

Standard and Poor's has announced the launch of credit risk training services in the Gulf. On December 11, Standard & Poor's will host the first in a series of courses providing a grounding in fundamental credit risk analysis for entry-level finance professionals in Dubai.

The one-day course, Understanding Standard & Poor's Ratings, will explore the significance of external support for Gulf bank ratings, the interaction between sovereign and private company ratings and a special industry focus on the oil and gas and real estate sectors.

The registration form and course agenda is available for download from Standard & Poor's at http://www2.standardandpoors.com/spf/pdf/events/UnderstandingSPRatingsDubai2007.pdf.

Dubai First has migrated its systems - in a record six months - to the Vision Plus platform, a card management system used by major card issuers. Dubai First has also launched an advanced and dedicated in-house call centre.

The latest news on the EBI/NBD merger

Currently, no financial or business publication in the UAE is complete without an Emirates NBD merger update. The offer document (published on August 1) with the details of the terms and conditions of the offer and the proposed merger of EBI and NBD, along with instructions for EBI and NBD shareholders wishing to accept the offer, has been distributed to shareholders of EBI and NBD.

The offer document can also be found at www.ebinbdmerger.com.

Further, EBI and NBD have now announced details of their Extraordinary General Meetings (EGMs) that will give shareholders of both banks the opportunity to vote on the Proposed Merger. The EBI and NBD EGMs happen on Wednesday, September 5, 2007 and Thursday, September 6, 2007 respectively.

The offer is expected to remain open until Monday, September 17, 2007.

Acquisition propels Sextant to lead in water sector investment opportunities

Sextant Capital Management Inc. has gained a control position in a Luxembourg-based private water company, which has the ability to deliver 100 Gigalitres per year of pure glacier drinking water anywhere in the world. The company has a 95-year exclusive government contract.

The Sextant Strategic group of funds are positioning themselves as the go to funds in water and resource investing, offering investors a direct route into what is perhaps the world's most valuable, and currently most underpriced, commodity. According to Otto Spork, Sextant CEO, "Water is and will continue to grow in scarcity and strategic importance, to become the most important and most talked about commodity in the world. Water, unlike oil, is scarce at any price, and there are NO substitutes."

Dubai real estate demand to continue to exceed supply: Omniyat

Omniyat Holdings has predicted that demand for homes and offices in Dubai will continue to exceed supply for the next few years. Mehdi Amjad, president and CEO of Omniyat Holdings and Omniyat Properties, said the imbalance between supply and demand in Dubai's buoyant real estate market is expected to continue well into the next decade, with the sector anticipating a new wave of investors from a completely different demographic profile.

Speaking in response to increasing speculation about supply and demand figures for the emirate, Amjad has argued that with the expected doubling of Dubai's population in five to eight years, massive demand for property will continue. Amjad said Dubai is aggressively targeting population growth, and that will lead to growth in demand for real estate.

Bank of Baroda has aggressive growth plans for the region and is to make its presence felt strongly in Bahrain, Kuwait, Qatar and Saudi Arabia, in addition to making forays into new markets outside the GCC. Central to the bank's expansion strategy will be a combination of "customer-centric products and innovative services."

Amanah xData, a Canadian and Arabian Gulf technology company, has tied up with the DIFX to distribute the exchange's market data (including share prices) locally and globally to brokers using its financial application infrastructure to facilitate immediate access to DIFX information.

Dubai Financial Market (DFM) has launched "Companies Guide 2006", the first complete guide to DFM-listed companies. The guide, in Arabic and English, is also available on DFM's website, www.dfm.ae. The guide comprises four years worth of comprehensive details of 46 listed companies in nine sectors. The guide also has the past four years' financial results for each listed company.

Merrill Lynch hosts children of Middle Eastern clients at global investing event

Merrill Lynch's Global Private Client group recently hosted a Global Investing Programme in London for the children of its ultra high net worth clients from the Gulf Region. The invitation-only programme, for those aged from 18 to 24 years old, aimed to help them understand the processes and disciplines of successful investing, making them better informed about managing their wealth in the future.

This was the fourth programme held by Merrill Lynch for the children of its Middle Eastern clients.

In other news, Gulf Finance House (GFH) is poised to benefit from the wave of large-scale development projects across the Middle East, India and other emerging markets. In Merrill Lynch's view, GFH has a competitive edge - a track record of structuring US$10 billion of "mega-projects" is hard to replicate, and its extensive placement franchise is a powerful source of off-balance sheet funding.

Trade between the UAE and India sees phenomenal growth; Gold tops the list

Following a series of bilateral initiatives, the UAE and India have strengthened trade relations to such an extent that UAE trade with India currently trails only that of the US and China, said Colin Griffith, DGCX chairman.

Speaking at the 3rd International Gold Summit held in New Delhi, Griffith said trade between both countries had consistently grown over the years, with the latest available figures revealing that India exported US$8.6 billion worth of goods to the UAE in 2006, while the UAE exported US$4.3 billion worth of goods to India.

The top trade item between Dubai and India is gold. India is the second largest exporter of gold to Dubai, accounting for 13 per cent. India is the largest importer of gold from Dubai, constituting 45 per cent of all gold exports from Dubai.

"The UAE is now India's top trading partner in the entire MENA region," said Griffith. "The UAE alone accounts for 75 per cent of India's total exports to the six GCC countries."

RAK Properties records 190 per cent sales growth for first half of the year

RAK Properties has recorded an increase of 190 per cent in sales in the first half of 2007 over the first six months of 2006. This is attributed to the strong and sustained investor interest from the UAE, the UK, the Far East, the US, Canada and Russia. RAK Properties is one of only 15 listed companies honoured by the Securities and Commodities Authority for good financial practices and disclosure. According to the criteria set by the Authority, RAK Properties was placed in the 'Gold' category, the only real estate developer from the UAE to be honoured in the group.

Financial centres news - August 2007

DFSA

The Dubai Financial Services Authority (DFSA) has entered into an MoU with the Central Bank of Jordan and, at the time of going to press, was also about to sign a similar MoU in Istanbul with the Banking Regulation and Supervision Agency of Turkey. The DFSA already has an MoU with the Capital Markets Board of Turkey. The DFSA has also signed an MoU with the integrated banking, insurance and securities regulator of Iceland.

The managing director of Dubai's only specialist compliance consultancy, CCL Ltd, recently commended the new anti-fraud requirements that have been put in place by the DFSA.

The DFSA, which regulates all financial companies registered within the DIFC, recently changed its rulebook by imposing upon senior management of DFSA-regulated firms responsibility for setting up systems and controls specifically to prevent fraud and to report suspected cases.

CCL's managing director, Christopher Hobbs, explained that fraud is on the increase worldwide and that the DFSA has implemented the changes to force firms to manage the problem more effectively.

DIFC

MFS International Limited, a subsidiary of the listed Australian parent company, MFS Limited, has opened an office in the DIFC to provide investment and advisory services.

Protiviti Inc, a global provider of independent risk consulting and internal audit services, announced that Protiviti Member Firm (Middle East) Ltd. will be establishing operations at the DIFC, offering a range of services and solutions for identifying, measuring and managing the risks that challenge business objectives.

And, emerging markets and the Middle East's capital markets will be the topics of two new full-day events, added to the schedule for DIFCweek, November 17 – 23, 2007. The DIFC Economic Forum (November 17) will include both a Global Macroeconomic Outlook and the DIFC Economic Outlook for the Middle East, Central Asia and North Africa region. The Middle East Capital Markets Forum (November 22) covers the theme Innovation, Reform and Abundant Liquidity.

DIFX

Daman Securities International has joined the DIFX as a trading Member.

DGCX

The Dubai Gold and Commodities Exchange has announced the listing of its latest member, Barrick Gold Corporation. Barrick shares are now traded on the Toronto and New York stock exchanges.

Financial centre development is foundation for Middle Eastern securitisation: S&P

The introduction of new legal frameworks in several countries and the development of financial centres across the region that aim to diversify the investor base and bring in foreign money and investors are laying the foundations for a promising securitisation market in the Middle East, according to a new report published by Standard & Poor's.

According to credit analyst Michael Strevens, capital markets are developing across the Middle East, particularly in the UAE, Bahrain and Saudi Arabia, and legal frameworks that could enable securitisation are being implanted.

Strevens said the trend towards developing financial centres such as the DIFC and the Qatar Financial Centre was a positive factor for the broader securitisation market. The DIFC, for example, with a zero tax rate on profits, no restrictions of foreign exchange and the possibility of 100 per cent foreign ownership, adds liquidity to the market by easing access for foreign investors.

Strevens said a viable securitisation market requires a regular flow of cash paying assets such as mortgage loans. New laws that encourage both home ownership and hence mortgage borrowing are likely to provide a platform for a securitisation market.

UBL announces funds bonus dividend

UBL fund managers, a wholly-owned subsidiary of United Bank Limited, announced record bonus distribution of AED146 million for its funds for the fiscal year ending June 30, 2007. These include three funds that were recently launched in the UAE, namely the United Growth & Income Fund, the United Stock Advantage Fund and the United Composite Islamic Fund. The quantum of bonus distribution is the highest amongst all private sector asset management companies managing open-end funds in Pakistan. UBL fund managers is planning to launch more funds during the next year, starting off with the launch of the United Islamic Income Fund.

Financial Institutions half year results round-up

Emirates Bank Group recorded a net profit of AED1,201 million, compared to AED972 million earned over the same period in 2006.

National Bank of Dubai reported a net profit of AED651 million, growth of 29.1 per cent over first half 2006 results of AED504 million.

Mashreq reported a net profit of AED956 million, up 45 per cent over AED660 million for 2006.

Emirates Islamic Bank reports an increase of 48 per cent (at AED76 million) on results of AED51 million for the same period last year.

Standard Chartered has announced a 30 per cent increase in global profits, compared to the same period in 2006.

Arab Banking Corporation has reported a net profit of US$143 million, an increase of 29 per cent over the net profit of US$111 million last year.

Tamweel PJSC net profits in the first half of 2007 reached AED108 million, up 118 per cent compared to AED49.58 million in the first half of 2006.

BMB Investment Bank announced its semi-annual financial results for 2007 with a 233 per cent increase in net income to US$12.8 million from US$3.8 million for the same period last year.

Dubai Islamic Bank announced a net profit of AED1.5 billion for the first half of 2007, a 113 per cent increase from AED707 million for the corresponding period in 2006.

First Gulf Bank reported a net profit of AED880 million for the first half of 2007. The results show an increase of 18 per cent compared to the same period the previous year.

EFG-Hermes announced audited financial figures with total consolidated revenue booked reaching EGP529.2 million – more than double the figure reached over the same period in 2006.

And, first quarter profits for **SHUAA Capital** increased to AED75 million, compared to AED2 million during the same quarter last year. First quarter revenues grew to AED165 million from AED28 million in the first quarter of 2006.

ADCB launches Flash credit card with MasterCard PayPass

Abu Dhabi Commercial Bank (ADCB) has launched its ADCB Flash MasterCard credit card with MasterCard PayPass, in association with MasterCard Worldwide. It's a first in the GCC and can be used at selected acceptance locations in the UAE, offering a fast and convenient payment method for small purchases. As well as having the usual credit card functionality, the MasterCard PayPass technology allows cardholders to simply "Tap & Go" for purchases under AED100. The PayPass technology allows the card to remain with the cardholder at all times.

For transaction amounts over AED100, purchases are made in the standard way and a signature may be required.

Following the launch of its first electronic banking unit at Bank Street, Bur Dubai in June, Barclays has now opened its second electronic banking unit at Healthcare City in Dubai. The new unit features dedicated relationship managers and is open from 8:00 am to 8:00 pm, Saturday through Thursday. Barclays is planning to launch further branches and service centres by the end of 2007 as part of its Gulf States expansion and commitment to the region.

Wall Street Exchange Company LLC has tied up with State Bank of India for quick money transfer to any part of India through 5,800 branches under the speed remittance facility, "SBI Express". Remittances will be credited to beneficiary accounts within 24 hours of the next working day.

Commercial Bank of Dubai has launched new services for customers on their mobile phones via the Attijari SMS Banking System. The new system will enable customers not only to track their bank account details and provide a record of recent transactions, but also carry out payment transactions instantly.

The services comprise fund transfer within an account, balance enquiry, information on the last three transactions on a bank account or a credit card, recharging Etisalat Wasel pre-paid card and payment of Wasel renewal fee, instant recharging of E-Dirham, instant payment of and inquiry about all Etisalat utility services and payment of electricity and water bills at DEWA, SEWA and ADDC. The new services will also include additional SMS alerts and notifications about debit and credit card transactions, deposits and withdrawals and cheque return.

DIB launches a new Shari'ah compliant home refinance product

Dubai Islamic Bank (DIB) has launched a new Al Islami Home Refinance product that allows customers to convert the equity gain in their property into another asset. It's a Shari'ah compliant product that provides another financing option to existing property owners in the UAE.

The refinancing product is available to all individuals who own freehold property that may or may not have an existing mortgage. DIB offers finance of up to 85 per cent of the value of the property for a financing tenure of up to 25 years. This facility is also available for property that is yet to be delivered.

In other news, DIB has opened two new branches in Dubai, increasing its total UAE branch network to 41. The newest branches are located in Oud Metha and Abu Hail. The Abu Hail branch is an exclusive ladies branch. DIB is planning to launch 11 more branches this year, which will take its total network to 52 branches in the UAE by the end of 2007.

Franklin Templeton launches US$ denominated Strategic Allocation Funds

Franklin Templeton Investments is launching US$ denominated sub-funds of Franklin Templeton Strategic Allocation Funds (FTSAF), a range of actively managed asset-allocation funds with differing risk/reward profiles. FTSAF will seek to outperform a composite index made up to varying degrees of the MSCI AC World, Lehman EA Government and LIBOR indices over a full investment cycle.

In addition to the three Euro-denominated sub-funds, FTSAF has recently launched three more US$ denominated sub-funds. FTSAF-Franklin Templeton Strategic Dynamic USD Fund will be the most actively managed of the three. It will invest 65-85 per cent of net assets in equity funds, with the remainder invested in bond and money-market funds.

FTSAF-Franklin Templeton Strategic Balanced USD Fund will invest 40-60 per cent in equity funds, with the remainder in bond and money-market funds, while FTSAF-Franklin Templeton Strategic Income USD Fund will invest 75-90 per cent of net assets in bond funds, with the remainder invested in equity and money-market funds. Up to 30 per cent of the net assets of all three portfolios may be invested in US-based investment funds.

Fidelity funds now available with ICICI Bank

Fidelity International and ICICI Bank have announced that Fidelity's fund range will now be available to ICICI Bank's private banking customers in the Gulf Region. Under the terms of the agreement, Fidelity's entire off-shore fund range will be available to ICICI Banks clients and customers.

ABN AMRO has launched e-banking services in the UAE. Services include checking account balances and transactions, utility bill payment, transfers, cheque book requests and ATM/debit card activation. ABN AMRO's e-banking can be accessed by customers who have credit cards, loans or accounts with the bank.

Investment Dar Bank, a new Islamic investment bank with an authorised capital of US$1 billion and a paid-up capital of US$200 million, has launched in the Kingdom of Bahrain.

Abbey International has passed on the full 0.25 per cent July UK Base Rate rise to its Gold account and Instant Access Savings account customers. Abbey also raised savings rates by 0.25 per cent on all of its Base Rate Tracker family of accounts after the UK Base Rate rise back in July.

Mashreq offers new flight benefits for debit and credit card holders with Orient Travel

Mashreq, in partnership with Orient Travel, has announced another benefit on the bank's range of credit and debit cards. Customers already get a five per cent discount when using their credit cards to purchase tickets from Orient Travel. Now, debit card holders will, for the first time, get a four per cent upfront discount when making travel bookings. MashreqPoints, the rewards programme for debit and credit card customers, gives further value. Customers who book by redeeming MashreqPoints get a six per cent discount.

Emirates Investment and Development launches Emivest Capital

Emirates Investment and Development Company PSC (Emivest) has created a new investment arm, Emivest Capital, to source new investments and to provide corporate and advisory services. The new investment vehicle will focus on fund management, private equity, asset management and investment in pre-IPOs and IPOs in local and international markets in different sectors.

As a strategic corporate and advisory services provider, Emivest Capital will render services in implementation of corporate governance, restructuring, mergers and acquisitions, market development services and investment advisory services.

Appointments - August 2007

Credit Suisse has hired a team of private banking relationship managers for the Middle East market, based in Zurich. **Mark Idriss** will take the role of head of Middle East for the private banking business in Zurich, with effect from December 1, 2007. Four other members of the team have been appointed relationship managers for various key markets in the Middle East, based in Zurich.

Schön Properties, the developer behind the AED3 billion Dubai Lagoon development, has appointed **Matt Cronje** as the new head of projects, with complete responsibility for the project development at Dubai Lagoon.

National Bank of Abu Dhabi has appointed **Saeed Husain Al Khouri** as head of its Elite Banking department, responsible for private banking and investment services and solutions for high net worth customers.

EFG-Hermes has appointed **Ibrahim Abdelshafi El-Sherbini** as chief information officer to direct overall technology strategy and drive IT development.

United Gulf Bank recently appointed **Syrous Amirpashaie** as vice president, asset management and general manager to its brokerage/securities subsidiary United Gulf Bank Securities based in Bahrain.

Morgan Stanley's newly established equity research team in Dubai will be led by **Sean Gardiner**, who currently heads up the Europe Middle East and Africa (EMEA) telecom research team. Gardiner will be relocating from London to Dubai and will continue to cover EMEA telecoms. **Mai Attia** joins Morgan Stanley as a vice president and will cover stocks in the construction, building materials and real estate sector across the MENA region. **Marwa el Sheikh**, vice president joins the firm from Citi to cover financial companies across the region. **Tammam el Barbir** joins from EFG Hermes investment banking and will also cover financial stocks.

Jamal Al-Naif, managing director of CAI Institutional Sales, has been named to head up **Citi's** institutional efforts in the Middle East. **Citi** also announced the appointment of **James Eldridge** as director of CAI Institutional Sales, where he will focus on institutional clients and prospects in the Middle East.

Standard Chartered has appointed **Boon Huat Lee** as its new regional head of global markets for the Middle East and North Africa.

The board of directors at **Gulf Finance House Investment Bank** (GFH) has elected **Esam Janahi** as chairman of GFH. Esam Janahi has been the CEO of the investment bank from its inception.

Bank of London and the Middle East has appointed Derek Weist as head of structured finance.

Regional investment bank **EFG-Hermes** has announced the appointment of **Monica Malik**, who joins its research department as senior economist.

Tabreed has appointed **Karl Marietta** as deputy CEO in addition to his current responsibilities as vice president, administration and finance.

Mirabaud (Middle East) Limited has appointed **Rajiv Philip** as the company's new chief operating officer. Philip will also act as the designated compliance and anti money laundering officer for the firm at the DIFC.

Bahrain based **BankMuscat International** (BMI) has appointed **Andrew Bainbridge** as the new CEO of the Bank. Andrew joins BMI from Barclays.

Mark Idriss

Matt Cronje

Boon Huat Lee

Syrous Amirpashaie

Karl Marietta

Andrew Bainbridge

Saeed Husain Al Khouri

S&P launches three new Shari'ah compliant global property and pan Arab Indices

Standard & Poor's (S&P) has launched three new Shari'ah compliant indices covering the Pan Arab region and publicly traded property companies in developed and emerging markets.

The S&P/Citigroup Global Property Shari'ah Index represents and measures the investable universe of publicly traded property companies from developed and emerging markets. It has 130 companies from 26 countries with an adjusted market cap of US$231 billion.

The S&P/Citigroup World Property Shari'ah Index is a sub-set of the S&P/Citigroup Global Property Shari'ah Index and includes property companies from the developed markets only. It has 89 companies from 16 countries with an adjusted market cap of US$191 billion.

The S&P Pan Arab Shari'ah Index includes 129 stocks from listed companies in 11 countries - Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and the UAE. Saudi Arabia (48.24 per cent) and Kuwait (20.07 per cent) are the two biggest country constituents, while financials (35.92 per cent), materials (26.67 per cent) and telecom services (19.24 per cent) are the biggest sector constituents. Constituent companies include Al Rajhi Banking & Investment, Saudi Arabian Basic Industries Corporation and Mobile Telecommunications Company.

All S&P Shari'ah Indices are screened by Kuwait-based Ratings Intelligence Partners.

Standard & Poor's has also launched the S&P/IFCG Extended Frontier 150 Index, the first fully investable index for frontier equity markets. The index contains the largest and most liquid stocks from over 30 developing markets in Asia, Eastern Europe, the Balkans, the Baltics, Africa, the Middle East, Latin America and the Caribbean. It offers exposure to markets previously not considered investable by most fund managers.

Al Tajir Real Estate has tied up with Dubai Islamic Bank to provide Shari'ah compliant financing options to potential buyers of units in their new property Fortunato, a self-sustained community living for the family at Jumeirah Village-South.

Euribor rates are reflecting the market expectation of a further rate rise of 0.25 per cent, which means European banks may well have to raise variable mortgage interest rates again soon, according to French, Italian and Spanish mortgage specialist Offshoreonline.ORG.

National Bank of Dubai has opened a new branch in Dubai Marina, open from 8:00am to 2:00pm, Sunday through Thursday and equipped to provide retail and corporate banking services. The branch also has an automated banking lobby offering 24/7 ATM and cash deposit machine access.

Advert

Number plate a-Go-Go

Driving an expensive car, but without the right number plate, takes some of the sheen off the road experience of the owner. **Ehab Heyassat** investigates why the wealthy and the powerful invest millions to own unique number plates.

There is a nice secondary market for trading licence plate numbers of private cars building up in the UAE where, according to unconfirmed reports, as high as AED28 million changed hands for the possession of a single plate earlier this summer. The secondary market dealers in this trade are not licensed brokers, but wealthy people who have the capacity to purchase these plates in government auctions or in the secondary market and hold those until they find the right price to sell. According to some estimates, Dubai alone has nearly 100 of these traders who are involved in matchmaking - the bid and offer sides and promoting brisk business.

It's no secret that the wealthy have always wanted to differentiate themselves from commoners. According to the most recent Merrill Lynch and Capgemini World Wealth Report, "investments of passion" have become an important portfolio allocation for the 9.5 million high net worth individuals in the world now. The report revealed that luxury collectibles accounted for more than 26 per cent of all high net worth individuals' investments of passion in 2006 across the world, while investments in art followed at 20 per cent and jewellery next at 16 per cent. The Middle Eastern investors, of course, allocated a larger share towards jewellery purchase at 32 per cent.

Participants in the business of investing for passion say that asset allocation patterns among high net worth individuals are significantly influenced by the culture they belong to. And so, people of Middle Eastern descent traditionally prefer gold far more than those in Europe, Latin America and North America, rather than, say, art collecting. Although there is no such category as licence plate investing in the Merrill Lynch and Capgemini report, sources speaking to **MONEY***works* say trade alone in the UAE of these numbers run into hundreds of millions of dollars every year.

In a country that boasts of 68,000 dollar millionaires and many more half-millionaires, the heavy demand for investing in one's passion for unique numbers in licence plates does not come as a surprise, especially when there is an over-the-counter exit route in a secondary market well oiled by traders and a legitimate means of transferring ownership.

Says one of the traders or dealers of

these numbers who identifies himself only with his first name, Mansoor: "My experience is that rich people of all nationalities covet these unique numbers, as they want to be seen as unique and different from others. One of the advantages of dealing in these numbers is that the deeds of ownership can be transferred legally from the seller to the buyer."

For example, the Road and Transport Authority (RTA) in Dubai is the concerned authority involved in transferring the ownership, while in Abu Dhabi it's the Abu Dhabi police, he adds.

Monsoor not only deals in car number plates, but also in telephone numbers. He told this writer that he had sold his earlier cell phone number at a price of AED3,000.

Says Aqil Abdullah, another passionate investor in numbers, there is a tremendous upside in investing in the number plates of private cars.

Abdullah incidentally broke RTA's record for the highest price paid for a number plate in the primary market in Dubai. In RTA's auction in March this year, he successfully bid for the "E15" number plate, paying more than AED3 million. He also told the media, giving an indication of the upside potential to number plate investing, that a number he bought investing AED400,000 a few years ago fetched him AED2.5 million when he sold it recently.

In a country which has traditionally lacked public transportation and depends on privately owned vehicles that are affordable, for the wealthy it becomes almost essential to differentiate not only what they drive, but also what numbers there are on the licence plates of the cars they own.

Talal Khouri, a wealthy businessman in Abu Dhabi, became famous in May earlier this year when in 20 minutes he became instrumental in raising the value of the Abu Dhabi private car plate number "5" from a par value of AED250,000 to AED25.2 million. He bought the number at an auction of the Abu Dhabi police and later told the media that he would have paid AED50 million if he had to pay for that number, as all the money that he was paying was to go towards charity.

Number "5" is not the only plate that Khouri bought. He has invested in a number of others.

Another dealer, who also identifies himself with just his first name, Akram, says that he has seen wealthy people invest millions for the numbers they covet.

The twenty-something Akram explains the rationale behind such investments: "If you are driving a Bugatti which you bought for Euro1 million, you probably aren't too worried about spending another million for a number plate that shows the horsepower of the car—1001."

If that argument holds any truth, then the secondary market for these numbers in the country will only have one way to go, which is north. The UAE is the fourth largest market for Rolls Royce cars in the world after London, Beverly Hills and Tokyo, while Al Habtoor Motors sold 160 Bentley cars in the country in 2006. In 2007, the number of Bentleys to be sold in the UAE will drop 15 per cent over the previous year, not because demand is falling, but because the manufacturer is unable to keep its pace with the demand across the world.

So, Akram continues, in a market where luxury cars are in abundance, the owner of a Porsche 911 is ready to pay a good packet for that number. The same is true for owners of a particular series of BMW cars or Mercedes Benz.

"I have had government officials holding important positions and wealthy people from the UAE and the GCC apart from Russia, India, Pakistan and Iran on the lookout for their coveted licence plate numbers. The prices vary in their range depending on the series and numbers. But to give you an indication of the demand, I feel a code A single digit number in the Dubai market has the potential of fetching up to AED35 million," he says.

In fact, Akram discloses that he has already seen a secondary market deal recently of AED28 million for a single digit plate in the Dubai market, although he refuses to divulge the number or any other detail of that transaction; this is also an indication that a majority of these

transactions remain under wraps and only in the knowledge of a small community of traders and dealers.

As this story goes into print, Dubai's RTA is all set to conduct its ninth auction of plate numbers on September 1. Under the hammer will be numbers offered at par priced in a range between AED10,000 and AED120,000. The RTA auctions in the past have been extremely successful. In fact, the last one, in March 2007, collected a total of AED30 million. But then, as Akram says, once these numbers enter the secondary market, their potential in terms of what price they could attract is limitless. In other words, these numbers are priceless to the collectors. So, it may not be a bad idea to visit the RTA at the next auction, especially at a time when there is so much volatility in the global equity markets and dampness in the local stock market.

Some numbers that are off limits

According to traders in licence plate traders, most numbers can be bought and sold legally in the UAE. Some exceptions, however, include all code A or code B four digit numbers beginning with the number 8 in Dubai. These numbers belong to either the royalty or high officials. All code A five digit numbers that start with number 5 are also not tradable, as these numbers belong to the police department. In Fujairah all code A numbers are not tradable, as these belong to royalty.

Loyalty's global revolution in Dubai

A Dubai-based start-up is all set to revolutionise the loyalty industry when it launches later this month. **Utpal Bhattacharya** finds out how.

As competition becomes intense and customers take quality for granted, innovation in marketing - and especially loyalty marketing - is becoming even more crucial for retailers. The concept is as simple as, "Use us and get more value for it." Obviously, the better a loyalty programme is perceived to be, the more it is to the advantage of all parties.

According to ICPL, the global loyalty marketing agency, loyalty marketing can be defined as the management process of identifying 'best customers' and utilising customer data and insight to create, retain and grow profitable relationships. Best customers are those who are the most commercially valuable and bring the most profit.

In fact, research has proven that 80 per cent of a merchant's income comes from its top 20 per cent of customers. Recently, and even more importantly, studies have indicated that 70 per cent of a merchant's expenditure is eaten by its worst performing 30 per cent of customers. Loyalty marketing aims to manage these relationships by first defining profitable behaviour and consequently designing a range of marketing initiatives to maintain and influence profitable behaviour, thereby delivering incremental yield and maximising customer lifetime value.

The fundamental assumption in loyalty marketing is based on the principle that keeping existing customers is considerably less expensive than acquiring new ones. A study conducted by Frederick F. Reichheld and W. Earl Sasser in 1990 noted that an improvement in customer retention of just five per cent can cause an increase in profitability between 25 per cent and 85 per cent (in terms of net present value) depending upon the industry. Therefore, increased customer loyalty has a direct relationship with increased customer profitability. Which is no doubt why, retailers apart, both banks and non-banks are spending millions of dollars to launch their own programmes in this region.

But loyalty programmes are not just important for sellers; today's consumers in the GCC are increasingly looking for relationships that give them added advantage or recognition as loyal customers. And with Dubai emerging as a global tourism, leisure and shopping hub, it is inevitable that some of the more significant developments around loyalty should be happening in and around the emirate. That's why the incorporation of Selektpoints in Dubai, the world's first global coalition loyalty programme that leverages on chip and pin (EMV) technology and uses a bank's credit, debit or prepaid card as a means of delivering a loyalty programme, does not come as much of a surprise to some in the industry. In fact, at first glance, the programme doesn't look so different from its peers. But examined closely, it has the potential to change how loyalty schemes work in the future. Selektpoints is a milestone in the development of loyalty programmes globally. It is a new trend in how technology

will be used in the future and should tremendously impact the industry's prospects going forward: a global revolution starting off in Dubai.

What is Selektpoints?

Selektpoints is a merchant coalition program conceptualised in Dubai and will be officially launched this month. As a global loyalty programme, it aims to be in operation in four continents by the next year. Funded by Kuwait's The International Investor (TII), the sophisticated Microsoft CRM, which is the engine of the loyalty programme developed in Canada with investments of over US$35 million, the promoters of the project are claiming that it is the only interoperable programme in its industry today.

The big revolution that Selektpoints brings to the table is that for the first time, a loyalty marketing programme that uses banks for delivery does not charge any fees from banks for implementing the loyalty specific software or any other consultancy. It's the other way round: Selektpoints pays banks for housing the loyalty programme in their plastic cards.

Says Adnan Al Bahar, the TII chairman: "We are confident that Selektpoints is the best loyalty programme model bar none, and the international excitement surrounding the launch this year is testament to that, as is the pedigree of Landlord Bank partners that we have attracted."

Selektpoints is owned by Middle East and African Loyalty Company (Menalco), which is registered in the RAK Free Zone in Ras Al Khaimah and has its head offices in Dubai. Menalco is entirely funded by TII, while the company's CEO Bob Buchan, who is the brain behind the concept, also has his and Ed Holmes' (Ex CEO Citi Group) name on the patent. To that end, the entire concept and the processes, including the CRM, have been globally patented. In fact, the term "Landlord Bank" is trademarked by Selektpoints.

The term Landlord Bank does have a visual impact in describing the housing of the Selektpoints loyalty programme in the plastic offered by banks to their customers. Significantly, Selektpoints' business model is to have one Landlord Bank in each country as an exclusive partner. At least that's what is on offer for the prospective partner bank in a specific country. However, if the bank chooses not to be the exclusive partner on the issuing business, then the programme can be offered to other banks as well. On the acquiring side, there can be only one Landlord Bank for each country to ensure the committed "Landlord Bank" gains maximum benefit from a truly global programme.

TII has invested three years working with the Selektpoints team that structured the loyalty offering for both merchants and consumers.

"Our investment in Selektpoints is illustrative of TII's dedication to innovation in financial services, and our commitment to being a leader in the loyalty, consumer data and marketing space globally," said Al Bahar.

"We have been told by the likes of McKinsey that in 18 months time we will be the second largest repository of data next to Wal-Mart." *Neil B.Smith*

Revenue for banks

As per the Selektpoints business model, a Landlord Bank, which is both an acquirer and an issuer, has four revenue channels from its relationship with the loyalty marketing company. Because the loyalty programme is housed in the chip of the plastic cards, Selektpoints pays US$1 per card for conversion of magnetic stripe to EMV compliant chip cards to the bank that it partners with. A Landlord Bank also has the choice of earning US$0.75 per card and US$100,000 worth of EMV expert consultancy credit on project management for conversion of the cards. The other three lines of revenue include sharing a percentage of profit with the Landlord Bank. The profit share is a single digit ratio, but is higher than one per cent of the profit earned by the loyalty marketing company in the territory or the country of the bank. Selektpoints also pays up to US$45 per terminal (POS) per year to the

Table 1

Scheme name	Bank Landlord Selektpoints	Payback Germany	Bonus Card Turkey	Rewards in US$
Launch date	Sept. '07	1998	2000	
Operator	Selektpoints	Loyalty Partner GMBH	Garanti Bank	
Member base (m)		17	3.5	
Earn				
Payment and collection of points via single card insertion	Y	N	n/a	
Number of countries	all	1	1	
Which countries		Germany	Turkey	
Number of retailers: High street		13		
Online			1,000	
Ability to earn cross-border	Y	N	N	
Consumer earn rate - general retailer	2 for US$1	1 for Eruo1	1-15%	
Perceived value				
How much is US$100 spend worth to the consumer when claiming a reward?	US$2.00	US$0.41	US$1.5	
Spend at merchant				
Flight short haul	US$5,000	US$17,045	US$6,667	US$100
Hotel one night	US$5,000	US$24,852	n/a	US$100
Camera	US$5,000	US$31,325	US$12,229	US$100
Spend at merchant with co-brand payment card				
Flight short haul	US$5,000	US$13,636	US$3,333	US$100
Hotel one night	US$5,000	US$19,881	n/a	US$100
Camera	US$5,000	US$25,060	US$6,114	US$100

Source: independent consulting company

bank, an entry level fee that could increase depending on the number of terminals. The fourth and the last revenue source is a per transaction fee. The fee is paid when consumers use banks' payment Selektpoints cards at Selektpoints enabled terminals.

Buchan emphasises that the Selektpoints business model actually justifies bank decisions to convert their magnetic stripe cards to EMV chip cards. Now that banks have a revenue model in place, it's an incentive to convert to chip, he adds.

An industry man for the last 25 years, and who also ran his own loyalty operations in the US in Atlanta, Buchan argues that loyalty should always be about data, as it is the key to understanding and therefore managing consumer behaviour. He says that Selektpoints' model is built around the CRM that collects the most detailed transactional information ever and administers direct marketing campaigns.

Selektpoints' CRM is elaborate and collects level-three stock keeping unit information. In fact, this is the first time such information will be collected on such a global holistic scale, as the loyalty marketing company's merchant relationship will be built across the globe and so will be the customers that use the loyalty programme, thus providing their personal data, preferences, shopping behaviour and more to Selektpoints, says Buchan.

Buchan explains that in achieving true loyalty, "earn and burn" style reward programmes can never efficiently achieve emotional belonging for a brand. He adds that banks' loyalty programmes often fail because they are cash-back oriented schemes, or cash discounts that stimulate the rational, left side of the brain and do not influence emotional behaviour.

"The Selektpoints program encourages saving for aspirational rewards, which stimulates the right, emotive side of the brain. This means that an emotional link is made to the reward item or experience and the brand that contributed to the reward. This is loyalty working at the finest level," he argues.

"As per the Selektpoints business model, a Landlord Bank, which is both an acquirer and an issuer, has four revenue channels from its relationship with the loyalty marketing company.

What is in it for merchants?

As mentioned earlier, Selektpoints is a merchant coalition programme where merchants "pay on performance" to join the programme. But what does the merchant get in return? In one word, they get access to "data" and "DATA IS KING", according to Buchan.

Neil B.Smith, vice president, business development and EMV with Selektpoints, explains that the data, which will be collected by the company on the agreement of the consumer, will be vital for merchants to focus marketing campaigns at targeted customers.

"The data a Selektmerchant will get will be as detailed as, for example, those retailers selling shirts not only getting to know the number of them sold, but their colours, fabrics and brands, contact details of the buyers, lifestyles and so on from information provided by the consumer. And what this means is that the merchant will be able to analyse and launch targeted marketing campaigns which will be more successful than those that are done without such analysis," he said.

Smith also feels that in many cases, retailers and merchants will probably have their suppliers funding their memberships into the programme to get access to data. If a supplier had data on who in which locality bought its products vis-à-vis its competition and could make detailed analysis of consumers and their behaviours, it would be a goldmine of information for them to create more efficient and targeted campaigns to benefit the consumer dramatically and sell better quantities, he adds.

"The case of the Tesco supermarket in the UK is a good example of how data can boost profit margins on an incremental basis. Last year, for example, Tesco's incremental profit was GBP100 million, helped by its loyalty programme. However, the point to note is that our CRM is far more sophisticated than Tesco's, and we can create campaigns for our merchants in 30 minutes compared to many supermarkets that would take months to do the same," he said.

Bob Buchan

Adnan Al Bahar

Buchan adds that Selektmerchants get a number of benefits other than data management when joining the programme, including the instant access to a vast base of bankable customers, unlike in some of the other programmes. One of the other benefits is that they can adjust points at different terminals, according to variables, including peak hours. They can also up-sell focused terminals. This flexibility is possible for merchants due to the sophisticated technology that the loyalty marketing company employs. One of the other benefits is that the programme allows merchants to manage their accounts online, either through a call centre or an account manager.

Selektpoints offers its merchant members four packages: platinum, gold, silver and blue. Merchants awarding seven per cent or more of the expenditure as rewards to Selektpoints members are entitled to the platinum package, while the gold package is for those offering five per cent. The silver package is for those who offer three per cent as rewards and the blue package is for those offering one per cent as reward points. (See Table 2 for details)

What is in it for consumers?

Buchan insists that none of the existing loyalty schemes that are partnered with banks have the substance of Selektpoints.

"All the preceding programmes in the region failed to address an important market for the region's merchants, the tourist shopper. Small, local schemes are catering to this market to a limited extent. Selektpoints is the first globally interoperable loyalty scheme. This means, for example, a cardholder visiting from the UK with his Selektpoints bank card will be able to collect points in Selektmerchants here - real bankable customers," he points out.

Table 2

Merchant award incentive packages		
Packages	**Category**	**Benefits**
Platinum	Merchants who award seven per cent or more will be in this package	• Starter kit • Receives 6 email campaigns per year • Platinum website advertising
Gold	Merchants awarding five per cent	• Starter kit • Receives 4 free email campaigns per year • Gold website adverts
Silver	Merchants awarding three per cent	• Starter kit • 2 email campaigns • Silver website adverts
Blue	Merchants awarding one per cent	• Starter kit • Blue website adverts

One of the good things about the Selektpoints loyalty programme is that a cardholder who is a Selektpoints customer can earn loyalty points spending cash at a Selektmerchant's outlet. Collecting loyalty points in a bank credit card against payment in cash is not possible today with any other credit card from banks. Buchan claims that none of the other existing loyalty programmes have the sophistication of Selektpoints and none of them can capture specific purchasing habits, especially when purchasing with cash.

Although this should be good news for payment associations like Visa and MasterCard, as the Selektpoints model now offers an opportunity to record cash behaviour of card users, Buchan sees the bigger selling point for the loyalty marketing company as Selektpoints' better purchasing power with its points compared to its peers. Quoting independent research (see Table 1), he says that for every US$100 spent using Selektpoints cards at a merchant, a consumer earns a reward worth US$2 compared to US$0.41 from global peers like Loyalty Ptnr GMBH of Germany or US$1.5 from using the loyalty programme of Garanti Bank of Turkey. Significantly, this writer is given to understand that spending US$5,000 on Selektpoints cards give users US$100 worth of purchasing power while buying a camera, compared to spending US$17,045 with competition for the same purchasing power (see Table 1).

"It's no secret that for cardholders, earning worthwhile points can be challenging on pre-existing schemes. Independent research has shown that Selektpoints award points are more valuable than any other reward scheme, including international benchmark schemes and local MENA ones" Buchan said.

How does Selektpoints make money?

Selektpoints makes its profits from the reward points given out by merchants. As an illustrative example, for every US$5 that a merchant pays for rewards, US$1 goes to the loyalty marketing company as its revenues, while US$4 goes back to consumers as rewards. Smith says that fees paid by merchants to subscribe to the various packages mainly go to cover the cost of marketing campaigns that the loyalty marketing company structures for them. It is important to note, however, that although the revenue of Selektpoints will have to be driven by the volume of transactions at points of sale in the initial years, the bulk of its profits in the future will probably come from its data business. In a few years, Selektpoints, given its plans on a global scale of operations, will be one of the largest reservoirs of consumer data the world over, and should be in a position to earn handsome revenue making use of it commercially.

"We have been told by the likes of McKinsey that in 18 months time we will be the second largest repository of data next to Wal-Mart," says a confident Smith.

Selektpoints partners

In the UAE, Selektpoints has signed up with National Bank of Dubai (NBD) as its Landlord Bank. But NBD has been flexible and has chosen not to be the exclusive partner on the issuing side. So, it is likely that other issuing banks will join the Selektpoints programme. In Kuwait, Gulf Bank has been signed up as the Landlord Bank, while in Lebanon it is Credit Libanais. Selektpoints is also on the verge of signing up with a leading Qatari bank, while in the subcontinent, North America, South Africa and the UK, it is at various advanced stages of signing up Landlord banks. The names of these banks were not disclosed to **MONEY***works*, given confidentiality agreements between the various partners.

Asked if an Islamic bank could become a Landlord bank or partner with Selektpoints, Smith replied in the positive. He explained: "An Islamic bank can become a Landlord bank, as in our model we pay the bank instead of selling into the bank."

On how Selektpoints pays its partners, he said that the company will settle directly from its account to the merchant accounts on a daily basis, while with banks it will have to be on a monthly or a quarterly basis. The card conversion money will be distributed across the year based on conversion rates.

Independent research has shown that Selektpoints award points are more valuable than any other reward scheme, including international benchmark schemes and local MENA ones." *Bob Buchan*

The future

The launch of Selektpoints holds tremendous potential for the loyalty marketing industry, as it brings in newness and a business model that seems to be delivering win-win at all ends. In fact, the programme recently won the "Best innovation in a loyalty programme" award from the Cards International publication. Having said that, one must also remember that the concept is new and the company behind the programme is a start-up that will test water in the market, this month, for the first time. A lot will depend on how successfully Selektpoints is able to drive the marketing campaigns for its clients and meet customers' expectations. Much will also depend on how its loyalty programme differentiates itself from competition in the initial months of its launch, if the company is to achieve its ambition to be head and shoulders above the competition.

Islamic credit cards getting noticed

Islamic credit cards are gradually getting noticed in the UAE. **Utpal Bhattacharya** speaks to industry experts to find out the status.

Islamic credit cards are still a long way behind their conventional banking peers, but it seems the time has come for issuers to look at ways to package them better and distribute them more aggressively. In the last two years, the market has seen new launches, but Islamic cards continue to languish and are estimated to be less than 10 per cent of the Islamic savings or current accounts with Islamic banks in the UAE. Various reasons are cited for this, but above all, experts say, the lack of enthusiasm of Islamic customers to use an Islamic card can be attributed to lack of awareness.

In the UAE, most of the Islamic credit cards today offered by banks are variances on the fee-based structure. This means that unlike a conventional credit card holder, an Islamic card user does not pay interest on his outstanding, but an upfront fee instead that allows him to make part payments and rollover his debt to the next payment cycle. Some of the Islamic banks return a part of the upfront fee to an Islamic card holder if he repays his credit in time.

For many new users used to

a conventional credit card, the structure seems complex, mainly because they have to pay for utilisation of the card upfront. This has been one reason why converting from conventional to Islamic credit cards hasn't been easy compared to shifting from conventional bank accounts to Islamic bank accounts for many customers.

Says Wasim Saifi, executive vice president and head of retail and business banking with Dubai Islamic Bank (DIB): " In DIB alone we have an upward of 500,000 accounts, current and savings together, but the total number of Islamic credit cards issued by all Islamic banks in the UAE is less than 100,000 cards today. These figures indicate that much more needs to be done with Islamic credit cards."

While Saifi feels that the low number in the credit card product offers a significant potential for growth, Faisal Aqil, Emirates Islamic Bank's general manager for retail banking, sounds more conservative in the medium-term and feels that the UAE market is saturated with everybody carrying multiple numbers of credit cards in their wallets. He argues that unless Islamic credit cards offer attractive loyalty programmes and discounts, it will not be easy for them to attract customers.

"Less than 100,000 cards in two years that Islamic credit cards have been around is not a big number for the UAE market. But you have to see the competition that we have in the market. And unless we offer travel benefits like miles as part of our loyalty programme, we will not be able to attract customers in big numbers. But then these have cost implications. So, we will have to see how it works out in the future," he says.

Challenges

One of the challenges of Islamic credit cards is the structure, but users are gradually getting used to them. Aqil says: "We found the structure that we use to be slightly complicated, but understood. Besides, other Islamic banks also use a similar model, and Shari'ah does not allow us to change structures easily. So, we will refine our product to make it simpler in the future, but I don't think we will make any changes to the structure itself."

DIB also has a similar approach towards its card product. Saifi, like Aqil, feels that the current DIB card product needs tweaking to make it simpler for people while packaging them better with more benefits for users.

In fact, in the quest towards making the fee-based structure simpler, Standard Chartered's Islamic Saadiq card, which was launched earlier this summer, has come up with a standard solution of charging a monthly account maintenance fee of AED150 for its Saadiq Visa gold card, which is only charged if the payment due from the cardholder is not paid on time.

The Saadiq Visa gold card has an annual fee of AED500 like any other normal card, while AED150 is the upfront fee that a cardholder has to pay. Unlike some other cards, the Saadiq card has a clearer fee structure and does not combine the annual fee with the upfront "account maintenance" fee.

Ghazanfar Naqvi, director and head of Islamic products with Standard Chartered's Saadiq, explains: "Our model is the next step in the evolution of Islamic credit cards. We charge an annual fee on the card, while the fixed account maintenance fee is charged on the balance kept in a service account. This occurs when the full payment does not come when it is due and the balance is transferred to the service account meant for this purpose. No maintenance fee is charged on the service account if the balance is paid in full."

Significantly, Emirates Islamic Bank also now plans to change its fee payment cycle from quarterly to monthly, as a move towards making things simpler for cardholders.

However, challenges are not limited to how Islamic cards operate, as there are a number of potential users who avoid Islamic cards because they are not fully convinced of their Shari'ah compliance. Saifi emphasises that a big challenge for DIB in the future will be to convince a large number of its existing customers that the bank's cards are fully Shari'ah compliant.

While this is true, it should also not be forgotten that Islamic credit cards are still a new phenomenon. Saifi feels that once customers become more comfortable with the fact that the Islamic credit card offerings in the market today are

DIB to enable online account opening from EBU

Wasim Sai

Dubai Islamic Bank plans to open at least six electronic banking units (EBUs) in Dubai by the middle of next year. Two of these are already operational.

Wasim Saifi, executive vice president and head of retail and business banking with Dubai Islamic Bank, said that electronic branches will have a number of additional features apart from automated teller machines and cash deposit machines.

"Hopefully by the first quarter of 2008 we will be able to drive many more customers to our electronic branches, which will also offer facilities like enabling online opening of bank accounts with DIB," he said.

DIB is also expanding its brick and mortar branch network rapidly. Currently the bank has 41 branches, and another 11 are in various stages of completion between now and the end of the year.

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What is so special about Islamic credit cards?

Islamic credit cards operate under different structures in different countries, unlike conventional credit cards. **James Massey** explains why.

A credit card is useful for a number of reasons, not just for buying things when you don't have the money available, such as mail order, telephone orders or internet payments that require the additional security of CVV numbers, but also for transactions such as hotel booking or car hire, which require the ability to take additional charges above the initial amount.

For retail Islamic banks to meet customer needs and provide a full service, there is a need for them to provide Islamic "credit cards". A conventional credit card is not permissible, even if the user is certain that he will pay the bank within the time limit, as the user enters into a contract with the bank and is obliged to pay interest if he delays payment.

So how can we define an Islamic credit card?

Firstly, the card must meet the Shari'ah requirements on lending, which vary from region to region. Effectively, this means it must avoid the three essential prohibitions in Islamic finance: Riba, Gharar and Maysir.

The concept of interest, or Riba as it is known, is clearly proscribed in the Qur'an and the Hadith. So an Islamic credit card cannot apply interest to payments even if the user is late in paying.

Gharar, or uncertainty, is somewhat open to interpretation, but Islamic cards should not involve a charging scheme where the monthly repayment or service charges are variable based on a number of factors.

Maysir or gambling is also prohibited, so apart from preventing access to sites such as online gambling, Islamic cards need some other form of insurance cover.

Secondly, an Islamic credit card must work through accepted international payment schemes, such as MasterCard or Visa, and provide facilities that are not available on debit cards such as CVV numbers for "card not present" transactions and hold amounts. Also, the merchant charges and issuer's fees should not be withheld, which means the acquirer will have to manage the arrears on their books and will be liable to IPS and intra scheme settlements.

Thirdly, an Islamic card should not encourage behaviour that is considered Haraam. The category of Haraam includes all manner of forbidden behaviours, and transactions of an inappropriate nature must be declined immediately by a Shari'ah compliant processing system.

So how can Islamic banks be compliant with the local Shari'ah rules?

Apart from excluding certain types of transactions, there are a number of schemes that are used. A transaction could be executed only by use of the customer's own funds, i.e. providing the money against a savings account to exclude the risk of the per cent accruals. The main problem with these products is that they are not credit cards at all; for all practical purposes, they are debit or charge cards. The customer is getting a short-term loan, which is guaranteed against his account, and it is debited fully at the end of the credit period.

Another way is to base the card on 'Ujra' or service charge. In this case, an annual service charge is levied depending on the credit size. The card works in a similar way to conventional credit cards, however, with no interest charged. It only charges an annual fee, which is payable in quarterly instalments.

Some Malaysian banks offer Islamic credit products including credit cards on the basis of 'Bai' Allnah' contracts, which work on the basis of two back-to-back 'akad' agreements. The first is the bank's agreement to sell an item to the customer at a pre-agreed price, with the second agreement covering the customer selling back to the bank at a lower price. The difference is the bank's profit on the transaction.

Such products do not pass the test of strict Islamic compliance as practiced in the Gulf and are often criticised for camouflaging interest payments. Plus, they cannot really deal with items such as cash withdrawals, the purchase of services or consumables, as there is no asset for the bank to buy back.

There are also schemes based on the principal of Murabaha, where the bank purchases the required asset or product and the asset is then resold at a higher price to the customer. By paying this higher price through instalments, the customer effectively gets credit without paying interest.

These also have problems with intangibles such as services, cash withdrawals and consumables. To mange these sorts of transactions, a scheme based on Tawarruq is required. The customer with a cash requirement buys an item on a deferred installment payment basis and the customer then immediately resells the item for cash to another part of the bank.

Disclaimer: The writer is general manager, MEA, at BPC Banking Technologies

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genuinely Islamic, there will be many more using these cards in the future.

Opportunities

An increasing number of conventional banking customers, however, have begun to convert to Islamic cards as a result of this tactical approach towards convincing, with Islamic banks focusing on customer education.

Says Saifi: "There is an education process taking place right now. There is a huge market for Islamic products and services, with a large number of customers already banking with Islamic banks. It is just a matter of time before these customers begin using Islamic credit cards."

He further gives DIB's example to say that despite the bank's total of upward of half a million accounts, less than 10 per cent of these account holders have DIB's credit cards. As these customers realise that Islamic banks today are equipped to meet their 100 per cent banking needs, including their credit cards, it's likely that they'll prefer to carry an Islamic card rather than a conventional card, he says.

"Despite their primary relationships with Islamic banks, many customers have continued to carry conventional credit cards. Also, those with strong Islamic beliefs have used their cards only for payments and not for credit purposes. But now we are offering a genuinely Shari'ah compliant card that not only helps their payment needs, but also solves their credit problems. So, I see great potential there," he explains.

Its credit card business is one of the best performing business segments for DIB today, according to Saifi. The bank now plans to vastly expand its cards distribution through its growing branch network and also push the product through telesales and outdoor sales. The bank also plans to reach out to its corporate clients.

This apart, DIB is getting into segmenting the market with the launch of a dedicated Al Johra credit card for ladies. Saifi says there will be more segmenting for Islamic credit cards in the near future. Aqil also discloses that an Emirates Islamic Bank ladies card is on the drawing board and should be launched as part of the Al Reem offering of the bank for ladies. However, he adds that Emirates Islamic Bank will continue to target only the middle and upper segments of the market with its cards as part of its credit card strategy. Some of the plastic needs will be met by the bank's charge and debit card programmes, he says.

Customer credit behaviour

One of the questions asked by some is: "Does the credit behaviour of Islamic credit card users differ from those of the conventional card users?" And from what Islamic bankers reply to that question, the short and long of it is that it is not. Says Naqvi: "Just because a customer is using an Islamic card, don't expect a customer to behave differently. We are living in the same society and there are customers who want to take their balance to the next month."

In fact, when one compares an Islamic credit card with that of a conventional credit card, it is to the disadvantage of an Islamic card issuer when the cardholder does not pay in time. Unlike the conventional banks, Islamic banks cannot charge some of the late fee penalties and interests, says Saifi.

"We work in the same way as a conventional bank when it comes to collection. But in our case, the pressure is even more, as we cannot charge default fees. So, the moment we pass the due date of collection, the asset stops earning anything for us," he explains.

Aqil argues that this is the reason why, for those who shift their balance to the next payment cycle, Islamic cards offer a tremendous opportunity to save on costs. And the next thing, he adds, is that with proper education, more users will know how to get the best out of their cards in the future.

The future

Although the Islamic credit card business may not be as lucrative or profitable compared to revenues earned from a conventional credit cards portfolio, Islamic banks are optimistic that in the next two years there will be a major shift in the ratio of Islamic cards to conventional cards in consumers' pockets in the UAE.

"I do not think Islamic banks will make as much money from their credit card business as their conventional peers, as a good part of the conventional banks' income comes from fees charged to defaulting customers. Our profitability declines if the portfolio gets into the delay stage. But I do see tremendous potential for the Islamic credit card in the next two years. And there is no reason why Islamic credit cards will not emerge as a primary offering for Islamic banks," says Sai

Naqvi rounds it up when he adds that the success of Islamic credit cards will be a function of Islamic banking becoming more common. If more players start offering Islamic credit cards, you will see a boom quickly, he points out.

"A customer with an Islamic credit card is making a statement that he or she wants to enjoy the benefits of a credit card while staying close to their values. Islam does not prohibit enjoying the blessings of life, like owning a fancy car or travelling to places. Hence, a solid card with a strong loyalty proposition built around it will go a long way in making it a real success," Naqvi adds.

EIB to expand branch network

Emirates Islamic Bank (EIB) will open six to seven branches by the year end to push its branch network to 30 branches.

Faisal Aqil, EBI's general manager for retail banking, said that the bank is also refining its alternative banking channels for better distribution of its products and service.

The bank is also focusing on SME banking with its smart business solutions. Aqil said that the bank is tying up with a number of major developers in the UAE market and is fine-tuning its mortgage product.

Faisal Aqil

Islamic finance coming of age in KSA

Saudi Arabia's Islamic finance industry has come of age, moving beyond consumer and commodity finance. A report from our special correspondent in Riyadh.

With the annual rate of growth between 15 and 20 per cent, the Saudi market for Islamic finance and banking is on course for phenomenal growth. Prominent Saudi businessman-cum-banker Saleh Kamel, chairman of the Dallah Al Baraka Group, dominates the scene with 17 Islamic banks operating under the umbrella of his group in different countries.

Islamic finance has today bankrolled projects ranging from science and technology to healthcare, pharmaceuticals and industrialisation. In fact, as part of its programme to recognise distinguished contributions in the field of Islamic banking and finance, the Jeddah-based Islamic Development Bank (IDB), which is also spearheading plans for stakeholders to draw up a 10-year master plan for Islamic finance, has invited nominations for the IDB Prize in Islamic Banking and Finance for 2007-2008. The prize consists of a citation and a cash award of 30,000 Islamic Dinars (around US$40,000). The deadline for receiving the nomination is September 29, 2007.

Although data on Islamic banking are still not reliable, experts say that the combined assets of the industry is anywhere between US$400 and US$750 billion, with Malaysia billed as the market leader and the GCC states also moving apace. One of the challenges being cited though is the lack of uniformity in the Islamic banking regulations, especially in the Kingdom, seen as a major bottleneck hobbling the growth of this industry.

"Lack of standardisation affects liquidity," says Khalid Howlader, vice president of structured finance at Moody's Investors Service.

However, there have been major developments in the recent months, and one of them is the establishment the Islamic International Rating Agency launched last year. The Islamic ratings agency sets norms for evaluating the creditworthiness of an Islamic bank and its reliability as a financial institution.

Major focus

At another level, the emergence of the sukuk (Islamic bond) market in the Kingdom made headlines last year when HSBC Saudi Arabia Ltd. acted as the book-runner in raising SAR3 billion through sukuk under an expansion program of the Saudi Basic Industries Corporation (SABIC). It was a major involvement for Islamic finance in the Kingdom's industrial and economic development plan.

Saudi Aramco also tapped the Islamic market last year for leasing some of its tanker fleet for transporting crude oil. The Saudi oil giant, the world's largest oil exporting company, also operates the largest tanker fleet. However, out of some 70 vessels, it owns only 19. The rest of the fleet is chartered.

Some of the sectors in the Kingdom attracting Islamic finance, whether through commodity trade finance (murabaha), sukuk, construction finance (istisna) or equity financing (mushraka), include oil and gas, petrochemicals, manufacturing and real estate. This is true of both state utilities and private sector corporates. Companies such as Saudi Aramco, SABIC, Saudi Cable Company and Savola have also been accessing millions of dollars in Shari'ah-compliant finance products over the last few years.

Corporate sukuk issuances in the Kingdom, according to Trowers & Hamlins, the international law firm based in London, are set to take off in a big way over the next few years as companies seek financing for expansion, working capital or simply to refinance the existing debt.

In fact, the bond market is growing strongly across the GCC, with sukuk accounting for 81 per cent of the total new GCC bond issuance. In the first half of 2006, some US$10.2 billion worth of bonds were issued, the law firm states.

Takaful

One of the other important developments for the Kingdom is the development around the Takaful industry. According to Dawood Taylor, assistant general manager of Bank Al Jazira's Takaful Ta'awuni, insurance is one of the major sectors that will see the infusion of Islamic finance. The Kingdom, he says, is opening up its insurance market with the issuance

of 13 new licences, including five Takaful companies: HSBC Amanah, SALAMA, FW Group and Tokyo Marine. One operator that has the first mover advantage is Bank Al Jazira's Takaful Ta'awuni, which has seen a dramatic growth in its Takaful (insurance) products.

As a result, Takaful Ta'awuni now has a staff of 400 and SAR4 billion in life coverage policies, comprising 15,000 individuals and 22,000 group life Takaful clients. In addition, Takaful Ta'awuni has over 91 per cent Saudi employees, Taylor points out.

Secondly, Bank Al Jazira is spinning off its highly successful Takaful Ta'awuni Division into a Takaful joint venture with a major international insurance firm. The bank also plans to open several Takaful offices, both men and women's offices, in Riyadh, Dammam, Makkah, Madinah and Hofuf.

"Bank Al Jazira is a significant investor and will have a major international insurance partner in the joint venture. We will determine its name based on a market survey currently being undertaken by the JV partner, which has operations worldwide. The joint venture will be headquartered in Jeddah and there is also an international agreement for cross-border regional offices at a later stage. The joint venture must have a minimum SAR100 million in capital, but it is likely that it will be nearer to SAR300 million," Taylor notes.

In other areas, Samba Financial Group signed an agreement with Saudi Arabian Airlines to issue the Samba Al-Fursan Islamic credit card amid heightened interest in Islamic banking services in the Kingdom.

The new credit card is considered the first of its kind that complies with Shari'ah rules and is available in four categories — golden, silver, titanium and platinum. The credit card entitles the user to free airline miles, besides giving priority in making reservations, among other benefits.

Real Estate

In the real estate sector, Riyadh-based Bank Al Bilad has unveiled its GCC Real Estate Fund (Akar), which invests in joint stock companies of the GCC. The fund seeks to gain the highest possible returns for its subscribers by investing in the shares of the real estate companies in the GCC. The idea is to spread out the risks and safeguard the interests of the subscribers.

Akar is an open-ended fund available to all GCC nationals. Denominated in Saudi riyal, it seeks capital gains through long-term investment in shares in the real estate companies. However, it will also invest in the other GCC countries and hold deposits in their respective currencies.

Saudi Arabia's housing market is all set to boom in the wake of the long-awaited plan of the finance minister to introduce the mortgage financing law by the end of this year or early next year. The draft regulation will be reviewed by the Shura Council. Once approved, it will boost residential spending from SAR47 billion in 2007 to SAR65 billion by 2010. This will also be an opportunity for real estate funds to invest in the Kingdom.

Standardisation

While the developments around the debt and insurance market apart from real estate augurs well for the future of the Islamic finance market, which was mostly dominated by consumer and commodity finance, there is also an urgent need for a centralised Shari'ah committee to oversee the market and bring about uniformity in the regulatory framework.

Motashar Al-Murshed, a member of the Saudi Economic Association and also financial consultant, says: "At the moment we have so many scholars expressing divergent opinions about the same Islamic instruments. This has created a situation in which one opinion approves it, while the other one disagrees with it. It is creating uncertainty in the market."

Al-Murshed advises that Islamic finance experts should also be well grounded in financial engineering in the field of Islamic finance in order to highlight the risks and identify the route for capital injection and returns. "Many products are sold in the market as being Shari'ah compliant, but they are nothing more than promissory notes," he adds.

Al-Morshad also cautions that the downside of too much activity without standarisation is bound to make Islamic finance a tool to lure investments. He argues that since most of these Islamic financial instruments are derived from conventional finance instruments, it is important that all stakeholders need to sit down and come up with solutions for standardisation of regulations. It will only reinforce what has been built over years for Islamic finance and ensure a better future for all key players in the industry.

Opportunities and hurdles for Islamic banks

Islamic banking offers great opportunities and challenges, especially with growing competition and rising demand for sophisticated products and services. **Dr.Taha Eltayeb Ahmed** discusses some of the key issues faced by the industry today.

Islam is the fastest growing religion, and the Muslim population around the globe is estimated to be in billions. In highly populated countries, such as China and India, Muslims account for 10-15 per cent of the total population. Minority Muslim communities in mainly Christian countries are also increasing in numbers. For example, in the UK, the Muslim community is estimated at three million.

The presence of Muslims is also noticeably seen in Scandinavia, Latin America and Africa. Islam is a religion which does not separate religious practices from the economic practices of an individual. That is to say, Islam does not recognise secularism, and an individual Muslim is required to adhere to the precepts of Islam in all aspects of his life (social, religious or economic). Most Muslims who live secularly will ultimately adhere to all of the precepts of Shari'ah even at a later stage of their lives. In Islamic countries, it is generally observed that people are becoming more religious than they used to be. There is a phenomenon of a general return to religion, particularly among the younger generation. This is due to the efforts of religious societies, unions and political parties that are also becoming more active and aggressive in their approach to Dhawa (call for religion). Here is where huge opportunities await Islamic banking.

The background

Banking came to Islamic countries from Europe during the colonial era. Later on, many international banks came from the US, Australia and Japan following the course of international trade. These banks lent money and attracted deposits on the basis of interest, in violation of the values and rules revealed in the Qur'an (the holy book of the Muslims). There were resentments against western- style banks, and in many cases, committed Muslims did not at all deal with banks. In the sixties, elite Muslims in Egypt and Turkey started talking about an alternative banking model to enable Muslims to observe the requirements of Shari'ah.

The turning point came in 1974 when the Federation of the Muslim Nations established the Islamic Development Bank (IDB) and a group of investors in the UAE established Dubai Islamic Bank (DIB).

Later on, in the late seventies, Dar Almaal (Al-Faisal Group) was established, and Al Baraka Group followed suite in the early eighties. In Malaysia, Islamic banking started in the early eighties, but has now grown into a major sector. In a few countries, such as Sudan and Iran, the whole banking system was converted to Islamic banking. In the GCC countries, most of the conventional banks have established Islamic banking windows in order to compete in the new changing market.

As of today, it is estimated that there are

more than 150 Islamic banks worldwide, managing not less than half a trillion dollars in assets. Here again exist huge opportunities for conventional wholesale banks with established systems and good volume of assets to tap the Islamic banking market. The challenge is to create the appropriate products and understand how Islamic banking operates.

In the Islamic countries, where most of the Islamic banks operate, wealth is now being created at a rapid pace. Natural resources have recently been explored, and that is helping rapid economic growth (Qatar, Sudan, Malaysia, Kazakhstan). The energy sector is set to drive other economic sectors, including trade finance and infrastructure. Islamic banks operating in these countries are expected to contribute to these economic activities. Opportunities are immense both in the number and volume of financing transactions they underwrite and the inflow of cash resources in the form of deposits they attract. These same opportunities can benefit wholesale conventional banks and money centres if they have the right products and service to deal with Islamic banks. Or alternatively, these foreign banks may want to take a direct competitive approach and establish Islamic banking windows to compete with Islamic banks on similar grounds.

The area of Awqaf (Islamic Trusts) and Zakat (alms) is an economic sector with great potential for Islamic banking. Properties valued at hundreds of billions of dollars are there in Islamic countries formed over the years by wealthy Muslims in response to the precepts of the Shari'ah. This wealth is badly managed by government departments formed for this purpose, normally under the ministry of religious affairs. Zakat is a 2.5 per cent tax payable by a Muslim on the market value of his wealth each year. Muslims are very keen to pay out these monies, and in some countries, an autonomous department takes care of the collection of Zakat and its distribution. Whether it is Awqaf or Zakat, good management of these funds is needed. This is an economic sector with numerous opportunities for Islamic banking, as both Awqaf and Zakat, due to their religious nature, are strong candidates for Islamic investing.

The government sector has also recently tapped the Islamic finance market through the issue of Sukuk (bonds structured in an Islamic manner) as an instrument to facilitate public borrowing. The instrument has helped governments raise finance to finance development, close budget deficient or redeem expensive treasury notes. It has also helped Islamic financial institutions create a capital market instrument to diversify their asset portfolio. Sukuk is a double collateralised instrument, and so most of the Sukuks have attracted very high ratings. Here are great opportunities for banks to diversify their portfolios and improve asset quality. Banks that are involved in Sukuk structuring processes have managed to generate good fee income and excellent reputations.

Challenges

Most Islamic banking customers, whether corporate or individual, are driven by faith. This is a strong motive, and Islamic banks tend to capitalise on it. But it is not enough, particularly at this stage of the sector development, with increased competition availing wide opportunities for customer choice. Islamic banks, mostly being third world type organisations, have been criticised for poor customer service. Customer service is a major success factor and it may soon become a key factor affecting the competitive stance of a bank. So this may turn out to be a major challenging factor for banks.

Products and product development are perhaps the major challenging factors for Islamic financial institutions of all types, particularly banks, where the product life cycle may be very short. In the case of Islamic banking, what we need are product creation, product innovation and, at times, product adaptation.

As an example, Islamic banking is facing challenges in developing appropriate treasury and capital market products, particularly products which can be used for risk management purposes. In my opinion, what distinguishes a good Islamic bank from a poor one is the capability to create products rapidly. This is a job requiring outstanding research capabilities and/or adequate funding in case the job is wholly or partially outsourced. Moreover, product development, adaptation and innovation will have to involve the Shari'ah Supervisory Board (SSB) of the bank. In Islamic banking, you cannot launch a product if it is not verified and approved by the SSB, otherwise the bank runs the damaging risk of non-compliance with the requirements of its self-appointed supervisory organ. The challenge facing Islamic banks in this regard is how to use the SSB effectively and efficiently to the benefits of the business-transparency and sharing of information.

Human resources to staff and run Islamic banks is also often a big challenge to address. Who is the right employee for an Islamic bank is a debated topic. Should we pick conventional bankers and train them in Shari'ah or look for people with Shari'ah knowledge and train them in banking?

There is evidence that both approaches have been followed, but the sweeping majority of Islamic bankers today belong to the first group. I think this is due to the reason that training a banker in Shari'ah is easier, faster and less expensive than training a Shari'ah cleric to become a banker. Secondly, when a group of investors establish a bank, they want to do business as soon as possible. There is no time to waste. But many people cast doubts on this strategy, arguing that conventional bankers can be difficult to change. This criticism does not take into account the value trained bankers can bring into Islamic banking. Whichever side one might agree with, the ground reality is that the challenge facing Islamic banks today is the severe shortage of bankers with reasonable experience to recruit. Islamic banks are cannibalising each other when it comes to recruitment.

Great potential

Islamic banking as a business has great potential for growth given the increasing Muslim population around the globe and the vast economic resources and potentials in Muslim countries where Islamic banking is, naturally, expected to flourish. Yet, this intended end is faced with numerous challenges which need to be addressed, including acceptable levels of customer service, product development, innovation and adaptation, human resource recruitment and development and how to use the SSB. MW

Disclaimer: The writer is the head of products and Shari'ah Documentation at Badr Alislami

The Online Pioneer

Samih Toukan is a pioneer in the online business in the Arab world. He is the founder, CEO and the brain behind Maktoob, the first Arabic email system, which has today emerged, in less than seven years to become the biggest Arabic online community. Here he speaks to **Ehab Heyassat** about how Maktoob came into being and much more.

Tell us about your education and the beginning of your career.

I studied electronic engineering in London and then got my MBA from France in 1993. A year later I returned to Jordan to start working for Anderson consulting in Amman. I then joined with my partner Hosam Khoury to establish BOC (Business Optimizing Consulting), a consulting company. We worked on several projects and one of them was Maktoob.

Was Maktoob your first project in the online arena?

No, we worked on building portals and websites for companies. The internet was a new successful field those days. In 1999, we decided to create the first Arabic email and see how it worked out. We saw signs of success at the very beginning as we acquired five thousand subscribers in the first month of operation, and that was a huge number in those days. The success was also proof of the importance of the project. So we dropped everything else that we were doing and focused our efforts and investments into it. By the year 2000 we managed to get 100,000 users.

When was Maktoob actually founded?

In 2000, and with its founding we emerged from being an Arabic email provider to the largest Arabic online community.

Once Maktoob was born, you dumped all other projects?

BOC started a couple of projects simultaneously, but as we discovered the immense business potential of the Arabic email portal, we decided to create Maktoob as a separate entity.

The holding company of Maktoob is domiciled in the BVA. It also owns a number of other companies registered in Jordan, Dubai, Saudi Arabia and recently Egypt.

What did you do after you reached the 100,000 users mark?

We obviously looked for investors. The

project attracted EFG Hermes, the largest investment bank in Egypt, and they invested US$2.5 million. And with that investment Maktoob Holding Company was established, which acquired the assets and operations of BOC.

What was the structure of the EFG deal?

It was one of the first private equity structures in the region.

Are they still stakeholders in Maktoob?

No, they exited. They had to, as private equity investments are limited by investment periods of funds. However, by the time EFG exited, other investors moved in. Today Maktoob's capital has grown to US$13 million.

Tell us about the challenges you faced when you started.

Our survival is part of our success. Our biggest challenge at inception was finding the balance between revenues and investing in technology. However, we managed to build a good system, which could have been even better from day one. Also, don't forget, we faced fierce competition from the likes of Yahoo and Hotmail. These companies, while they weren't providing Arabic content, were investing heavily in research and development.

We lacked venture capital investing. Even EFG and later Abraaj Capital cannot be categorised as VC companies.

We also had to go through the bigger problem of the dotcom bubble burst two months after we started our company. We were under great pressure from our investors and board to show income. We managed to reach the breakeven point only in 2003 and started making profits. Today we have 200 people working for us compared to 20 in the beginning. Half of our employees are programmers.

How did you convince EFG to put US$2.5 million at that time?

The internet bubble burst just after two months of establishing Maktoob. While the crash meant that a lot of companies disappeared overnight, for companies like ours with a strong business model, it was beneficial as we came to the forefront of the industry.

In the region a lot of companies vanished, but we are still here. We got a relatively small investment, but it helped us to implement a better and more efficient business model. It took us a couple of years to spend the US$2.5 million, while other companies spent tens of millions of dollars in months.

Our experience has been very similar to Yahoo, Amazon and ebay that survived the crisis, while companies with poor business models vanished.

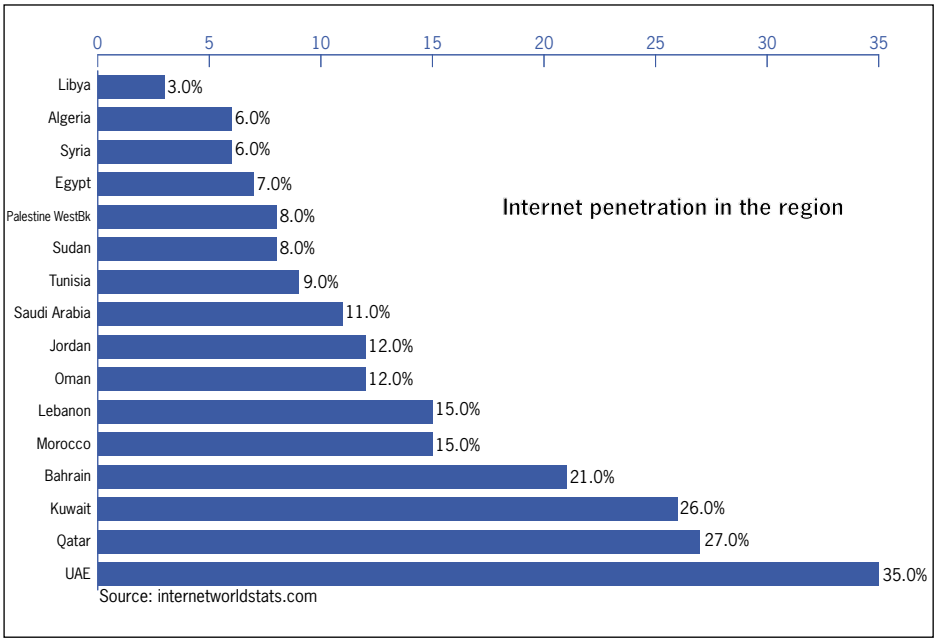
You seem to have had a strong business plan from the beginning.

We took our business seriously from day one. Profit was not our only goal. We viewed the internet as a revolution that could change connectivity across the world. We are already seeing this happening now. To be frank, in those days investors avoided internet companies, and the pressure on us was great to generate income and earn profits. The year 2003 was the critical point for us as we broke even and got into profit, which encouraged investors and brought back trust in the industry.

Investments from EFG and later Abraaj must have made a lot of difference to your business.

These companies have invested in our business. We also gained a lot from their wide network. But we do not consider them as strategic investors, as they're here to make money.

To put the story of our journey in a couple of lines, I must say that the first three years of our operations were difficult; we had to attract users and earn income. The number of users has become the most important factor in determining advertising spending today. The share of online advertising is growing. In the UK, advertisers are spending more with online media than radio and magazines. Here it's still not that big.



How much are advertisers spending on online advertising in the region today?

There are a number of estimates, but we can say it ranges between US$18 and US$25 million. This is a market with great potential, as internet penetration is just 10 per cent or 30 million people. If penetration increases to 100 million people, it will become exciting and we will see a significant increase in online advertising like elsewhere in the world.

Apart from internet penetration, what else is needed to boost online advertising in the region?

Advertisers need to understand the crucial role of internet. We are waiting for what is called the "inflection point". We are seeing some change. Companies like Emirates have announced their decision to increase online spending. This shift towards online advertising will be a challenge for TVs. The return on TV advert investment is becoming more and more expensive. TV stations are fragmented and there are difficulties in measuring the return.

So how do you describe Maktoob today?

We have emerged as the largest Arabic community on the internet; email is one service that we provide. We still think we are at the beginning of this business, as internet penetration is around 10 per cent in the region, while online advertising spend in the Arab world is less than one per cent of the total spending compared to 11 per cent in the UK and seven per cent in the US.

We are now focusing on developing the company, and to utilise the potential available in developing Maktoob's product offerings. We are also all set to launch Souq, an ecommerce site that has been very successful in Dubai and in Saudi Arabia.

We have also developed an Arabic search engine, Araby.com. Our competition is Google, but we believe that our engine is much better in Arabic and Islamic fields.

Why have you got into television?

We believe in the convergence between all sorts of media; the borders between them are getting thinner and thinner every day. We think these borders will no longer exist in the near future. Maktoob TV is an example of that; TV content on the web and vise versa. It's like YouTube on TV.

Do you plan to leave Maktoob?

I plan to spend at least the next five years in the company. I really enjoy working and building it. I hope one day soon we will be able to compete with international companies. We have nine million users today; imagine when we reach 50 million! It's a technology revolution and I'm proud I was there in the beginning.

Abraaj Capital is still invested in Maktoob. Will we see an IPO when they exit?

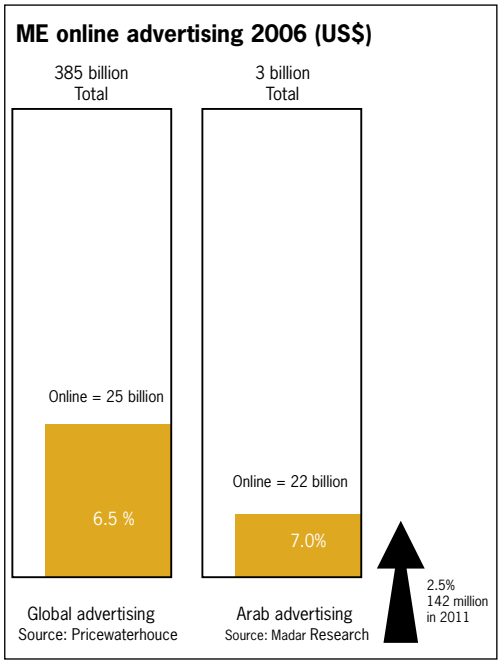
Abraaj capital invested with us to raise our capital to US$13 million. We still receive a lot of offers from companies and investors who want to invest in Maktoob, but we do not intend to raise any more capital now. We have nine million users now compared to four million in the previous year. The growth came through organic growth and acquiring sites in Saudi Arabia and Egypt. I believe Abraaj will exit in three years through trade sale or IPO.

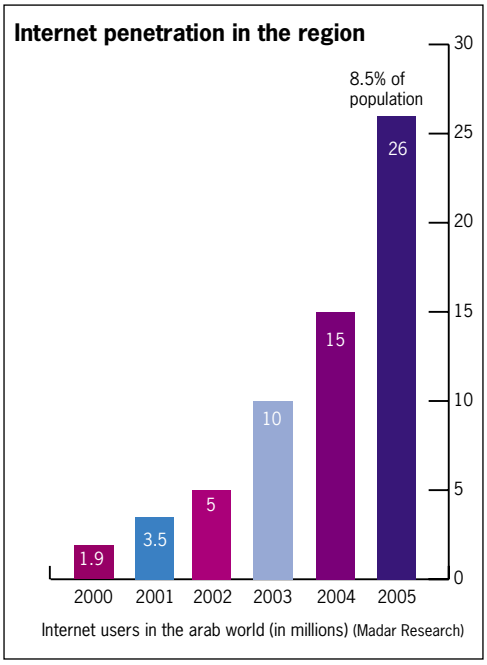
Any projections you might have on online advertising?

Our projections indicate that we are to witness a quantum leap in the online advertising market in the near future. Online companies need to raise awareness of the importance of business. But we do not rely on online adverts alone; it's only 65 per cent of our total income.

Where does the rest come from?

We launched an ecommerce site (souq.com); we have cashU online purchasing cards, mobile content services, etc.





EM not decoupled from the credit chill

The argument that emerging markets (EM) are decoupled from developments in the US market will not stand the test of time in the next 12 months, cautions **Matein Khalid**.

The July payrolls data is tangible evidence that the spasms in the credit markets have finally begun to take their toll on the labour market. While the economy created 92,000 jobs, it is ominous that layoffs have begun in construction, trucking, retail, manufacturing and real estate. Moreover, temp employment and the private sector workweek are both headed lower. This means that the unemployment rate could easily head up to five per cent by this autumn, greatly increasing the risk of a hard landing.

This is particularly true since the capital markets have tightened the liquidity pump that fuelled the asset market excesses that made the Fed take a hawkish stance on

credit since last summer. Auto sales have slumped (luxury car showrooms were prime beneficiaries of the "condo flipping era when the average American home was the world's hottest ATM machine), home prices have nowhere to go but south because inventories are at their most bloated levels since the early 1990's property crash and sales tax growth (a proxy for consumption) has plunged in Florida and California.

Meanwhile, the ISM manufacturing has plunged from 56 to 50 and turmoil in the corporate/junk debt market is not exactly bullish for capex. Even though Wall Street's best and brightest are in a state of vocal denial, I have no doubt that the US economy is headed for recession, that property woes will slash GDP estimates to one per cent by next year and that the Fed will begin cutting interest rates as early as the October FOMC.

Every real estate recession in modern times caused a banking crisis and dramatically lowered interest rates as central bankers scrambled to avoid monetary Armageddon. The price of copper, nickel or crude oil means nothing when economic growth is at risk and financial distress begins to spread the cancer of credit risk across the spectrum of the capital markets. I believe core CPI is headed down to one per cent as the American economic supertanker jettisons bodies and businesses: 70 mortgage lenders have gone bust since June. Leverage amplifies the boom bust syndrome in the capital markets, a lesson well understood on Wall Street.

The Fed can no longer argue that credit creation in the capital markets put its inflation targets at risk. When asset bubbles unwind, as happened in 1991 (savings and loans, LBO, third world debt, real estate), 1989 (Japan), 1998 (Russia, Asia, LTCM) and 2000 (Silicon Valley, NASDAQ), the central banks no longer manage the business cycle or inflation expectations, but revert to their most primordial role as lenders of the last resort, the Ultimate Mommy of the financial market. This is the scenario I envision in the capital markets for the next twelve months. The FOMC cuts the Fed funds rate by 150 basis points between October 30 and next summer. The Fed Funds rate falls to four per cent, though LIBOR lags because the capital markets reprice risk in the international banking system.

Emerging markets

It is difficult to construct a bullish scenario in the emerging markets, since I do not believe the "decoupling" argument that suggests the asset class can be immune from a US recession. Emerging market debt spreads, admittedly goosed by the finest sovereign credit upgrade cycle of all time, are still a barometer of offshore investor risk appetite.

So it does not surprise me to see the J.P. Morgan EMD index widen from 150 to 220 basis points as the junk bond, CDO and CDS markets went into convulsion. This is only the beginning of EM risk reprising, in my view. I can easily envision another 100 basis points widening in emerging market spreads in the next three months as fallout from the Wall Street credit bubble. This means equities valuations is Asia, LatAm, the GCC, India and East Europe will have to fall and a 10–20 per cent decline in emerging markets that have traded at the highest valuation metrics ever.

I simply cannot buy Hong Kong, India, Indonesia or Malaysia at 18–20 times earnings and as high as three times book value, no matter how compelling an earnings argument, because as US recession and higher EM sovereign risk means exporter earnings will go into an ice age before Bernanke's rate cuts begin to act as Asia's white knight.

However, one needs to take note that Asia is not leveraged, unlike the 1998 debt carnival in the Pacific Rim when the entire region went bust and had to be bailed out by the American taxpayer via the IMF. Thankfully, Asia learnt the lessons of 1998 all too well. It has two-thirds of global FX reserves. Its corporates have de-leveraged. There is no real LBO or high yield corporate debt market in Asia. It has the highest savings rates and the strongest currencies in the world. Moreover, locals can ignite a bull market even if foreigners sell. Witness South Korea in 2007. But I would insist that a US economic recession will spread havoc in the commodity markets and Asian exporters.

Singapore currently trades at 19 times earnings, but its exports are 200 per cent of its GDP. Hong Kong is a growth warrant on the global economy, which will slowdown if the US drifts into recession no matter how many rose tinted forecasts the IMF issues. There is a 20 per cent correction potential in Asia's emerging markets. In the last US credit crunch (1989-91), Hong Kong's Hang Seng plunged by 50 per cent! This will not happen again, but 18000 Hang Seng and 2800 STI are not a midsummer's night bear dream. The events of early August reminded me that global contagion is alive and well in the emerging markets. But this global contagion is exactly what happened in the summer of 1998 when South Korean telecoms and Brazilian banks got slammed as hedge funds raised cash to meet Russian GKO margin calls.

There are 10,000 hedge funds in existence, and hundreds will be wiped out in the next twelve months as prime brokers slash credit lines and investors redeem. They will sell what they can, not what they must, meaning no place to hide in the high beta emerging markets. The Big Chill in Wall Street credit will have shock waves in the emerging markets. Note Brazil's Bovespa and Morgan Stanley's EEM are both down almost 10 per cent as risk re-prices in the world markets.

Tips

Of course, babies get thrown out with the bathwater during moments of an emerging markets crisis. Two compelling deep value investment ideas. One, Gazprom. Trades at a mere nine times earnings, a victim of the EM risk aversion. The GDR is a buy below 40 as Gazprom will see multiple earnings upgrades due to deregulation of domestic Russian gas prices, rising exports to the EU and Ukraine, increase in pipeline assets, Sakhalin energy, Yukos auctions, Shtokman LNG. This is quite possibly the finest, cheapest deep value energy company in the emerging markets. Two, Thai banks if the SET falls below 800. The central bank is cutting interest rates and Thai banks trade at barely above book value 13 times earnings. Valuation is a shock absorber that does not exist in most emerging markets, but Thailand is a compelling exception.

SALAMA: on the rise with Takaful demand

Since restructuring in 2002, SALAMA has come a long way to emerge as one of the leading Takaful providers in the world. **Kara Sensoli** reports.

When the world's oldest Islamic bank was founded in 1975, Islamic insurance was still a foreign concept to Muslims around the globe. Existing insurance practices proved incompatible with their beliefs, and no conventional company could offer them a compliant policy.

However, the idea for a new form of insurance based on solidarity, responsibility and brotherhood had begun to take root in the early 1970s. This innovative concept, known as Takaful, was in line with Islamic jurisprudence, and several years later, in 1979, Islamic Arab Insurance Company (SALAMA) opened in the UAE.

As the world's first Islamic insurance company, SALAMA would encounter a number of challenges, but the company would also face an abundance of opportunities. While the coming years saw other Islamic insurance companies sprout up in countries across the globe, SALAMA managed to hold its position as a pioneer and leader in the Islamic insurance sector.

In 2002, after a change of shareholders, the company was financially restructured to seize opportunities for global expansion. In 2005, SALAMA launched an IPO and increased its paid up capital from AED50 million to AED1 billion. Along with that IPO, the company also began to expand through acquisition of and participation in a number Takaful companies and a re-Takaful company.

SALAMA now owns 100 per cent of the Tunisia-based re-insurance company Best RE, which operates in 70 countries. SALAMA also owns 52 per cent of SOSAR in Senegal, has 51 per cent shareholding in Cairo-based Egyptian Saudi Insurance Home and 90 per cent shareholding in SALAMA Algeria.

Moreover, SALAMA is a founder and the largest shareholder in Saudi IAIC for Cooperative Insurance, a new company that recently got a license in Saudi Arabia and has yet to begin operations.

Today, SALAMA is one of the largest Takaful companies in the world in terms of paid up capital and geographical footprint. It is also the only Takaful group in the world to be rated by Standard & Poor's (S&P) and A.M. Best, with a rating of BBB+ from S&P and a rating of B++ from A.M. Best.

It is clear that SALAMA has made its mark on the world. The question is, will the company be able to sustain its position as a leading Takaful and re-Takaful company? And, perhaps more importantly, will it be able to make a deeper mark in a world that is overwhelmingly dominated by conventional insurance companies?

Challenges ahead

At the World Takaful Conference held in Dubai last April, one Islamic insurance expert pointed out that there are only 26 Takaful companies registered in the GCC, which is less than one tenth of the 280 conventional insurance companies. However, recent times have seen an increasing demand from the region for Takaful products.

"We foresee that Islamic financing is likely to grow in the future," says Parvaiz Siddiq, general manager of SALAMA. "Insurance is a bit behind compared to banking, but I think Takaful is catching up very fast. The greater role of Islamic finance gives more opportunities to Takaful companies because the whole package can become compliant in terms of financing and insurance."

According to a recent report published by S&P, the GCC Takaful market, which is currently growing at 40 per cent annually, has the potential to become a US$4 billion market, especially as more people become aware of the advantages of Takaful.

However, it is difficult for Takaful companies to take advantage of a market that is monopolised by conventional insurance companies. In the UAE, for example, there are only three existing Takaful companies (SALAMA included), and these companies hold only about three per cent of market share.

According to Siddiq, all three companies are more or less on the same level of business volumes.

"But what is changing is that slowly, the growth of Takaful companies is a bit faster than the growth of conventional companies," he says. "As I see it, over a period of time, the Takaful companies will take a leading role because Islamic finance is growing."

Siddiq adds that Takaful companies in the UAE face strong competition from conventional companies that are well entrenched and large in terms of volume, premium and number of clients. As such, Takaful companies must rely

heavily on marketing and customer service to remain competitive.

Another challenge Takaful companies face is the ability to increase awareness of Takaful products among the public. Although SALAMA is currently not engaged in any initiatives aimed at educating people about Takaful, it is something the company is considering.

However, Siddiq says, awareness of Islamic finance often leads corporate institutions to have an awareness of Takaful anyway, as many institutions that seek Islamic financing will also demand Islamic insurance.

It is most important for Takaful companies to match the quality of service offered by conventional insurance companies, or even offer a better level of service.

"We have moved away from a philosophy which says that if it is Islamic, it has to be expensive, or if it is Islamic, service can be sloppy," says Siddiq. "Now if it is Islamic, it has to be in line with the market."

According to Siddiq, this task is sometimes difficult, as Takaful companies are constrained by their transparent pricing policies. When Islamic companies price their products, they must be clear in disclosing the charge structure to the customer. A charging structure is built at the beginning of the year, and once it is built, it cannot be changed until the year end.

"Conventional companies can react much faster to the clients and to price competition in the market," says Siddiq. "We have found ways to overcome this difficulty and operate in line with the market, but obviously because of this constraint, our reaction to the market is a bit slower compared to conventional companies."

In terms of service, some Takaful companies may not have attained levels equal to the international benchmark. However, Siddiq says, Takaful companies and Islamic financial institutions are working very hard to bring that level of service to the same standards.

According to Siddiq, SALAMA has formed a number of initiatives aimed at bringing a higher level of service to the customer. These initiatives include increasing the speed and efficiency with which processes are undertaken.

Use of improved technology in automating processes is also an important initiative for Takaful companies. Overall, though, service is the key to SALAMA's success in the market. For Siddiq, this means building up service to a level that competition finds difficult to emulate.

"Even if I have paid a slightly higher price, the quality of service that I am getting will not be found elsewhere," he says. "The eventual test of insurance companies is service and nothing else. We believe this all across the SALAMA group."

New possibilities

At present, SALAMA has four branches in the UAE. However, Siddiq says, it is likely that the company will open two additional branches in Dubai, one in Jebel Ali and one in Deira. Moreover, the company sees new opportunities arising in the country.

"Because the UAE economy is moving and per capita incomes are increasing, propensity to save and plan for the future will be much more, so that's where our focus is at this point," says Siddiq. "People now have more needs and more anticipation for the future, and that's the kind of idiom that we're going to grow on."

SALAMA has additional plans to enter several new countries in the near future. However, while it is clear that SALAMA is eager to start business in these countries, it is not clear how long the processes will take, due to the varying regulatory frameworks of the countries.

SALAMA is also ready to begin business in Saudi Arabia under the new laws regulating local and foreign insurance firms in the Kingdom. Last year, Saudi Arabia issued licences to 13 companies, including SALAMA, as part of a move to open up its market after joining the World Trade Organisation.

Khaled Bin Zayed Al Nehayan, chairman, SALAMA

Saleh Malaikah, vice chairman and CEO, SALAMA

Previously, the Saudi Arabian insurance market had been completely dominated by the National Company for Cooperative Insurance (NCCI). Now, however, there is a huge opportunity for the newly licenced Takaful companies to operate in a fresh environment that also has the advantage of being the largest market for Takaful in the region.

According to Siddiq, SALAMA already has a branch network in place and is ready to begin operations from every angle of the business. The company is just waiting for operational approval from the Saudi Arabian Monetary Agency, as are the other 12 newly licenced companies.

What is Takaful

Takaful means "the act of a group of people reciprocally guaranteeing each other" and is based on the concept of mutual cooperative insurance. Takaful values allow members to contribute a certain sum of money to a common pool – not to gain profits, but rather to uphold the principle of bearing another's burden.

The core principles of Takaful are:

- Policyholders cooperate among themselves for their common good
- Each policyholder pays his or her subscription to help those who need assistance
- Losses and liabilities are divided among the community by a pooling system
- Uncertainty is eliminated regarding subscription and compensation
- No advantage is derived at the cost of others

Each member pays a premium as a contribution to a common fund. The insurance company then manages the fund, ensuring that the member's level of contribution matches his or her degree of risk. The members allow the insurance company to pay the losses suffered by other members in the pool. If there is any surplus left after all losses or charges are deducted, the surplus belongs to the members.

Siddiq predicts that in terms of operations, the Saudi public will be able to see the difference that SALAMA creates, particularly because of its sizeable branch network. The company plans to have 21 branches in Saudi Arabia by the end of this year, which will cover the majority of the Kingdom and will be second only to NCCI.

"We are very optimistic about Saudi Arabia, and I believe anyone who talks about the Saudi market has to be optimistic. It is going to be the biggest opportunity in the sense that everything is new," says Siddiq. "In the UAE, you already have large companies competing against you, but in Saudi Arabia, there is only NCCI."

According to Siddiq, it is likely that more Takaful companies will be issued licences in the near future. However, he adds, the 13 companies will have almost one year to operate in the market without those other companies coming in as competition.

"Whoever is the most aggressive and whoever is most in tune with the market should be able to take the business," says Siddiq.

SALAMA's shares also began trading on the Saudi stock exchange last June. The share price ranged between SAR95 and SAR99 and reached a peak price of SR118. According to Saleh Malaikah, SALAMA's vice chairman and CEO, the high value of the company's shares is a reflection of investors' confidence in the company's marketing plans.

Future outlook

SALAMA, which is also listed on the Dubai Financial Market, allows 100 per cent ownership to UAE nationals, 100 per cent ownership to GCC nationals and 25 per cent ownership to foreign expatriates. According to Siddiq, the company has received a great deal of interest from international investors.

"Generally, the valuation of the UAE market, since it has corrected, has become very attractive, and everybody is looking at the UAE market closely," he says. "Investors think that if they buy it now and the market starts to pick up again, they will benefit tremendously."

Siddiq adds that institutional investors interested in the equity market are generally long-term investors who look at the future of Takaful and the UAE, as well as at how SALAMA is positioned to take advantage of that opportunity.

"If they feel that SALAMA is properly positioned, that Takaful is going to grow and that SALAMA is going to take that opportunity forward, then they will buy the share and hold on to it," he says.

In the last six months, SALAMA has grown by 26 per cent globally. The re-insurance company Best RE contributes to about 75 per cent of the company's total income, while the other 25 per cent comes from direct companies. Siddiq says that both insurance and re-insurance are growing.

SALAMA's equity capital is currently AED1.1 billion (about US$300 million). At the end of 2006, the company's underwriting profit was AED82.5 million, compared to AED73.5 million for the year of 2005. Net profit for 2006 was AED181.015 against AED110.741 for 2005, representing a 65 per cent increase.

In 2006, SALAMA's board of directors also made the decision to buy back up to 10 per cent of the company's shares. In May 2007, the company bought back 1,335,900 shares amounting to AED3.9 million. According to Siddiq, this move demonstrates the company's overall confidence in itself.

The company's latest results for the second quarter of 2007 show a profit of AED33.6 million, compared to AED32 million for the same quarter of 2006. The volume of insurance premiums for the first half of 2007 reached AED462 million, compared to AED310 million for the first half of 2006.

SALAMA's chairman, Khaled Bin Zayed Al Nehayan, says that the volume of business of all subsidiary companies has grown. Moreover, the latest figures do not reflect the beneficial effects expected from the newly created subsidiary in Saudi Arabia.

Siddiq remains optimistic about the company's expansion plans as well. "Our idea is to expand in the insurance business rather than rely on income from investment," he says. "The company is growing and shareholders should have confidence in the growth of the company."

Injazzat diversifies, promises capital gains

Injazzat Real Estate is diversifying its sources of income. Its forward earnings look strong, according to **Global Investment House Research**.

Injazzat Real Estate Development Company (previously Al Mal Real Estate Company) was founded in 1998 by a group of Kuwaiti entrepreneurs, and has been publicly traded on the Kuwait Stock Exchange since 2002.

Injazzat's business strategy is focused on spreading out risks through diversification of income sources. Since inception, the company has been focusing on geographical and business diversification, in order to ensure the balance between revenue generating assets and investment properties with significant potential for capital appreciation.

Injazzat's activities are spread geographically among many regions and countries, with around 55 per cent of the company's assets concentrated in Kuwait. The company operates in other GCC countries as well, such as the UAE, Bahrain and Qatar, and is also present in the US, France and Bulgaria.

The company operates in different real estate segments including commercial, residential, hotels and entertainment. The company also owns a portfolio of indirect investments in funds and shares in real estate companies and build-operate-transfer projects.

Injazzat's future developments include, but are not limited to, the Injazzat office complex in Sharq area in Kuwait and Al Qouz Labour Camps in Dubai. The Injazzat office complex will be situated next to Injazzat's recently established office complex, the Dhow Tower. The project will be constructed on an area of 1,000 sqm and will consist of 28 floors with a total built up area of around 15,750sqm. On the other hand, the company has purchased several plots in Al Quoz industrial area in Dubai to develop them as labour camps. Construction started on two of these labour camps in May 2006, and work on the design of the third one was initiated in August 2006. The first two projects are expected to be completed in 2007, while the third project is expected in 2008.

Injazzat is listed at the Kuwait Stock Exchange. Based on the current market price of US$1.06, the stock is trading at 5.4x 2007E earnings and 1.3x 2007E book value. We recommend a BUY on the stock with a target price of US$1.19.

Real estate sector outlook

Kuwait, as with other GCC countries, has seen its real estate sector grow at unprecedented levels over the past few years. Construction projects planned or under development in GCC have crossed the US$1trillion mark. Factors that contributed to the boom in real estate include abundant liquidity, thanks to high oil prices, higher per capita GDP, rapid population growth, favourable demographics with around 29 per cent of the total population in the age group of 15-30, increase in employment opportunities and inflow of expatriates, variety of home financing products such as Ijara and increase in housing finance companies.

We believe that the outlook for the real estate sector in Kuwait remains positive, especially in retail and office segments. Kuwait is currently facing a supply shortage in high quality office space as the economy continues to open up and attract new businesses. In addition, strong purchasing power with higher per capita GDP has boded well for the retail segment that has been witnessing the construction of mega shopping malls such as "The Avenues", which was recently launched in 2007 and attracted new international brands such as Carrefour and GAP. Another two mega shopping malls underway are 360 Kuwait and Mall of Kuwait. Among the main projects coming up in the

SWOT Analysis
Strengths
• Diversified portfolio, stretched over various business segments and regions • Core operating assets form the majority of the company's assets • High quality of earnings, relying on core revenue operations • Limited exposure to stock market investments • Stable dividend policy
Weaknesses
• The increase in the price of building materials might impact the company's margins • Lack of clarity and transparency in the sector • Kuwait is the only GCC country that does not allow foreign ownership of properties
Opportunities
• High liquidity levels in the region • The company is focusing on the office segment which is heavily undersupplied • Rise of various forms of home financing such as Ijara • The recent stock market downturn has shifted the focus to safer havens of investment such as real estate
Threats
• Increasing competition • Economic slowdown • Real estate market corrections

VALUATION AND MULTIPLES	2007 (E)
Operating income	72.2
Net profit	59.3
EPS (US$)	0.2
PE (x)	5.4
PBV (x)	1.23
Figures in US$ millions unless otherwise specified. PE and PBV based on current market price	

office segment is the US$250 million Kuwait Business Town project, which will transform downtown Kuwait into a central business district. Other mega projects in the pipeline include two residential projects, "Arefijan and Khairan projects", and tourism projects such as Failaka and Bubiyan Islands.

Financial analysis

Injazzat's total revenues witnessed a 25 per cent decline to reach US$48.5 million in FY06 compared to US$64.4 million reported in FY05. The decline in total revenues resulted from the decrease in income from sale of investment properties, which dropped from US$13.5 million in FY05 to US$2.8 million in FY06, coupled with the decline in the share in joint venture results. During 2006, the company recorded no income from share in joint venture results compared to US$3.5 million reported in FY05, since it sold a majority of its stake in its joint venture, "First Real Estate" in Bahrain. Injazzat currently owns a 12.5 per cent stake in First Real Estate.

Net profit excluding minority interest witnessed a 33 per cent decline in FY06 to reach US$36.2 million compared to US$54.0 million reported in FY05. EPS stood at 13.5 cents per share in FY06 compared to an EPS of 20.5 cents recorded in the previous year.

During FY06, the company completed the development of Al Dhow office complex in Kuwait and concluded the sale of 22 floors, which resulted in a profit of US$8.86 million recognised as profit on sale of developed property.

Total assets stood at US$348 million at the end of FY06 and grew by 33 per cent on a year on year basis. Core assets formed the majority of assets, contributing 80 per cent of total assets in FY06. Investment properties increased by 48 per cent during FY06 to reach US$210.72 million and constituted the major part of Injazzat's assets, forming 61 per cent of total assets in FY06.

FINANCIAL ANALYSIS			
Amount in US$ millions	**2004**	**2005**	**2006**
Revenues	22.11	64.36	48.46
Operating profits	18.24	59.59	43.75
Net profit	15.91	54.04	36.21
Investment properties	65.56	142.12	210.72
Available for sale investments	38.97	51.95	51.16
Asset size	147.42	261.86	347.78
Shareholders' equity	92.18	181.54	207.86

PROFITABILITY			
Profitability Ratios (%)	**2004**	**2005**	**2006**
Gross profit margin	95.7	98.9	99.4
Operating profit margin	82.5	92.6	90.3
Net profit margin	71.9	84.0	78.3
Return on average equity (ROAE)	19.0	39.5	18.6
Return on average assets (ROAA)	12.6	26.4	11.9
ROAE and ROAA declined from 39.5 per cent and 26.4 per cent in 2005 to 18.6 per cent and 11.9 per cent in 2006 respectively. Going forward return ratios are expected to improve as the company has a backlog of upcoming projects which will add to the company's revenues.			

FIRST HALF RESULTS-2007		
Amount in US$ millions	**H1-07**	**H1-06**
Revenues	47.38	21.28
Expenses	6.73	3.83
Profit for the period	39.27	16.90
Investment properties	280.17	133.89
Available for sale investments	67.67	36.56
Asset size	464.30	265.06
Shareholders' equity	225.31	186.12
The company's total assets jumped by 34 per cent during H1-2007 to reach US$464.3 million compared to US$347.8 million for the year ended December 31, 2006. The main increase in total assets came from investment properties that rose by 33 per cent to reach US$280.2 million in H1-2007. Net profit for the six-month ended on June 30, 2007 increased remarkably by 133 per cent to reach US$39.3 million compared to US$16.9 million recorded in the corresponding period in 2006.		

PEER COMPARISON	Injazzat	Salhia	United
Balance sheet size (US$ million)*	532.1	791.6	693.7
Net Profit (US$ million)*	59.3	153.1	39.7
EPS (US$)	0.2	0.5	0.05
PE (x)	5.4	4.5	12.1
PBV (x)	1.23	1.4	1.0
Based on current market prices. * 2007 (E)			
The peer group consists of Salhia Real Estate Company (Salhia), and United Real Estate Company (United) are considered among the big players in the real estate sector in Kuwait, and are similar to Injazzat in terms of asset size, market capitalisation and business activities.			

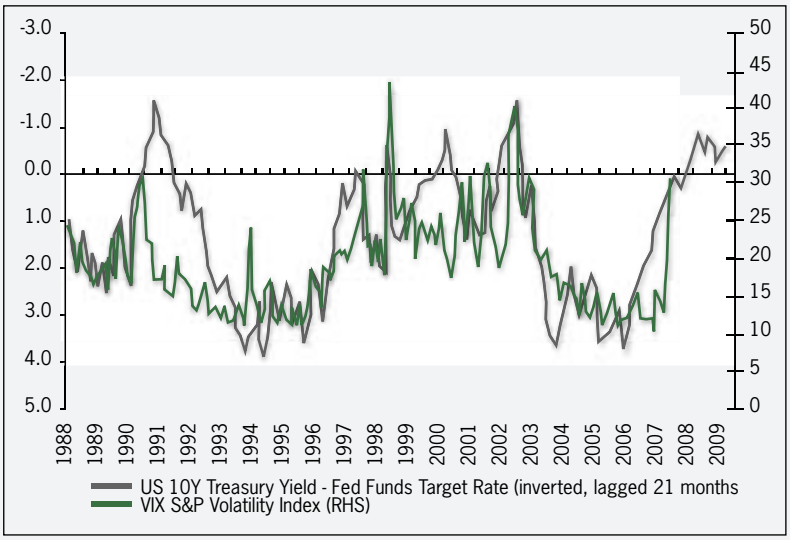
Addendum:
In the August issue of **MONEY***works*, *in the income statement of Abu Dhabi Commercial Bank, the bank's EPS for FY06 should be read as AED0.52 and not as AED0.052. The source for the table on income statement, balance sheet and financial ratios was company annual reports and EIS AM, and* ***NOT*** *charts from Zawya.com.*

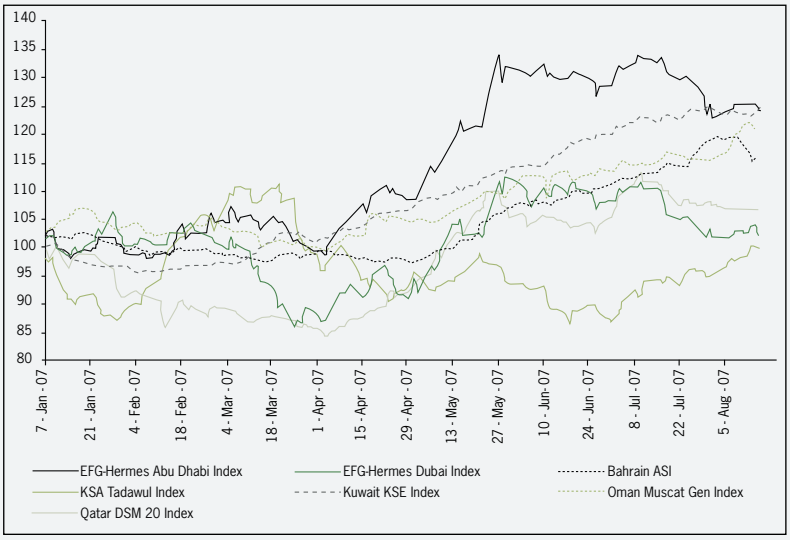
GCC markets offer good picks

The impact of the global shake-up of the capital markets is not likely to have any major impact on GCC equities. In fact, valuations at several counters indicate a good time to buy, writes **Fahd Iqbal**.

The recent and sharp correction in global markets is unlikely to have escaped investors' attention. The chart below depicts the slope of the US yield curve (a proxy for monetary policy), lagged by close to two years, against equity market volatility. Since the latter is measured using data from options, it actually measures what is known as implied volatility, or rather the volatility that investors are expecting over the next month. Some commentators like to refer to this index as the 'fear index', since increased volatility is often associated with times of financial distress. According to this chart, the losses incurred in the US and European stock markets, along with the subsequent increase in equity market volatility, has been overdue for some time now. More importantly, the chart spells out that the causes of increased volatility can be explained by factors relevant to global, particularly US, markets.

Nevertheless, recent events have raised questions over the extent of its impact on the broader GCC region. The performance of the main GCC indices since July 15 has been as follows: Saudi Arabia +6.0 per cent, Oman +5.2 per cent, Bahrain +2.5 per cent, Kuwait +1.8 per cent, Qatar -4.7 per cent, Abu Dhabi -6.5 per cent and Dubai -7.2 per cent. A clear trend can be seen from these figures, namely that only those markets which have been marked by meaningful foreign investor interest and ownership have been affected. This makes sense, since the weakness has largely been a result of global investors having to sell positions in markets such as the GCC in order to fund loss making positions in other parts of the world.





The main factor differentiating GCC stock markets from other emerging markets is the lack of foreign investor participation historically. Although there are several reasons for this, perhaps the most important has been restrictions on foreign ownership. This has led to national indices that show very low levels of correlation to other GCC and non-GCC stock markets. In recent months this has begun to change, most noticeably in the UAE. However, the increased levels of foreign ownership have brought with it susceptibility to movements in global markets, a factor which has made itself evident in recent weeks. Indeed, the Dubai Financial Market recently released a bulletin showing that non-Arab investors accounted for 37 per cent of selling volume recently, a level that stands well above average.

The selling pressure in the UAE will continue to exert a negative impact. Given that many players in the UAE have been hedge funds, this effect can be expected to be quite substantial at times. However, given that fundamentally nothing has changed within the GCC markets, be it related to the economy or financial markets, it is hard to see the current bearish trend prevalent in the UAE, and to a lesser extent in other GCC markets, to remain in place. Moreover, we have yet to see local retail players re-enter this market, and the current low levels many stocks are trading at could be viewed as an opportune moment. MW

The writer is a senior analyst and strategist at EFG-Hermes UAE Ltd.

Saudi Arabia powers ahead

Saudi Arabia's stock market gained eight per cent, thereby benefiting funds that are overweight on Saudi Arabia. UAE reported loss. A Markaz report.

All the GCC markets, excluding the UAE, closed on a positive note in July on a month on month basis. The Saudi market witnessed a reversal in its performance in the month of July as compared to June. The Saudi Arabian Index gained 8.09 per cent, after positing a decline of 6.98 per cent in the previous month. The Kuwaiti market also reported robust gains, while the UAE market continued to correct in July after marginal declines in June. The number of funds tracked by "Markaz" has increased from 20 during the month of May 07 to 23 funds in the month of June 07. Expectedly, out of the 23 GCC equity funds, only 15 funds delivered positive returns, while eight funds reported negative returns during June. This is in stark contrast to all the 20 funds reporting positive gains in the month of May 07.

Makaseb Arab Tigers Fund managed by Makaseb Funds Company BSC of the UAE topped the performance league table in June with a monthly return of 1.40 per cent. This can be attributed to the fund's overweight position in Egypt (34 per cent) and Oman (17 per cent), which ended higher during June. The fund has allocated 14 per cent to the Saudi market, nine per cent to Kuwait, 18 per cent to the UAE and two per cent to Bahrain. The fund's year-to-date performance stands at 13 per cent. Al Tawfeek Gulf Equity Fund sponsored by Al Tawfeek Investment Company and managed by Shuaa capital was the second best performer, with 1.27 per cent monthly return in June. The fund was able to offset the negative returns of the UAE and Saudi markets, where it had allocated 41 per cent and 22 per cent of its equity portfolio.

On a year to date basis, Tijari GCC Equity Fund managed by Commercial Bank of Kuwait leads the league table with a year to date return of 22.6 per cent, followed by Vision Emerging GCC fund managed by Vision Investment Company of Oman with 21.4 percent YTD return. Tijari GCC Equity fund has benefited from its overweight position on Kuwait, while Vision Emerging GCC Fund has gained from its overweight position on Kuwait and Oman markets. Kuwait and Oman markets had gained 20.5 per cent and 13.6 per cent respectively till June 2007 from the beginning of the year.

Significantly, the majority of fund managers remain confident about the growth in the GCC markets. This is evident from the 90 per cent equity allocation of the average fund managers' portfolio at the end of June 2007. Global GCC Large cap fund managed by Global Investment House, The Arab Gateway Fund managed by Shuaa Capital and Al Tafweek Gulf Equity Fund of Al Tafweek Company deserve a mention simply for their equity allocation. Only a few funds were high on cash, like the Arab Bank Mena Fund managed by Atlas Investment Group (30 per cent cash). Aafaq Investment Funds managed by National Bank of Dubai held nine per cent cash and 25 per cent bonds, while Markaz GCC fund managed by Kuwait Financial Centre held 20 per cent in cash.

From the point of view country allocations, fund managers continue to remain bullish on all GCC markets except Saudi Arabia. The average exposure of fund managers to Saudi Arabia was 23 per cent, far lower than the weight implied by market capitalisation (56 per cent). However, with the Saudi market performing very well in July, we expect the allocation on Saudi Arabia to increase in the coming months.

For the month of August, our tactical asset allocation model suggests the following weights on a forward looking basis: Saudi Arabia - 75 per cent; Kuwait - 26 per cent; UAE - five per cent; Qatar - 11 per cent; Bahrain - two per cent, Oman - one per cent and loan - 20 per cent. MW

Performance of select GCC funds - top ten June 2007 returns

June 2007		Performance (%)				Geographic equity asset allocation						
	Fund name	June-07	YTD	2006	LTM Risk	Saudi Arabia	Kuwait	UAE	Qatar	Oman	Bahrain	Other MENA
1	Makaseb Arab Tigers Fund	1.4%	13%	-9%	11%	14%	9%	18%	0%	17%	2%	39%
2	Al Tawfeek Company for Investment Funds Gulf Equity Fund	1.3%	17%	1%	18%	22%	18%	41%	12%	7%	0%	0%
3	Atlas Investment Group. Arab Bank Mena Fund	1.0%	7%	-7%	8%	16%	22%	18%	7%	19%	1%	17%
4	Vision investment Services Co. Emerging GCC Fund	0.9%	21%	6%	13%	4%	32%	10%	17%	25%	10%	2%
5	SICO Khaleej Equity Fund	0.8%	16%	-14%	14%	14%	27%	30%	12%	6%	10%	0%
6	National Bank of Kuwait Gulf Equity Fund	0.8%	18%	-10%	13%	6%	39%	17%	11%	9%	4%	14%
7	KFICO AlBasha'er GCC Equity Fund	0.7%	21%	-11%	18%	22%	27%	25%	25%	0%	1%	0%
8	Kuwait Financial Center Markaz GCC Fund	0.7%	21%	-19%	15%	11%	48%	20%	13%	9%	1%	0%
9	AlAhli Bank of Kuwait Gulf Fund	0.4%	21%	-23%	17%	7%	67%	14%	6%	0%	6%	0%
10	Global Investment House GCC Large Cap Fund	0.4%	19%	-23%	15%	16%	46%	22%	9%	4%	3%	0%

Source: Markaz research. Note: Ex- Saudi Arabia funds have not been included in the analysis, % Figures rounded off.

Disclaimer:This is an excerpt from the research published by Kuwait Financial Center ("Markaz"). Please visit www.markaz.com in order to access this and other reports. Queries can be addressed to M.R. Raghu, Head of Research at rmandagolathur@markaz.com

Picking stable growth industries

Equities in stable growth industries like healthcare should continue to be attractive. **Peter Hensman** explains why.

Equity market volatility has risen sharply this summer, with the VIX index that measures investor expectations of the variability of future returns (based on the pricing of option contracts) reaching its highest level since April 2003.

The proximate cause of this has been deteriorating terms on which finance is available in the debt markets, undermining the belief in an ever-present private equity bid. The wake up call came when banks pulled their attempts to find buyers for the debt needed to fund the leveraged bid by Cerberus for Chrysler in the US and KKR's buy-out of Alliance Boots in the UK as investors finally baulked at the scale and terms of the new issuance pipeline – arguably with bond buyers falling over themselves earlier this year to invest monies, enabling increasing amounts of 'cov-lite' deals (those that cut the protective covenants that safeguard investors to a minimum) the terms on which finance was available could only head one way. The greater difficulty buyers have in raising funds, the more limited is their ability to increase the prices that they are willing to pay for businesses. The impact of the tighter credit market conditions is not simply on private equity bids; Expedia was forced to dramatically scale back the size of its buy-back as the cost of borrowing soared, and numerous other businesses have been forced to cancel plans that would have entailed increasing the financial gearing of their balance sheets.

Despite these moves and the negative implication from the reduction of bid support to the market, recent events arguably demonstrate how favourably the risk/return profile in equity markets compares to alternative investments. This is by no means an argument to suggest that equities are devoid of risk – quite the contrary – but evidence is increasing that the seductive mixture of high returns with low risk may be something of a mirage as the problems emanating from the US subprime mortgage market continue to rumble.

The understated risk embedded in alternative asset classes is most evident in the recent performance of various hedge funds. Following the bail out of two Bear Stearns hedge funds in June that Bear later admitted had "little" or "no" value left for investors, the "unprecedented events" in the US mortgage market have continued to hit funds from Australia to America. Against the visible (if sometimes painful) volatility of equities, the cataclysmic losses as "otherwise sound collateral has suffered from indiscriminate mark-to-market pricing by dealers" (Basis Capital, July 2007) – n.b. equities mark to market every day - appear vastly more uncertain. Furthermore "temporary problem[s] for the funds and markets" (AXA, August 2007 on injecting funds into money market funds whose value was marked down more than 20 per cent on sub-prime related losses) do not cause managers of publicly listed equity funds to suspend redemptions, as an increasing number of hedge funds are now doing as illiquid markets make it "impossible to value certain assets fairly" (BNP Paribas, August 2007).

What has been apparent in recent years has been the convergence of sector valuations within the equity market, as the strength and persistence of the global growth cycle has led investors to question which areas of the market offer true long-term growth potential. Many of the traditional growth sectors have lagged badly behind broader market trends, as have large cap stocks (another of the darlings of the late 1990s that has now fallen out of favour) that even with the increased buying power of private equity remain beyond the reaches of leveraged buyers.

Yet this de-rating of stable growth and large caps has not typically been a consequence of their failure to deliver earnings increases; the 10-fold increase in the earnings of the Datastream World pharmaceutical sector over the last 20 years is broadly in line with the Datastream World mining sector. The contrast is that where the pharmaceutical industry has delivered a steady improvement in earnings throughout this period, virtually all the increase in the mining sector earnings have arisen since the end of 1998 (Source: Datastream).

While central bankers from the Federal Reserve to the European Central Bank maintain the line that given the health of the real economy, their predominant concern remains that inflation may not remain as well behaved as they expect, the financial repercussions of the loss of liquidity across markets could well have economic consequences that make growth in corporate earnings more difficult to come by. In such circumstances, equities in stable growth industries such as healthcare should continue to see robust demand increases as the baby boomers reach retirement age and are currently trading at the bottom of their historic valuation range, when current prices compared to the book value of assets seem to offer an attractive (as well as relatively certain and visible) prospect for future returns.

Source: *Bloomberg **Bureau of Labour Statistics *** Bureau of Economic Analysis. The writer is a global strategist at Newton Investment Management. This article is issued by Mellon Global Investments Limited to members of the financial press and media. This article is the view of Newton Investment Management Limited and does not necessarily represent the views of the Mellon Global Investments umbrella organisation. The value of shares and the income from them can fall as well as rise, and investors may not get back the full amount originally invested. This document should not be construed as investment advice. **Registered Office:** Mellon Global Investments Limited, Mellon Financial Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Newton Investment Management Ltd & Mellon Global Investments Ltd are wholly owned subsidiaries of Mellon Financial Corporation. Both are authorised and regulated by the Financial Services Authority. www.mellonglobalinvestments.com

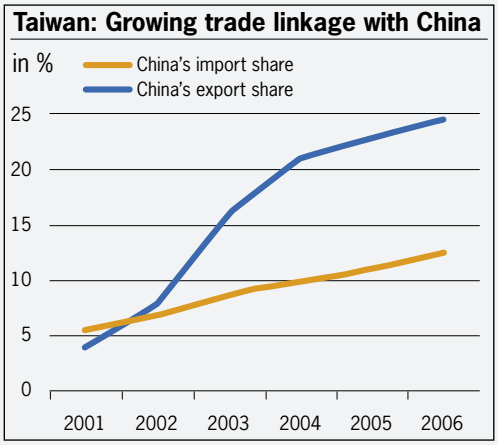
Taiwan's Chinese benefit

Dr.Oliver Stönner-Venkatarama writes that once the turbulence of the subprime market settles, Asia could decouple from the US market and Taiwan will get the benefit from the Chinese growth.

Current turbulences at the global financial markets have been a risk reminder for investors to follow a well-diversified and economically solid-based investment strategy. In Asia, this reasoning implies an investment strategy which aims for benefiting from China's strong economic growth without taking the risk of the mainland stock market. Therefore, China's neighbouring economies with close trade and investment links to the mainland appear to be particularly attractive for investment positions. Despite temporary political tensions, Taiwan is one the main economies which take direct advantage of China's vigorous growth and the latest positive corporate news from the US tech sector.

Furthermore, Taiwan's economy is projected to follow a cyclical upturn during the next 12 months. Investment flows may reflect Taiwan's position as a new investment hot spot in the region. The economic momentum is projected to shift from strong export demand in 2006 to domestic demand during 2007/08. Put another way, the success of the export industry may induce acceleration in corporate investment and private consumption during the course of 2007/08.

The risk potential of parliamentary election scheduled to take place in January 2008 and presidential election, which is due to take place in March 2008, declined significantly in recent months. The trigger has been the nomination of Ma Ying-jeou as the presidential candidate of the main opposition party, the Kuomintang, as well as the nomination of Frank Hsieh as the candidate for the ruling Democratic Progessive Party. Both these candidates stand for a less confrontational approach against China. As a result of a rather pragmatic political stance towards China, fresh policy initiatives in order to advance closer economic relations with mainland China may follow the elections. The reason for the new political climate in Taiwan is probably the lack of public support for political confrontation with Beijing. Moreover, the Olympic Games 2008 in China are likely to lead to a temporary acceleration in tourism inflows for Taiwan. This may be a further incentive for the new government to improve its relations with mainland China.



On the economic side, stable economic growth implies healthy corporate profits, which should limit structural risks for local banks. However, we expect further moderate monetary tightening in order to return interest rates to a more "neutral" level. Overall economic growth is still being slowed by restrictions on Taiwanese companies' investment in China. Therefore, the economic policy orientation following the next elections will be essential for the longer-term growth perspective of Taiwanese companies. Any relaxation would imply a positive effect on the economy and the financial markets.

On the backdrop of recent cyclical indicators from China, it seems quite clear that the economic momentum of the mainland economy is still strong and gradually balancing towards consumption. As a result, China's share in Taiwanese exports has risen from eight per cent in 2002 to 24.5 per cent in 2006, whilst the US export share declined to 15 per cent. This underpins the re-orientation of corporate Taiwan in recent years. Taiwan's domestic demand may benefit from a stable global economic environment and a significant decline in the unemployment rate below four per cent last year. Furthermore, Taiwan's industrial base is well diversified and the higher educational level provides a favourable base to compete with China, which so far benefits from lower production costs.

In other words, both economies' advantages are complementary. Therefore, a Taiwan investment position should benefit from domestic factors as well as the long-term perspective of a further deepening of trade and investment relations with mainland China.

All in all, Taiwan's stock market appears to be poised to benefit from several cyclical and structural positive factors, after the subprime turbulences have receded. It seems to be the right time to gradually seize this chance, particularly on the backdrop of the decline in valuation levels. Uncertainty about the strength of the US economy in context with the subprime crisis leaves Asia as an attractive investment target, since strong growth in China and India may lead to a gradual decoupling of the region from global growth worries. Also Latin American markets increasingly feel the positive impact of strong Asian growth, whilst central and eastern European economies remain closely linked to the Euro area expansion.

Dr. Oliver Stönner-Venkatarama is the Emerging Markets investment strategist at cominvest Asset Management, which is the investment management arm of Commerzbank.

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Carry trades too hot to carry

Volatility in currency market will remain high in the near term. But extreme swings could be a good opportunity for buyers of the euro, pound and the Australian dollar to lock-in into bargain rates, writes **Philip John**.

Investors dumped high-yielding currencies like the New Zealand dollar, the Australian dollar and the Sterling pound and bought back the Japanese yen as they bailed out of carry trades in the wake of the US subprime crisis. The New Zealand dollar, with a yield of 8.50 per cent, has fallen 17.29 per cent against the yen during the month, with most of the action coming in the past week. The yen was the clear winner and hit 14-month highs against the dollar, as many who were riding the carry trade wagon realised that they could hold on no longer as the ride got bumpier, forcing them to buy back the low yielding Japanese currency.

The US dollar was ironically the unlikely beneficiary of the turmoil in the credit markets. This is because, though the crisis is in the US subprime mortgage sector, the losses are distributed across the globe and US Treasuries have become a safe-haven for investors fleeing falling markets. The dollar index gained 1.12 per cent during the month. The Swiss Franc too held its ground well, due to its allure as a safe haven in difficult times. One can safely expect central banks to come in with token bouts of intervention to prevent exacerbated moves in the currency market.

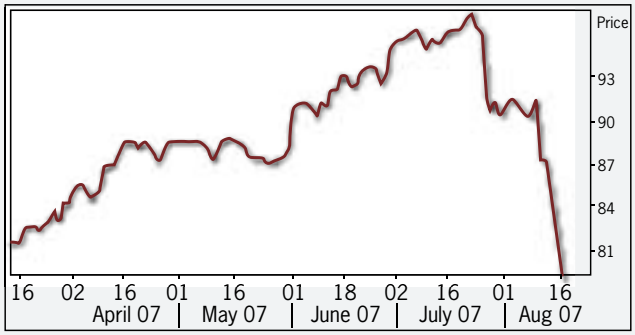
The crisis in the markets has given implied volatilities a shot in the arm with the one-month USD-JPY volumes touching 17.50 per cent last week from sub-seven per cent levels during the previous month. EUR-USD and GBP-USD volumes were also at higher levels.

So, where do we go from here? Expect volatility to remain high. Extreme swings could be a good opportunity for importers and short to medium term buyers of the euro, pound and the Australian dollar to lock-in into bargain rates. High volatility levels and the lower levels in these currencies could also be exploited by investors in Dual Currency Deposits with the US dollar as the deposit currency and the high-yielding Aussie or the Sterling as the alternate currency. Play safe and choose a conversion rate at one per cent to two per cent (depending on the currency) below prevailing spot rates. As for a fresh USD-TRY DCD, hold your horses. We could see a weaker Turkish lira in the coming days.

Performance against the Dollar: Past 30 days

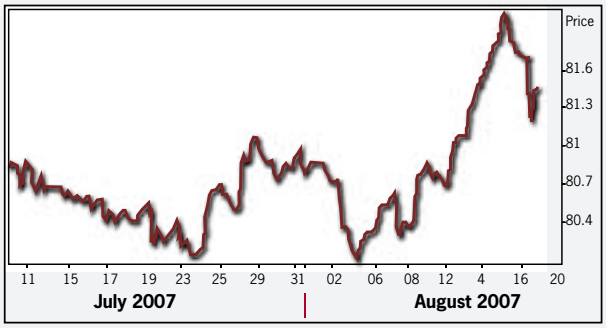
	17 July 07	17 August 07	Change%
Euro	1.3786	1.3474	-2.26
British Pound	2.0466	1.9801	-3.25
Japanese Yen	122.2	114.35	+6.42
Swiss Franc	1.2016	1.2081	-0.54
Australian Dollar	0.8729	0.798	-8.58
Canadian Dollar	1.0436	1.0601	-1.58
Indian Rupee	40.3600	41.3100	-2.35

TOO HOT TO CARRY



NZDJPY : down by 17.29%

THE DOLLAR INDEX: UP BY 1.12%



The USD-TRY dual currency deposit revisited

I had suggested in the June issue of MONEYworks in this column the USD-TRY Dual Currency Deposit investment. Those looking for a higher yield on their USD deposits and willing to take a higher risk could place a Dual Currency Deposit in US dollars with the possibility of having the deposit converted into Turkish lira on maturity at a predetermined USD-TRY exchange rate. Let's take a look how that investment would have fared.

Following are the details of that trade:
3- Month US dollar deposit rate: 5.30 per cent.
Then prevailing USD-TRY exchange rate: 1.3260.
Pre-determined USD-TRY conversion rate: 1.4585.
Enhanced rate on the Dual Currency Deposit: 9.30 per cent.

The conversion rate of 1.4585 was kept at a safe 10 per cent away from the then prevailing rate and if on the maturity date, the US dollar had strengthened against the Turkish lira and traded above 1.4585, the deposit would be converted into Turkish lira at 1.4585.

On the expiry of that trade (August 18, 2007), despite all the turmoil, the USD-TRY rate closed at 1.3505 with the deposit maturing safely in USD and ending up earning 9.30 per cent p.a. If the deposit were to get converted, the depositor could place the liras in a Dual Currency Deposit in Turkish lira with the possibility of converting back to US dollars. A depositor would stand to gain a minimum of 18 per cent on the Turkish lira deposit.

The writer is head, treasury sales with Dubai Bank. Views expressed are his own and not necessarily those of Dubai Bank. Data and comments are as of August 18, 2007.

OFFSHORE SAVERS SELECTION

Provider	Telephone Number	Account	Notice/Term	Deposit	% Gross	Interest Paid
No Notice US Dollar Accounts						
Nationwide International Ltd	01624 696000	Tracker Premium	None	$50,000	5.60%	Yly
Bank of Scotland International Ltd	01534 613500	Halifax G'teed Saver	None	$50,000	5.50%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	$5,000	5.25%	fiYly
Clydesdale Bank International	01481 711102	Instant Savings	None	$10,000	5.25%	Yly
Alliance & Leicester Int Ltd	01624 663566	US Dollar Savings	None	$100,000	5.00%	Yly
No Notice Euro Accounts						
Nationwide International Ltd	01624 696000	Tracker Premium	None	$50,000	4.35%	Yly
Northen Rock (Guernsey)	01481 728555	Euro Direct Saver	None	€5,000	4.30%	Yly
Bank of Scotland International Ltd.	01534 613500	Halifax G'teed Saver	None	€35,000	4.25%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	€5,000	4.00%	fiYly
Clydesdale Bank International	01481 711102	Instant Savings	None	€10,000	3.90%	Yly
No Notice Accounts						
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore q	None (W)	£1,000	6.40%	Yly
Nationwide International Ltd	01624 696000	Tracker Premium	None	$25,000	6.25%	Yly
Derbyshire Offshore	01624 663432	Limited Edition Tracker	None	£5,000	6.15%	Yly
Alliance & Leicester Int Ltd	01624 663566	Base Rate Tracker III	None	£15,000	6.10%	Yly
Irish Nationwide (IOM)	01624 673373	Instant Quarterly	None	£25,000	6.10%	Yly
Notice Accounts						
Scarborough Channel Islands	www.scarboroughci.com	Offshore 90 Direct	90 Day (B)	£5,000	6.30%*	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege 90	90 Day	£5,000	6.25%	Yly
Landsbanki Guernsey	01481 726885	International Tracker 90	90 Day	£10,000	6.21%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 180	180 Day (I)	£25,000	6.20%	Yly
Alliance & Leicester Int Ltd	01624 663566	Offshore 120 Plus	120 Day	£10,000	6.15%	Yly
Monthly Interest						
Scarborough Channel Islands	www.scarboroughci.com	Offshore 90 Direct	90 Day (B)	£5,000	6.15%*	Mly
Nationwide International Ltd	01624 696000	Tracker Premium	None	$25,000	6.05%	Mly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Base Rate Tracker 180	180 Day (I)	£25,000	6.05%	Mly
Bank of Scotland International Ltd	01534 613500	Halifax Int Income Saver	90 Day	£100,000	6.03%	Mly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Base Rate Tracker 90	90 Day (I)	£25,000	6.00%	Mly
Fixed Rates						
Irish Permanent International	01624 641641	Offshore Guaranteed Bond	5 Yr Bond	£10,000	6.58%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Fixed Interest	1 Yr Bond	£5,000	6.50%	OM
Landsbanki Guernsey	01481 726885	Fixed Rate Bond	2 Yr Bond	£10,000	6.50%	Yly
Landsbanki Guernsey	01481 726885	Fixed Rate Bond	3 Yr Bond	£10,000	6.50%	Yly
Landsbanki Guernsey	01481 726885	Fixed Rate Bond	4 Yr Bond	£10,000	6.31%	Yly
Accounts with Cheque Book Facility						
Bank of Scotland International Ltd	01534 613500	Current	None	£5,000	4.75%	Mly
Abbey International	01534 885100	Offshore Gold	None	£50,000	4.00%	Qly
Royal Bank of Canada (CI)	01534 283000	Executive Plus	None	£50,000	3.975%	Mly
Standard Bank	01534 881188	Optimum	None	£50,000	3.50%	Qly
Fairbairn Private Bank	01624 645000	Reserve	None	£5,000	3.25%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess	None	£1,000	6.35%*	Yly
Abbey International	01534 885100	Tracker Term 6	6-05-08	£10,000	6.05%	OM
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	5.90%	Yly
Lloyds TSB Offshore Banking	01624 638000	International Sterling	None	£50,000	3.80%	Mly
Lloyds TSB Offshore Banking	01624 638000	International Saving	None	£50,000	3.65%	Mly

All rates are shown gross. * = Introductory variable rate for limited period. B = Operated by Post or Telephone. F = Fixed Rate. I = Operated by Internet, Post or Telephone OM = On Maturity. P = Operated by Post
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OFFSHORE CHEQUE ACCOUNT RATES

	Telephone	Account Name	£1K	£2.5K	£5K	£10K	£25K	£50K	£100K	£250K	Int paid	Cash card
Abbey International	01534 885100	Offshore Gold	-	-	2.50	3.00	3.50w	4.00	4.75	4.80	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Current	-	-	4.75	4.75	4.75	4.75	4.75	4.75	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	- -	0.10i -	0.10 0.10	2.50 2.50	2.50 2.50	2.50 2.50	2.50 2.50	2.50 2.50	Qly Qly	Yes Yes
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	- - -	- - -	3.25 - 3.25	3.25 - 3.25	3.25 - 3.25	3.25 4.75 3.25	3.25 5.00 3.25	3.25 5.25 3.25	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	- -	- -	0.12 0.37	0.62 0.87	1.42 1.67	2.12 2.37	2.37 2.62	2.37 2.62	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	-	0.05	0.10	1.25	1.75	Qly	No
Isle Of Man Bank	01624 63700	Gold Account	0.75e	0.75	1.00	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Money Market Currency	-	-	2.75	2.75	2.75	3.125	3.50	3.562	Qly	Yes
Lloyds TSB Offshore Banking	01624 638000	Overseas Club Sterling	0.10	0.10	1.55	2.60	3.05	3.80	4.75	4.90	Mly	Yes
NatWest	01534282828	Advantage Cheque	0.75	0.75	1.00	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	-	3.925	4.175	4.925	Mly	Yes
Royal Bank of Scotland Intl. Ltd	01534724356	Royalties Cheque	0.75	0.75	1.00	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	-	-	4.687	4.687	4.937	5.187	Mly	Yes
Standard Bank	01534 881188 / 01624 643643	Optimum	-	2.31	2.31	2.31	3.06	3.31	3.56	3.81	Qly	Yes

e = i = Rate applies from £1. i = Rate applies from £2K. k = Rate applies from £3K. t = Rate applies from £100. w = Rate applies from £20K. All rates are shown gross. All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: August 1, 2007 Source: Moneyfacts

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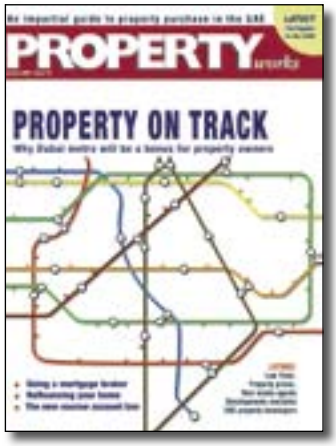

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Issue 11, December 2007

Best Buy Tables - OFFSHORE

€URO ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	€5K	€10K	€25K	€50K	€100K	€250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore Euro Call	0.85	1.35w	2.00	2.00	2.25a	2.50	Yly	No
		Offshore Gold	-	0.50	1.00j	1.00	1.00	1.50	Qly	Yes
Alliance & Leicester Intl. Ltd	01624 663566	Euro Savings	3.86	3.86	3.86	3.86	3.86	3.86	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	4.00	4.00	4.00	4.00	4.00	4.00	Half Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Reserve	-	-	-	4.25h	4.25	4.25	Yly	No
		International Savings	1.75	1.85	1.95	2.20	2.40	2.40	Yly	No
Barclays	01534 880550	International Cheque	0.10	0.10	1.40e	1.40	1.40	1.40b	Qly	No
		International Tracker	-	-	2.45e	2.45	2.75a	3.25b	Qly	No
Bristol & West International Ltd	01624 644333	Euro Savings	-	2.65	2.75	2.85	3.00	3.30	Yly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	3.90	3.90	3.90	3.90	3.90	Yly	No
		Current	2.86	2.86	2.86	2.86	2.86	2.86	Mly	No
		Instant Savings	-	3.83	3.83	3.83	3.83	3.83	Mly	No
Fairbairn Private Bank		Accumulation	-	1.50	1.50	1.50	1.50	1.50	On closure	Yes
		High Interest Accumulation	-	-	-	-	3.00a	3.25b	On closure	No
	01624 645000	Reserve	-	1.50	1.50	1.50	1.50	1.50	Qly	Yes
First Active Bank Channel Islands Ltd	01481 710400	Offshore Demand	-	2.45	2.45	2.50	2.55	2.55	Yly	No
		Offshore Demand	-	2.42	2.42	2.47	2.52	2.52	Mly	No
HSBC International	01534 616000	Offshore Bank	0.00	0.20	0.20	0.47	0.47	0.94	Mly	No
		Online Saver	-	-	3.54j	3.54	3.54	3.54	Mly	No
		Premier Offshore Bank	-	0.45	0.45	0.72	0.72	1.19	Mly	No
		Premier Online Saver	-	-	3.83j	3.83	3.83	3.83	Mly	No
		Premier Serious Saver	-	2.365	2.365	3.015	3.015	3.415	Mly	No
		Serious Saver	-	2.115	2.115	2.765	2.765	3.165	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.25b	Qly	No
Irish Permanent International	01624 641641	Instant Access	3.40	3.40	3.40	3.40	3.75	3.75	Yly	No
		Instant Access	3.35	3.35	3.35	3.35	3.69	3.69	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Call	0.937r	0.937	0.937	1.062u	1.125m	1.687n	Qly	No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only)	0.45	1.30	1.60	1.85	2.20	2.70	Half Yly	No
Nationwide International Ltd	01624 696000	Euro Savings	2.50	2.50	2.55	2.55	2.55	2.60	Yly	No
		Euro Tracker Premium	4.05	4.05	4.05	4.35	4.35	4.05	Yly	
NatWest	01534 282300	Advantage International	2.20	2.30	2.40	2.60	2.85	3.00	Qly	No
Northern Rock (Guernsey) Ltd	01481 714600	Offshore Euro Direct Saver	4.30	4.30	4.30	4.30	4.30	4.30	Yly	No
		Offshore Euro Direct Saver	4.05	4.05	4.05	4.05	4.05	4.05	Mly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	2.30	2.55c	Mly	No
Royal Bank of Scotland Intl.Ltd	01534 286850	Royalties International	2.20	2.30	2.40	2.60	2.85	3.00	Qly	No
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	-	2.968u	2.968	3.218b	Mly	Yes
Standard Bank	01624 643643	Offshore Reserve	1.50	1.50	1.50	2.00	2.25	2.37	Half Yly	No
	01534 881188	Optimum	0.56	0.56	0.56	1.31	1.56	2.06	Qly	No
		Offshore Moneymarket Call	-	-	-	3.50	3.60	3.60	Mly	No
Woolwich Guernsey	01481 715735	Euro International Gross	-	-	1.84	2.08	2.33	2.82	Qly	No
Zurich International Ltd	01624 671666	Call	2.75	2.75	2.75	2.75	2.75	2.75	Qly	No

a = Rate applies from €75K. b = Rate applies from €150K. c = Rate applies from €200K. e = Rate applies from €15K. g = Rate applies from €37.5K.
j = Rate applies from €20K. m = Rate applies from €80K. n = Rate applies from €160K. r = Rate applies from €3K. u = Rate applies from €40K. w = Rate applies from €7.5K.
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US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore US$ Call	2.50	3.75	3.75	4.00	4.25	4.50	Yly	No
		Offshore Gold	-	2.00	2.25u	2.75	3.25	3.50	Qly	No
Alliance & Leicester International Ltd	01624 663566	US$ Savings	5.00	5.00	5.00	5.00	5.20	5.20	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	5.25	5.25	5.25	5.25	5.25	5.25	fi Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Saver	-	-	-	5.50	5.50	5.50	Yly	No
		International Savings	1.75	1.75	2.25	3.75	4.15	4.35	Yly	No
Barclays	01534 880550	International Cheque	0.10	0.10	2.41u	2.41	2.82	3.17x	Qly	No
		International Tracker	-	-	3.55u	3.55	4.55	4.75x	Qly	No
Bristol & West International Ltd	01624 644333	Easy Access	3.50	3.50	3.60	3.75	4.00	4.00	Yly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	5.25	5.25	5.25	5.25	5.25	Yly	Yes
		Current	4.17	4.17	4.17	4.17	4.17	4.17	Mly	Yes
		Instant Savings	-	5.13	5.13	5.13	5.13	5.13	Mly	Yes
Fairbairn Private Bank	01624 645000	Accumulation	3.00	3.00	3.00	3.00	3.00	3.00	On Closure	Yes
		High Interest Accumulation	-	-	-	-	4.25v	4.50x	On Closure	Yes
		Reserve	-	3.00	3.00	3.00	3.00	3.00	Qly	Yes
HSBC International	01534 616000	Offshore Bank	0.00	1.48	1.90	2.45	2.96	3.07	Mly	No
		Online Saver	-	-	4.85u	4.85	4.85	4.85	Mly	No
		Premier Offshore Bank	-	1.73	2.15	2.70	3.21	3.32	Mly	No
		Premier Online Saver	-	-	5.10u	5.10	5.10	5.10	Mly	No
		Premier Serious Saver	-	2.225	2.795	3.075	4.495	4.615	Mly	No
		Serious Saver	-	1.975	2.545	3.455	4.245	4.365	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.25	0.50v	1.50m	Qly	No
Irish Permanent International	01624 641641	Instant Access	4.25	4.75	4.75	4.95	5.00	5.00	Yly	No
		Instant Access	4.17	4.65	4.65	4.84	4.89	4.89	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Call	2.812k	2.812	3.062tt	3.062	3.125v	3.125	Qly	No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.75	1.60	2.10	2.35	2.65	2.80	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings	4.30h	4.30	4.35	4.45	4.90	4.90	Yly	No
		US Dollar Tracker Premium	5.30	5.30	5.60	5.60	5.60	5.60	Yly	No
NatWest	01534 282300	Advantage International	3.45	3.55	3.65	3.85	4.10	4.25	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	3.875	4.125x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	3.45	3.55	3.65	3.85	4.10	4.25	Qly	No
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	-	4.156	4.406	4.406	Mly	Yes
Standard Bank	01534 881188	Offshore Reserve	2.50	2.50	2.50	2.75	3.12	3.37	Half Yly	No
	/01624 643643	Optimum	1.75	1.75	1.75	2.25	2.75	3.00	Qly	No
		Offshore Moneymarket Call	-	-	-	4.75	4.85	4.85	Mly	No
Woolwich Guernsey	01481 715735	US$ International Gross	-	-	3.22u	3.26	3.50	3.74	Qly	No
Zurich Bank International Ltd	01624 671666	Call	2.75	3.25	3.75	4.25	4.50	4.75	Qly	No

h = Rate applies from $1K. k = Rate applies from $3K. m = Rate applies from $150K. t = Rate applies from $15K. u = Rate applies from $20K. v = Rate applies from $75K. x = Rate applies from $200K.
All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: August 1, 2007 Source: Moneyfacts

For more information visit www.Moneyfacts.co.uk

EXPATRIATE MORTGAGE TERMS - SEPTEMBER 2007

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland	Libor+/-1%	85	0.25%	Special schemes GBP70,000 minimum.
BM Solutions	4.99% 2 year tracker 5.99 2 year fix	85	2.5% 2.5%	Applicant must work for Govt Agency or Multi National Company.
Cheltenham & Gloucester	5.28% 2 year Fix 5.88% 2 year Fix 6.13% 5 year fix 5.89% full term tracker bank base plus 0.39%	85	2.5% of loan amount £1999 £999 £799	Limited special offer via IMP Every case has to be agreed with an underwriter before submission. Unlikely to lend to Self employed expat applicants. Employed applicants need to work for large companies.
Dresdner Kleinwort Benson	Cost of funds +1-1.5%	80	0.5%	Currency switching. Minimum loan GBP100,000. Life assurance required. Minimum earned income GBP75,000.
Fortis Bank Group	Sterling mortgage LIBOR + 1% LIBOR GBP 5.33% Foreign currency mortgage LIBOR +1.25% Multi Currency available in Libor rates YEN 0.56% CHF 2.10% EUR 3.73% HKD 4.00% USD 5.36% GBP 5.33%	75 70	GBP500 GBP500	Min. loan GBP150,000, 80% owner/family occupation. Loans to offshore companies and trusts. Multi-currency mortgages available.
Halifax PLC	5.69% 3 year Fix	75 75	GBP499 GBP499	Very restrictive terms. No capital raising allowed. Must be returning to UK in a short period. 6 months bank statements required. Redemption penalties. Fixed rate 2% in first 3 years, Tracker 1% in first year
Heritable Bank	6.38% 2 year discount	85	0.5%	IMP Clients receive a special discount. Redemption 3/2/2% 3 year penalty 85% to £200,000 purchase price.
HSBC	7.5%	80%-90% Repayment basis only 75% Interest only	Varies	Life insurance must be assigned to HSBC bank. Applicants need to be in salaried employment or professional occupations such as Dr's, Dentists, Solicitors or Accountants. 130% rent to interest ratio difficult to match.
Ipswich Building Society	5.99% three year discount	80%	GBP695	Maximum of five properties to GBP1 million borrowing. Flexible mortgage.
Irish Permanent (Isle of Man)	Base +0.65% - 1.25%	85	1%	Same rate second asset loans Also 2-10 year FIXES with repayment penalties. Loans to offshore companies and trusts.
Royal Bank of Scotland International	Base +1-1.5%	80	0.5%	Terms can vary via different Royal Bank operations areas.
Saffron Building Society	6.49% Bank of England base + 0.74%	UK Expats 85% Foreign Nationals 75%	Loans to £350,000 £595 Loans to £500,000 £795	Maximum holding £1.5 million. Up to five buy to let properties.
Stroud & Swindon	5.99% 2.3% discount until 28/5/10	75	£695	No repayment penalties at any time. Up to four buy to let properties. Totally flexible overpayments/ underpayments.
TMW	5.75% 6.09% 6.19%	80 80 80	2 year fix 1.5% 0.5% 0.5%	5% during fix rate. 2 year tracker 5% in fixed period. 5 year fix 5% in fixed period.

This table is for information purposes only and is not to be viewed as a recommendation.
Notes: Some Lenders have onerous redemption penalties for fixed and discounted terms.
A usual penalty is 6 months interest in the first 5 years. Loans are, however, portable, but proportionate penalties would apply unless similar amount loans were taken. There are also proportionate penalties on partial repayments. BANK OF SCOTLAND, FORTIS, KLEINWORT BENSON and ROYAL BANK OF SCOTLAND all offer loans via offshore trusts and offshore companies. Arrangement fees can be as much as 1per cent of the loan. Some lenders make life assurance cover obligatory. Others insist on their "in-house" buildings and contents insurance as a loan condition. **Arrangement Fees** - All fees quoted are payable to the lender and are usually added to the loan, although some require payment with the application. IMP will charge an arrangement fee of .25 per cent subject to a minimum of £250 and a maximum of £500 but this can be waived where associated financial products, such as mortgage protection, is effected through the company's agencies. Most lenders have now settled on a base variable rate of circa 7%-7.25%. Bank rate @ 23/08/07 - 5.75% 3 month LIBOR 6%. IMP are authorised and regulated by the Financial Services Authority (302775) for mortgage advice and hold Consumer Credit Licence No: 592583.

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Credit Cards

PROVIDER	CARDS OFFERED	ANNUAL FEE (OMR)	INTEREST RATES	INTEREST FREE CREDIT	CHIP	SUPPLEMENTARY CARDS	MIN. SALARY (OMR)
Bank Dhofar	Visa (Classic, Premium), MasterCard (Gold, Platinum), EcomCard	Visa (Classic – 30, Premium – 50) Free for first year, thereafter, MasterCard (Gold – 50 and Platinum – 100), EcomCard - 10	1.5% on purchases 3% on cash withdrawals	52 days	No	Visa (Classic – 20, Premium – 35), MasterCard – (Gold – 30, Platinum – 75)	Visa (Classic – 250, Premium – 800), MasterCard – (Gold – 800, Platinum – 2,000)
Bank Muscat	MasterCard Platinum, MasterCard Gold, Visa Premier, MasterCard and Visa Classic, BankMuscat Diners Club co-branded credit and charge card, Visa Sultan Qaboos University Cards (SQU)	Classic – 30, Gold and Premier – 50, Platinum – by invitation only, BankMuscat Diners Club co-branded credit and charge card – free for Platinum cardholders, SQU Card – 10 (depends on branch)	1.5% on purchases 3% on cash withdrawals	40 days	No	Classic - 20, Gold - 35	Classic – 200, Gold and Premier – 500, Platinum – N/A
HSBC	Visa, MasterCard (Classic, Gold), In-Site Virtual Credit Card	Visa, MasterCard (Classic – 30, Gold – 50), In-Site Virtual credit card – 5	1.5% on purchases 3% on cash withdrawals	56 days	No	Two free for life	Visa , MasterCard (Classic – 400, Gold – 700)
National Bank of Oman	Visa, MasterCard, NBO Oman Air co-branded card, Al Amiyal (Silver, Gold), NBO Webshopper Card	Visa, MasterCard (Silver – 30, Gold – 50) , NBO Oman Air co-branded card (Silver – 15, Gold – 30), MasterCard Al Amiyal (Silver – 35, Gold – 55), NBO Webshopper Card – 10	1.5% on purchases 3% on cash withdrawals	52 days	No	Visa, MasterCard (Silver – 20, Gold – 30)	Nationals: Visa, MasterCard (Silver – 200, Gold – 350), Expats: Visa, MasterCard (Silver – 200, Gold – 500)
Oman Arab Bank (Visa Centre)	Visa (Classic, Gold, Platinum), Internet Shopping Card, Prepaid cards – Smart Card for individuals and companies	Visa (Classic – 30, Gold and Platinum – 50), Internet Shopping Card – 2, Smart Card for individuals – 3, Smart Card for companies – 5	1.5% on purchases 3% on cash withdrawals	40 days, NA for Smart Card	Yes, no for Smart Card	Visa (Classic – 15, Gold and Platinum – 25)	Classic – 200, Gold – 700, Platinum – 1,500
Oman International Bank	Visa (Classic, Gold, Platinum, Business Card, Cyber Card/ Al Mubashar), MasterCard (Classic, Gold)	Classic – 30, Gold – 50, Platinum – 70 (by invitation only), Business Card – 25, Cyber Card/Al Mubashar – 10, MasterCard Gold - free for life	1.5% on purchases 3% on cash withdrawals	45 days	Yes	Classic – 20, Gold – 40, Platinum – 60	Classic, Cyber Card/ Al Mubashar – 300, Gold – 700, Platinum – 1,400

Car Loans

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (OMR)	DOWNPAYMENT	PAYMENT TERMS	MIN. SALARY (OMR)	SALARY TRANSFER
Bank Dhofar	No specific car loan – Consumer/Personal Loan	8.75 - 9% for nationals, 7.5% for expats	Nationals – up to 42 times the salary, Expats – 75% of end of service benefits	NA	Up to 108 months for nationals, up to 60 months for expats	120 for nationals, depends on end of service benefits for expats	Yes
Bank Muscat	Loan for purchase of a car	4.5%	Nationals – up to 52 times the salary, Expats – up to six times the salary plus end of service benefits	None	Up to 60 months	Nationals – 150, expats – 250	Yes
HSBC	Car Loan	9%	100% (Depends on salary)	None	Nationals – Up to 96 months, expats – Up to 72 months	300	Yes
National Bank of Oman	No specific car loan – Personal Loan	9%	Maximum of end of service benefits for expats, up to 48 times of the salary without waiver, otherwise up to 51 times	NA	Nationals – up to 132 months for more than 300 salary, otherwise up to 108 months, expats – depends on loan tenure and end of service benefits	Nationals – without waiver 200, otherwise 250, expats – 250	Yes
Oman Arab Bank	No specific car loan – Personal Loan	9%	Nationals – up to 32 times the salary, Expats – depends on end of service benefits	NA	Nationals – up to 108 months, expats – up to 36 months	150	Yes
Oman International Bank	No specific car loan – Basma Personal Loan Scheme	9%	Expats: Less than OMR300 salary – up to 5 times the salary, otherwise, up to 8 times the salary, Nationals: Up to 25 times the salary	NA	Nationals – up to 96 months, expats – up to 48 months	150	Yes

Personal Loans

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (OMR)	ACCOUNT NECESSARY	PAYMENT TERMS	MIN. SALARY (OMR)
Bank Dhofar	Consumer/Personal Loan	8.75 - 9% for nationals, 7.5% for expats	Nationals – up to 42 times the salary, Expats – 75% of end of service benefits	Yes	Up to 108 months for nationals, up to 60 months for expats	120 for nationals, depends on end of service benefits for expats
Bank Muscat	Flexi Loan, loans for nationals and expatriates working in the government and private sectors, short term consumer loans for nationals, special loans for nationals in certain ministries	Less than OMR500 salary – 9%, otherwise, 8.75%	Depends on current salary and employer: Nationals without waiver – up to 51 times the salary, otherwise, up to 45 times only, Expats – up to 6 times the salary or 80% of end of service benefits	Yes	Nationals without waiver – up to 132 months, otherwise, up to 108 months only, expats working in the government – up to 36 months and in the private sector – up to 24 months if loan taken is six times the salary and up to 60 months if taken against end of service, short term consumer loans for nationals – up to 6 months	Nationals – 150, Expats – 250
HSBC	Personal Loan	9%	Nationals - up to 50,000 Expats - up to 15,000	Yes	Up to 60 months	Nationals – 400 or 350+ HSBC credit card Expats – 500
National Bank of Oman	Personal Loan	9%	Nationals – up to 48 times the salary without waiver, otherwise up to 51 times, expats – maximum of end of service benefits	Yes	Nationals – up to 132 months for more than OMR300 salary, otherwise up to 108 months, expats – depends on end of service benefits	Nationals – without waiver 200, otherwise 250, expats – 250
Oman Arab Bank	Personal Loan	9%	Nationals – up to 32 times the salary, expats – depends on end of service benefits	Yes	Nationals – up to 108 months, expats – up to 36 months	150
Oman International Bank	Basma Personal Loan Scheme	9%	Expats: Less than OMR300 salary – up to 5 times the salary, otherwise, up to 8 times the salary, Nationals: Up to 25 times the salary	Yes	Nationals – up to 96 months, expats – up to 48 months	150

Disclaimer: This table is meant ONLY as a guide and is not intended as a recommendation of a particular personal loan/car loan or credit card provider. The table was thoroughly checked for accuracy with each provider called individually for information during August 2007 and was correct at the time of going to press. ***Please note:*** information is subject to change without notice. Any errors or omissions are regretted.

OMAN

SALARY TRANSFER	MINIMUM REPAYMENT	MINIMUM AGE	CREDIT LIMIT	VALUE ADDED FEATURES	OTHER	CONTACT
Yes	5%	18	Depends on salary and branch, minimum one time salary	Free Visa cards for Al Afdhal account-holders, year-round benefits in tune with individual lifestyles, 24-hour emergency assistance, free travel insurance for cardholder and family for purchased air tickets, emergency card replacement for Gold cardholders, free insurance coverage on accident, baggage loss, delayed flights and cancellations, photo-card, revolving credit facility		Call Centre 800 76666 or 24 787 437 in Muscat www.bdof.org
Yes	5%	18	Salary less than OMR250 – one time to 3 times the salary, otherwise, 3 times the salary	basmaRewards programme, global emergency service, free travel insurance cover, worldwide acceptance, revolving credit facility, cash advance facility, photo card, MasterCard Platinum - personal concierge services	SQU Cards – exclusive to SQU students and employees	2479 5555 www.bankmuscat.com
Yes	5%	18	Depends on salary, minimum for Classic is OMR350 and OMR2,000 for Gold	Travel benefits, payment of utility bills, free purchase protection, free travel and accident insurance, free family protection scheme for Gold cardholders, access of HSBC current, savings and credit card accounts through HSBC ATMs worldwide, 24-hour customer service, free Auto Pay service, 100% of credit limit cash advance	HSBC offers from other countries can be availed by all HSBC cardholders, e.g. hotel discounts etc.	Call Centre 800 7 4722 (HSBC) www.oman.hsbc.com
Yes	5%	18	Silver - 2 times, Gold - 3 times (depends on salary)	NBO Money back loyalty programme, worldwide acceptance, up to 100% cash advance facility, accident insurance up to US$500,000 for Gold cardholders, flexible payment plan, up to three months temporary credit line increase, card replacement, limited liability coverage to OMR40 for misuse on lost card, photo card, 24-hour call centre, discount offers on hotels, airlines and electronics, NBO Oman Air co-branded card – travel benefits, Al Amiyal – free Oman Air tickets, annual subscription of Times of Oman or Al Shabiba, Sindband Frequent Flyer Program		Call Centre 800 77077 www.nbo.co.om
Yes, No for Smart Card	5%, Cash for Smart Card	18	Classic – 2,000 and below, Gold – 2,000 – 4,000, Platinum – 4,000 and above (salary below OMR600 – 2 times the salary, otherwise, 3 times the salary	Worldwide acceptance, special annual draws, discounts at certain establishments, Smart Card for companies can be assigned to be used only in specific establishments		Visa Centre – 24 817 707 Smart Card Centre – 24 793 010 www.omanab.com
	5%, BankMuscat Diners Club co-branded credit card – 10% and charge card – full	18	Twice the salary, Platinum – minimum US$10,000 or OMR3,850	Purchase protection, revolving credit facility, photo card, free accident insurance up to US$1 million, medical and legal referral services, insurance cover against cancellation, curtailment and rearrangement of travel plans, flight and baggage delay, Business Card offers convenience and control to concentrate on real aspects of running your business, corporate liability waiver for businessmen up to US$25,000/cardholder and up to US$1,650,000/company annually, emergency evacuation, repatriation service up to US$1 million, personal accident cover up to US$250,000, branch and phone banking, two cards for the price of one		www.oiboman.com

OMAN

CONDITIONS/ RESTRICTIONS	ACCOUNT NECESSARY	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Guarantor from ministry required, Approved companies only	Yes	None			Wisal 800 766 66, www.bdof.org
Approved companies and car dealers only	Yes	1% of outstanding balance for cash and bank buy-out	No post-dated cheques requirement	OMR10 processing fee	2479 5555 www.bankmuscat.com
Approved companies only	Yes	None	Comprehensive insurance package, no guarantor required, option to avail finance for first year's insurance	No loan arrangement fees, 30% to 40% of salary should not exceed the loan installments	800 7 HSBC (800 7 4722) 2479 9920/7 www.oman.hsbc.com
Approved companies only	Yes	1% of outstanding balance for cash and bank buy-out		OMR10 processing fee plus insurance	Toll-Free 800-77077 www.nbo.co.om
Guarantor required, approved companies only	Yes	1% of outstanding balance for cash and bank buy-out		Insurance charge	247 06 265 www.omanab.com
Guarantor required, approved companies only	Yes	1% of outstanding balance for cash and bank buy-out	Loan-taker will be insured for the loan period for a nominal premium, you can pay only 50% of your monthly installments in the first 12 months, free credit card for the first year, overdraft facilities on current account, installment waivers, fast approval, top-up loans, reduced insurance premium on top-up loans, reduced installments for first year	Insurance charge depending on loan amount	www.oiboman.com

OMAN

SALARY TRANSFER	CONDITIONS/ RESTRICTIONS	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Yes	Guarantor from ministry required if salary less than 500, approved companies only	None			Wisal 800 766 66 www.bdof.org
Yes	Approved companies only	1% of outstanding balance, minimum OMR25, for cash and bank buy-out	Loans for Omani nationals working in the government and private sectors - increased tenor, deferrals during Eid festivals, free call centre, kiosk/ online banking facilities	OMR10 processing fee plus insurance, flexi Loan - starts with a low installment that gradually increases every year, in line with the customers' annual increase in income	2479 5555 www.bankmuscat.com
Yes	Approved companies only	None	Pre-approved credit card, no processing fee, simple application, fast approval, ability to make first payment anytime up to 45 days from application	25% discount on personal loan insurance for STATUS and premier accountholders	800 7 HSBC (800 7 4722) 2479 9920/7 www.oman.hsbc.com
Yes	Approved companies only	1% of outstanding balance for cash and bank buy-out		OMR10 processing fee plus insurance	Toll-Free 800-77077 www.nbo.co.om
Yes	Guarantor required, approved companies only	1% of outstanding balance for cash and bank buy-out		Insurance charge	247 06 265 www.omanab.com
Yes	Guarantor required, approved companies only	1% of outstanding balance for cash and bank buy-out	Loan-taker will be insured for the loan period for a nominal premium, you can pay only 50% of your monthly installments in the first 12 months, free credit card for the first year, overdraft facilities on current account, installment waivers, fast approval, top-up loans, reduced insurance premium on top-up loans, reduced installments for first year, no processing fee for first time loan-takers	Insurance charge depending on loan amount	www.oiboman.com

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Personal Loans — SAUDI ARABIA

PROVIDER	PRODUCT	LOAN TENOR	MAX. AMOUNT	MIN. SALARY (SAR)	VALUE ADDED	CONTACT
Arab National Bank	Al Arabi Personal Finance	Up to 84 months	SAR1,000,000	Govt. sector 3,000 Private sector 4,000	Free credit card for one year, top-up facility available. Remaining installments waived in case of death, no early redemption penalties. Al Arabi cash assist added to the account.	8001244040 www.anb.com.sa
	Al Arabi Cash Assist	Up to 84 months	80 per cent of monthly salary	Govt. sector 3,000 Private sector 4,000	Can withdraw up to 80% of monthly salary even if there is no balance. Salary must be transferred	8001244040 www.anb.com.sa
	Al Arabi Mubarak Finance	Up to 60 months	N/A	Govt. sector 3,000 Private sector 4,000 Pensioners 2,000	Shari'ah compliant, Bank buys the products and sells to the client at the purchase price plus an agreed profit. Bank representatives will visit you at your convenience.	8001244141 www.anb.com.sa
Banque Saudi Fransi	Personal loan package	Up to 60 months	SAR1,200,000	3,500, at least six months service with the current employer	Salary transfer.	8001240006 www.alfransi.com
	Ready Credit Plan	Up to 12 months	Up to 90% of monthly salary	4,000		8001240006 www.alfransi.com
	Murabaha Financing Plan	Up to 60 months	N/A	3,500, at least six months service with the current employer	Shari'ah compliant, salary transfer.	8001240006 www.alfransi.com
National Commercial Bank	Personal loan	Up to 60 months	SAR700,000	N/A. At least two years service with the current employer	Additional five months if payment deffered during Ramadan. Loan approved in three working days	8002441005 www.ncb.com.sa
	Secured finance	Up to 36 months	Depends on the fund in the account	50,000	Access capital invested in Time deposit, Investment Account or Share certificates, defferal during Ramadan	8002441005 www.ncb.com.sa
	Salary Advance	Up to 24 months	Upto 40% of the monthly salary	4,000	Minimum 6 months with the current employer. Salary transfer is a must	8002441005 www.ncb.com.sa
	Murabaha Al Ahli	Up to 60 months	From SAR 20,000 - 1.5 million	3,000 for nationals and 3 months on the job, 4,000 for expats and one year on the job.	Shari'ah compliant, Ramadan defferal option and salary transfer	8002441005 www.ncb.com.sa
Riyad Bank	Personal Loan by Murabaha/ Tawaruq (non salary assignment)	Up to 48 months for nationals Up to 36 months for expats	SAR2,000,000	5,000 with min 6 months of service	Shari'ah compliant, instant approval over phone, management fee SAR500-1,500 to be paid once loan is approved. Remaining installments waived in case of death.	8001242020 www.riyadbank.com
	Murabaha Finance	Up to 60 months	SAR1,500,000	2,500 with min 3 months of service	Shari'ah compliant. Bank buys the product and sells to the client, no salary transfer.	8001242020 www.riyadbank.com
	Tawaruq with local commodities	Up to 60 months	SAR1,500,000	2,500 with min 3 months of service	Shari'ah compliant.	8001242020 www.riyadbank.com
	Personal Loan	Up to 60 months	SAR1,500,000	2,500 with min 3 months of service		8001242020 www.riyadbank.com
	Murabaha Home Finance	Up to 20 years	Up to SAR2 million	5,000 with min 6 months of service	Shari"ah compliant. No advance payment. Cooperative insurance in case of death or disability caused by accident. Transfer of the property owner to the customer name. Joint application by husband and wife.	8001242020 www.riyadbank.com
	Ijarah (leasing with a promise of ownership)	Up to 25 years	Up to SAR2 million	5,000 with min 6 months of service	Shari"ah compliant. 5% advance payment. Cooperative insurance in case of death or disability caused by accident. Joint application by husband and wife.	8001242020 www.riyadbank.com
	Murabaha Land Finance	Up to 10 years	Up to SAR1 million	4,000 with min 6 months of service	Shari"ah compliant. No advance payment. Transfer of the land owner to the customer name. Joint application by husband and wife.	8001242020 www.riyadbank.com
SAMBA	Personal Finance	Up to 60 months	Up to 15 times of monthly salary	2,500	For nationals, at least three month with current employer. For expatriates, end of service benefits have to cover the finance amount. Age limit upto 59 years, no guarantor required, free credit card for the first year. Remaining installments waived in case of death.	8001241010 www.samba.com.sa
Saudi British Bank	Amanah Personal Finance	12-60 months	Up to 1.5 million with salary transfer, otherwise 100,000, depends on status and requirement	3,000, at least three months service with the current employer, in case of salary assignment, one year without salary assignment	No salary assignment, guarantor, security or any collateral required. Provides quick short-term cash liquidity, remaining installments waived in case of death or permanent disability caused by an accident	8001248888 www.sabb.com.sa
	Manazel Home Ownership	25 years lease available for properties not more than 12 months old	Up to SAR2.5 million	SAR5,000	Shari'ah compliant. Joint applicants (husband & wife) also permitted, remaining installments waived in case of death or permanent disability caused by an accident	8001248888 www.sabb.com.sa
Saudi Hollandi Bank	Murabaha Program (Al Yusr Personal Finance)	Up to 60 months	Up to SAR1 million	3,000, at least three months service with the current employer	Shari'ah compliant. No guarantor required, instant approval, remaining installments waived in case of death or permanent disability caused by an accident.	8001242525 www.shb.com.sa

Interest rates vary from 5.5% to 7%. Personal Loan Criteria: Interest rate, interest-free credit, annual fee and value-added features.

Car Loans — SAUDI ARABIA

PROVIDER	PRODUCT	INTEREST RATE	LOAN TENOR	DOWN PAYMENT	VALUE ADDED	CONTACT
Al Rajhi	Cars installments program	6% yearly	Up to 60 months	None	Available for Saudis and expats. Minimum salary SAR2,500, approved companies only, no guarantor required. Salary transfer required.	8001241222 www.alrajhibank.com.sa
Arab National Bank	Mubarak Finance	4.4% yearly	Up to 60 months	None	Salary transfer is a must. Shari'ah compliant	8001244141 www.anb.com.sa
Banque Saudi Fransi	Murabaha Finance	4.5% yearly	Up to 60 months	None	New cars only, salary transfer is a must. Shari'ah compliant, min. salary SAR5,000	8001240006 www.alfransi.com
National Commercial Bank	"Yatiek Khairha" Murabaha auto program Auto Loan	from 5% for Saudi nationals and 7% for expats 7.25% yearly (incl. insurance)	Up to 60 months Up to 60 months	None 10%	Salary transfer is a must. Shari'ah compliant. No guarantor, instant approval, possibility of deferral of payment during ramadan Min. salary SAR3,000, three months service with the current employer, can be purchased only from approved garages, maximum installment can't exceed more than 50% of the salary	8002441005 www.ncb.com.sa
Riyad Bank	Murabaha Finance	4.95-6.5% yearly with salary transfer otherwise 9.5%	Up to 60 months	None	No salary transfer required. No guarantor required	8001242020 www.riyadbank.com
Saudi British Bank	Murabaha Finance	6% yearly	12-84 months	None	Salary transfer is a must. No guarantor. Shari'ah compliant	8001248888 www.sabb.com.sa
Saudi Hollandi Bank	Sayarat Al Yusr	Starting from 3.99% for nationals and 5.49% for expats	Up to 60 months for nationals up to 48 months for expats	None	Shari'ah compliant.Salary transfer is a must. No guarantor required. Outstanding loan can be waived of in case of normal death of the borrower	8001242525 www.shb.com.sa

Auto Loan Criteria: Interest rate, interest-free credit, annual fee and value-added features.

Credit Cards

SAUDI ARABIA

PROVIDER	CARDS OFFERED	ANNUAL FEE (SAR)	INTEREST RATE - EXPRESS CASH	INTEREST RATE - PURCHASES	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Al Rajhi Bank	Visa/MasterCard - Gold/Silver	Silver-220 Gold-420	SAR36 per transaction	0%	45 days	Shari'ah compliant, photo sign card, special offers, Al Rajhi rewards programme, supplementary cards for dependents	1 460 3333 www.alrajhibank.com.sa
	Mini Visa	220	None	0%	45 days	Same as above	
AMEX	Blue/Gold/Platinum	Blue-200, Gold-400, Platinum-900	Blue/Gold 3% (SAR30) Platinum-3.5% (SAR40)	1.95%	25 days	Special offers for card members. For Blue "chip" Card, 1% cash back on purchases, free supplementary cards, travel benefits, online fraud guarantee and exclusive deals.	800 124 2229 www.americanexpress.com.sa
Arab National Bank	Al Mubarak (Silver-1) Visa/ MasterCard	Annual Fee (open portfolio only)-150 or SAR75/month as Management Fee	0%	0%	n/a	One time salary, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, 24 Hour Customer Helpline, Shari'ah-compliant	8001244040 www.anb.com.sa
	Al Mubarak (Silver-2) Visa/ MasterCard	Annual Fee (open portfolio only) - 250 or SAR130/ month as Management Fee	0%	0%	n/a	Two times salary, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, 24 Hour Customer Helpline, Shari'ah-compliant	
	Al Mubarak (Gold) Visa/ MasterCard	Annual Fee (open portfolio only)-350 or SAR180/month as Management Fee	0%	0%	n/a	Three times salary, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, 24 Hour Customer Helpline, Shari'ah-compliant	
	Al Arabi (Classic) Visa/ MasterCard	200	3.45% or SAR45	1.97%	51 Days	Payment Holiday Program, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, Balance Protection, Purchase Protection, Travel Insurance, 24 Hour Customer Helpline	
	Al Arabi (Gold) Visa/ MasterCard	350	3.45% or SAR45	1.97%	51 Days	Payment Holiday Program, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, Balance Protection, Purchase Protection, Travel Insurance, 24 Hour Customer Helpline	
	Al Arabi (Upscale Classic) Visa/ MasterCard	0	3.45% or SAR45	1.97%	51 Days	Payment Holiday Program, Cash on Demand, Ongoing Merchant Discounts, Supplementary Cards, Balance Protection, Purchase Protection, Travel Insurance, 24 Hour Customer Helpline	
	Al Arabi Internet Card MasterCard	Free for Credit Cards holders	n/a	n/a	n/a	Low credit limit, security, immediate replacement of lost and stolen cards, 24 Hour Customer Helpline	
Bank Aljazira	Visa Islamic Gold Card	Depends on status	SAR30 per transaction	0%	45 days	*Worldwide acceptance, cash advances and supplementary cards all available.	www.baj.com.sa
Banque Saudi Fransi	Visa / MasterCard (Silver)	150	3%	1.99%	25 days	Free emergency medical and legal referral services, purchase protection, lost luggage insurance and 100% cash advance available, plus supplementary cards available for SAR100, 1% cashbank.	8001240006 www.alfransi.com
	Visa / MasterCard (Gold)	300	3%	1.99%	25 days	Same as above. Additional 10% credit line available if specified limit is reached and customer has emergency requirements.	
	MasterCard (Platinum)	For VIP only	3%	1.99%	25 days	Same as above. exclusive benefits.	
National Commercial Bank	Visa- MasterCard Silver/Gold	Free for first year thereafter Silver-150 Gold-300	SAR50 per transaction	2%	45 days	Supplementary cards available, personal accident insurance, membership to rewards program and Internet card available, + membership to IAPA. 24 hour card replacement service and free damage and theft insurance.	8002443333 www.ncb.com.sa
	Al Tayseer	Silver -200 Gold-400	SAR30 per transaction	0%	45 days	Shari'ah compliant and is offered as part of Al Tayseer Investment package or separately.	
	Al-Fursan (Visa & MasterCard)	Free for first year thereafter Silver-300 Gold-400	SAR50 per transaction	2%	45 days	Personalised cards, supplementary cards available, membership to Saudi Airline Privilege program and Internet card available, plus membership to IAPA. And 24 hour card replacement service.	
Riyad Bank	Visa / MasterCard (Classic, Gold, Platinum)	Classic 115, Gold 225, Platinum700	3.5%	1.95%	45 days	Signature card, emergency Card replacement, for Platinum-Airport lounge Access, concierge/travel/ emergency medical services, legal referrals, free supplementary card and Internet card. All life free for the Golden service customers for Platinum cardsholders.	8001242020 www.riyadbank.com
	Islamic Card	75 monthly, 900 yearly	SAR75 per transaction	0%	45 days	Shari'ah compliant.	
Saudi British Bank	Visa & MasterCard Gold/Silver	Gold-350 Silver-225	Minimum SAR 50 or 3.5%	1.97%	Avg 45 days	Free travel and purchase protection insurance, bonus points program (ICSABB), free supplementary cards, 24 hour card replacement service, access to statement details via Internet, photocard and signature for extra security	8001248888 www.sabb.com.sa
	Al Amanah	350	Cash not permitted	0%	Avg 45 days	Shari'ah compliant, cash advance facility up to 60% credit limit	
	Visa Internet card	Free	Cash not permitted	1.97%	Avg 45 days	Issued only to credit card holders, secure for online purchases.	
SAMBA	VISA - MasterCard Silver	150	SAR45 per transaction	1.95%	21 days	Supplementary cards available, membership to Bonanza Privilege program and Internet card available, plus membership to IAPA. And 24 hour card replacement service.	8001241010 www.samba.com.sa
	VISA - MasterCard Gold	300	SAR45 per transaction	1.95%	21 days	Same as above	
	(VISA - MasterCard) Sony/Silver-Mamlaka	150	SAR45 per transaction	1.95%	21 days	Same as above plus Sony product purchase points program with benefits and discounts.	
	(VISA - MasterCard) Sonly/Gold-Mamlaka	300	SAR45 per transaction	1.95%	21 days	Same as above. Plus Purchase Points Program benefits & discounts of Al Mamlaka Shopping Arcade in Kingdom Tower.	
	Al Khair Visa - MasterCard Silver	150	0%	0%	n/a	*Supplementary cards available at half the price of first card, membership to Bonanza Privilege program and 24 hour card replacement service. Is Shari'ah compliant.	
	Al Khair Visa - MasterCard Gold	300	0%	0%	n/a	*Same as above. Is Shari'ah compliant.	
Saudi Hollandi Bank	Smart Visa classic	175	3.5% min 45	0%	45 days	Free supplementary cards, Smart rewards, discounts, free 72 hour card replacement service, and is the Kingdom's first Smart chip credit card.	8001242525 www.shb.com.sa
	Smart Visa Gold	350	3.5% min 45	0%	45 days	Same as above.	
Credit Card criteria: Interest rate, interest-free credit, annual fee and value added features. *Shari'ah compliant.							

Personal Loans

QATAR

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (QAR)	MIN. SALARY (QAR)	PAYMENT TERMS	CONTACT
Ahli Bank	Personal Loan for nationals Expat Loan	Fixed rate: 6-9.5% Fixed rate: 9.5%	Up to 70 times monthly salary Up to 32 times monthly salary	3,000 5,000	Up to 18 years Up to 60 months	4324327 www.ahlibank.com.qa
Arab Bank	Personal Loan	9.99% fixed rate	Up to 80 times monthly salary for nationals	3,500	Up to 216 months for nationals	4387777 www.arabbank.com.qa
Commercial Bank of Qatar	Personal Loan	Starting from 9.75%	Up to 20 times monthly salary	4,000	Up to 60 months	4490000 www.cbq.com.qa
Doha Bank	Personal Loan	Fixed rate: 9.99%	Up to 250,000	1,500	Up to 60 months	4456000 www.dohabank.com.qa
HSBC Bank Middle East	Personal Loan Special loan for nationals	9.75%, depends on the company	Depends on salary	3,000 10,000	Up to 96 months for nationals, up to 72 months for expats	4382100 www.qatar.hsbc.com
MashreqBank	Al Hal Loan for nationals Personal Loan for expats	Al Hal loan 9.75% Starts at 4% (depends on the status)	Up to 50 times monthly salary Up to 450,000	4,000 3,000	120 months for nationals Up to 60 months for expats	4418880 www.mashreqbank.com
Qatar National Bank	Personal loan	Fixed rate: 10.25% for expats 9.99% for nationals	Up to 350,000	2,000	Up to 240 months for nationals and 60 months for expats	4407777 www.qnb.com.qa
Standard Chartered	Personal Loan	Fixed rate: 8.99%	Up to 500,000 for nationals, 200,000 for expats	3,000	Up to 84 months for nationals, up to 60 months for expats	4658555 www.standardchartered.com/qa

Credit cards

QATAR

PROVIDER	CARDS OFFERED	ANNUAL FEE (QAR)	MIN. SALARY (QAR)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	CONTACT
Ahli Bank	Visa (Classic, Gold) MasterCard (Standard, Gold)	Free for the first year	3,000	1.75% on purchases, 2% on cash withdrawals	30 days	4324327
Arab Bank	Visa (Silver, Gold), Internet Shopping card	Silver – 200, Gold – 300	Silver - 3,500, Gold - 5,000	1.75% on purchases, 4% on cash withdrawals	45 days	4387878
Commercial Bank of Qatar	Visa/MasterCard (Classic, Gold), WOW Visa Platinum, Diners	WOW – free, Classic – 200, Gold – 400, Platinum – 500 Diners - 500	Classic - 4,000, Gold - 7,000, Platinum/Diners - 15,000, WOW account holders only	2% for all cards, WOW 2.25% on purchases, 4% for Diners and 4.5% for all cards on cash withdrawals	45 days	4490000
Doha Bank	Visa/MasterCard Dreamcard (Classic, Platinum)	Free for life	Classic - 2,000, Platinum - 25,000	1.75% on purchases, 4.5% on cash withdrawals	28 days	4456000
HSBC Bank Middle East	Visa/MasterCard (Classic, Gold) Visa Platinum In-site Virtual MasterCard	Classic – 200, Gold – 300, Platinum – 450, In-site – 50	Classic and In-site - 2,000, Gold - 7,000, Platinum - 12,000	Classic 2%, Gold 1.9%, Platinum 1.8%, in-site 1.75% on purchases and 4.5% on cash withdrawals	56 days	4382100
Mashreqbank	MasterCard/Visa (Classic, Gold)	Classic – 150, Gold - 200	Classic - 2,000, Gold - 6,000	2.49%, on purchases, 2.75% on cash withdrawals	55 days	4418880
Qatar National Bank	Visa/MasterCard (Standard, Gold) MasterCard Platinum, Qatar Airways co-branded MasterCard (Standard, Gold, Platinum), MasterCard E-Card	Free for first year, thereafter, Standard 200, Gold 300, Platinum 400, E-card for credit card holders 15	Standard 2,000 for account holders otherwise 5,000, Gold - 6,000, Platinum - 12,000 -	2% on purchases, 4.5% on cash withdrawals	45 days	4407777
Standard Chartered	Visa (Classic, Gold) MasterCard (Standard, Gold)	Visa: Classic/Standard – 250, Gold – 500	3,000 (Salary must be transferred)	2.25% on purchases (Classic and Standard), 2% (Gold cards) 4.5% on cash withdrawals	50 days	4658555

Home Contents Insurance

QATAR

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (QAR)	EXCESS (QAR)	COVER (QAR)	COVER INCLUDES	CONTACT DETAILS
AXA Insurance Home Comfort	250	250	50,000	Household contents, personal belongings and legal liability in the GCC countries up to QAR250,000 plus free additional benefits like tenants' liability, valuables, new for old, alternative accommodation, temporary removal, locks replacement, frozen food, money, visitor's personal effects, domestic helper's personal effects, mirrors and glass; optional coverage includes worldwide cover, domestic helpers, loss of passport/ driving license/residence and work permits	+973 17 210 778 www.axa-gulf.com
Qatar General Insurance and Reinsurance Company Household Comprehensive Insurance	200	500 for each and every loss	50,000	Cover against fire, lightning, explosion, earthquake, volcanic eruption, subterranean fire, aircraft damage, bursting or overflowing of water tanks or pipes or heating apparatus, burglary house breaking and impact by road vehicle; Jewelry up to QAR4,000	+974 428 2222 qgirc-tec@qatar.net.qa
Qatar Insurance Company HomeCare Household Insurance	500 650 750 750 + 0.50%	250	50,000 (minimum per policy) 75,000 100,000 Above 100,000	Household possessions against damage or theft ; all platinum, gold and silver articles, jewelry and furs will be limited to 20 per cent of the total sum insured on contents; option for risk extension cover to insure valuable items while traveling locally or internationally (rates for above QAR100,000: Qatar - 2.5 per cent and worldwide - 4 per cent on the value)	+974 449 0476 www.qatarinsurance.com onestop@qic.com.qa
Qatar Islamic Insurance Company Household Comprehensive	500 to 700	250	50,000	Cover against fire, burglary, allied perils; extra charge for jewelry and personal belongings, covered in Qatar home only	+974 465 8880 www.qiic.net

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during August 2007. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY*works*** recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Medical Insurance

QATAR

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (QR)	EXCESS	COVER	COVER INCLUDES	CONTACT
AXA Insurance *In reference to ages 0-10, cheaper premium for ages 11-20 by up to 500 depending on plan	**Global Area 1:** From 10,801 (ages 11-21) to 29,098 up to age 65. **Global Area 2:** From 3,638 (ages 11-21) to 9,541 up to age 65. **Regional Plus:** From 2,078 (ages 11-21) to 5,433 up to age 65. **Regional:** From 1,787 (ages 11-21) to 4,673 up to age 65		**Global Area 1:** QAR5 million **Global Area 2:** QAR2.5 million **Regional Plus:** QAR1 million **Regional:** QAR500,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide excluding USA , Singapore, Japan, Hong Kong & Switzerland **Regional Plus:** Regional cover plus India, Pakistan, Sri Lanka, Bangladesh, Korea, the Philippines, Indonesia, Nepal & Bhutan **Regional: AGCC:** Arabian Gulf Cooperation Council member countries being Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman	+973 17 210 778 www.axa-gulf.com
Qatar General Insurance and Reinsurance Company Interglobal Healthcare Plan MedicalCare Health Insurance Plan	**Interglobal Healthcare Plan** **Ultracare Plus:** From 3,298 (child) to 107,663 up to ages 70-74 **Ultracare Comprehensive:** From 2,565 (child) to 87,710 up to ages 70-74 **Ultracare Select:** From 2,341 (child) to 79,599 up to ages 70-74 **Ultracare Standard:** From 1,616 (child) to 55,211 up to ages 70-74 **MedicalCare Health Insurance Plan** (up to 65 years old only) In-patient treatment: 399, In-patient and out-patient treatment: 899	**Interglobal Healthcare Plan** Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500 **MedicalCare Health Insurance Plan** In-patient treatment: 10% of claim amount for each and every claim Out-patient treatment: QAR25 per visit	**Interglobal Healthcare Plan** **Ultracare Plus:** US$3.4 million Ultracare **Comprehensive:** US$1.7 million **Ultracare Select:** US$1,275,000 **Ultracare Standard:** US$850,000 **MedicalCare Health Insurance Plan** In-patient: QAR100,000 Out-patient: QAR50,000	**Interglobal Healthcare Plan** *With optional coverage of Australia and New Zealand, Europe, Worldwide not including the USA or Worldwide. **Ultracare Plus:** Extended in and out-patient benefits, 45 days emergency coverage outside chosen area, dental coverage. **Ultracare Comprehensive:** In and out-patient benefits, 45 days emergency coverage outside of chosen area. **Ultracare Select:** In-patient benefits. **Ultracare Standard:** Limited out-patient benefits, 30 days emergency coverage outside of chosen area **MedicalCare Health Insurance Plan** (selected hospitals and clinics in Qatar) **In-patient treatment:** Hospital accommodation, surgical, medical and nursing, services and supplies, private room and board, ambulance services. **Out-patient treatment:** Consultation (general medicine, pediatric, obstetrics and gynecology, ophthalmology and dermatology), lab tests, x-ray and ECG diagnostics, prescribed drugs and medicines. **Optional:** Worldwide coverage in case of emergency excluding Canada and USA while on trip not exceeding 30 days and treatment in home country excluding Canada and USA up to QAR25,000	+974 428 2222
Qatar Islamic Insurance Company	**Balsam Gold:** From 3,826 (child) to 7,699 up to age 60. **Balsam Silver:** From 2,114 (child) to 4,199 up to age 60. **Ordinary Balsam:** From 1,067 (child) to 2,118 up to age 60	50 per out-patient consultation	**Ordinary Balsam:** QAR100,000 **Balsam Silver:** QAR300,000 **Balsam Gold:** QAR500,000	**Ordinary Balsam:** Qatar **Balsam Silver:** Worldwide excluding Europe, USA and Canada **Balsam Gold:** Worldwide excluding USA and Canada	+974 4413 413 www.qiic.net qiic@qatar.net.qa

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Covers specified are those deemed to be significant only as point of comparison among the plans. Other insurance companies offer the same plans as above. For example, Doha Insurance also offers the Interglobal Healthcare Plan. You may contact them at +974 433 5000. The annual premiums listed are simply an overview of how much an individual has to pay for an insurance plan for various age ranges. Discounts are available for those who would like to purchase plans by groups or companies. Premium rates quoted in US$ are converted to QAR using the 3.68 conversion rate for consistency purposes. Please contact the insurance providers for more information.

Personal Loans — BAHRAIN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (BHD)	MIN. SALARY (BHD)	PAYMENT TERMS	CONTACT
Ahli United Bank	Consumer Loan	Reducing balance rate: 10-10.25%	Up to 22 times monthly salary	300	Up to 72 months	17221999
Bahrain Credit	Personal Loan for nationals only	Reducing balance rate: 12%	Up to 30 times monthly salary (maximum 30,000)	350	Up to 84 months	17787225
Bahraini Saudi Bank	Personal Loan	Reducing balance rate starts at 9.90% (depends on salary)	Up to 40,000	200	Up to 84 months	17578888
Bank of Bahrain and Kuwait	Consumer Loan	Reducing balance rate: 8.5-10.25%	Up to 50,000	200	Up to 84 months for nationals, 60 months for expats	17207777
Citibank	Personal Loan Personal Installment Loan (PIL) - without salary transfer	Reducing balance rate: 11%, for PIL 25% reducing balance rate	Up to 15,000, depends on salary	300 300	Up to 72 months Up to 48 months	17582484
HSBC Bank Middle East	Personal Loan	Reducing balance rate: 9.5 – 12%. Depends on company status	Up to 40,000 for nationals, up to 20,000 for expats	200	Up to 84 months for nationals Up to 60 months for expats	1756999
National Bank of Bahrain	Personal Loan	Reducing balance rate: 6.75% for nationals, starts at 9.5% for expats	Up to 51 times monthly salary for nationals Up to 10 times monthly salary for espats	200 for nationals 400 for expats	Up to 84 months for nationals, up to 60 months for expats	17214433
Shamil Bank	Personal Finance (Tamweel Al-Shamil)	Fixed rate: starts at 4.39%	Up to 100,000	200	Up to 84 months	17878777
Standard Chartered	Personal Loan	Fixed rate: starts at 4%	Up to 38 times monthly salary for nationals, up to 16 times monthly salary for expats	200	Up to 84 months	Toll free: 80001802

Credit Cards — BAHRAIN

PROVIDER	CARDS OFFERED	ANNUAL FEE (BHD)	MIN. SALARY (BHD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	CONTACT
Ahli United Bank	Visa/MasterCard (Standard, Gold)	Free for the first year	Standard - 250, Gold - 400	Standard/Gold – 2% on purchases, 4% on cash withdrawals	45 days	17221999
Bahraini Saudi Bank	Visa (Classic, Gold)	Free for life	Classic - 550, Gold - 800	1.62% with account, 2.74% without account on purchases, 4% on cash withdrawals	52 days	17578999
Bank of Bahrain and Kuwait	CrediMax Visa/MasterCard/ JCB (Classic, Gold)	Free for life	Classic - 300, Gold - 700	1.85% on purchases, 3% on cash withdrawals	25 days	17207777
Citibank	Visa/MasterCard (Silver, Gold) Emirates-Citibank card (Silver, Gold)	Visa/MasterCard: Silver – 25, Gold – 50, Emirates-Citibank card: Silver – 30, Gold - 55	Silver - 300, Gold - 800	Visa/MasterCard – 2.39% Emirates-Citibank card – 2.49% on purchases, 4% on cash withdrawals	52 days	17582484
HSBC Bank Middle East	Visa/MasterCard (Classic, Gold), MasterCard In-site virtual, Premier MasterCard	Classic – 20; Gold – 30; In-site – 10; Premier free	Classic without salary transfer - 400, Classic with salary transfer - 400 for locals and 500 for expats, Gold - 750, In-site - 250	Classic – 2.25%; Gold – 2%; In-site – 2.25%; Premier - 1.75% on purchases, 4% on cash withdrawals	56 days	17569999
National Bank of Bahrain	Visa (Standard, Gold) MasterCard (Classic, Gold)	Free for the first year	200	1.67% on purchases. 4% on cash withdrawals	21 days	17214433
Shamil Bank	Al-Rubban MasterCard (Classic, Gold)	Classic – 15; Gold – 25	300	One-off fee on garantee of 6.5% or 0.6% per month on purchases, US$10 on cash withdrawals	51 days	17878777
Standard Chartered	MasterCard/Visa (Classic, Gold)	With salary transfer Classic 10, Gold 25, otherwise 20 and 60	Classic - 200, Gold - 800	Classic 2.25% with salary transfer, otherwise 2.95% - Gold 1.7% with salary transfer, otherwise 2% on purchases, 5% on cash withdrawals	50 days	Toll free: 80001802

Home Contents Insurance — BAHRAIN

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (BHD)	EXCESS (BHD)	COVER (BHD)	COVER INCLUDES	CONTACT DETAILS
Saudi National Insurance Company BSC	Minimum 20	100 for every claim	5,000	Household contents against theft, perils, etc.; furniture – 20 per cent of actual market value, jewelry up to BHD5,000 as long as they are in a safe	+973 17 563 377
AXA Insurance Home Comfort	25	25	5,000	Household contents, personal belongings and legal liability in the GCC countries up to BHD25,000 plus free additional benefits like tenants' liability, valuables, new for old, alternative accommodation, temporary removal, locks replacement, frozen food, money, visitor's personal effects, domestic helper's personal effects, mirrors and glass; excludes jewelry and personal belongings; optional coverage includes worldwide cover, domestic helpers, loss of passport/driving license/residence and work permits	+973 17 588 222 www.axa-gulf.com
Arabia Insurance Householders Insurance	23-25	250 per claim	5,000	Full value of household goods and personal effects excluding valuables such as jewelry, furs, cameras and accessories; losses against fire, lightning, burglary and all other allied perils	+973 17 211 174 www.arabiainsurance.com aicbn@batelco.com.bh
Royal & Sun Alliance Insurance Homeshield Insurance	Minimum 25-35, depends on policy	50-100	5,000	Contents while in your home only including fire, theft, (by forcible means), flood, storm/hail, leakage of any water apparatus, impact damage; excludes riot, strike, malicious damage, sabotage and terrorism; extra damage cover includes sum insured excluding valuables, valuables (gold, silver, jewelry, works of art, carpets/rugs, coin/stamp or medal collections, curios), landlords furnishings; optional covers include personal possessions while outside your home in Bahrain and/or worldwide (loss or damage by fire or theft and accidental loss or damage to personal belongings such as jewelry, watches, cameras, binoculars and musical/sports equipment etc.) and small boats (accidental loss or damage to your boat and third party liability up to BHD50,000)	+973 17 581 661 www.royalsunalliance.com
Bahrain Kuwait Insurance Company Homeowners Insurance	Minimum 35	250 per condition	5,000	Cover against fire, domestic explosion, aircraft, earthquake or volcanic eruption, storm and tempest, flood, escape of water from any tank, apparatus or pipes, impact by any road vehicle or animal, theft, breakage of fixed glass and sanitary fixtures; can be taken only if you are a tenant in a building or an apartment, extra charge for jewellery, which should be kept in a safe.	+973 17 875 021 www.bkic.com info@bkic.com
Takaful Insurance Home Owners / Householders Takaful Scheme	Minimum 20	100	5,000	Cover against losses due to fire and perils such as storm, theft, flood, earthquakes, escape of water from fixed tanks, apparatus or pipes, impact damage, accidental damages to certain specified household items (TV, fixed glass, sanitary fittings etc); Jewelry in locked safe and personal effects have extra charge	+973 1756 5656 www.takafulweb.com
Protection Insurance Services W.L.L .	30	50	5,000	Cover against fire, theft, water; Insured jewelry should be in a safe	+973 1721 1700 www.alhimaya.com
Bahrain National Insurance	25	250 for each and every loss	5,000	Cover against fire, special perils and theft for furniture, electrical appliances, electronic equipment, decorative items, personal belongings, watches and jewelry as long as kept in a locked safe	+973 1758 7333 www.bnhgroup.com bnl@bnhgroup.com

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Medical Insurance — BAHRAIN

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (BHD)	EXCESS	COVER	COVER INCLUDES	CONTACT
Royal & Sun Alliance Insurance	**Almas:** From 275 (child) to 1,042 up to age 65 **Dana:** From 148 (child) to 582 up to age 65 **Delmon:** From 141 (child) to 564 up to age 65	BHD5 per hospital consultation	Almas: BHD50,000 Dana: BHD25,000 Delmon: BHD10,000	**Almas:** Worldwide Excluding USA and Canada, travel worldwide **Dana:** Bahrain, Arab countries, Southeast Asia, travel worldwide **Delmon:** Bahrain, Southeast Asia, travel worldwide	+973 1758 1661 www.royalsunalliance.com *Plans also offered by: Saudi National Insurance Company BSC +973 1756 3377
Fakhro Insurance Services W.L.L. - International Health Insurance (IHI)	*Ages 0-9 has no premium **Hospital Plan:** From 847 (ages 10-25) to 1,631 up to age 60+	None, US$400, US$1,600, US$5,000 or US$10,000	Hospital Plan: US$1.8 million	**Hospital Plan:** comprehensive inpatient cover (hospitalisation expenses such as hospital ser vices, childbirth, organ transplant, rehabilitation and emergency room treatment) with optional modules such as non-hospitalisation benefits (US$35,000), medicine and appliances (US$2,500), medical evacuation and repatriation, dental (US$5,000) and optical (US$7,500) covers	+973 1727 5000 www.fakhro.com www.ihi.com
Interglobal Healthcare Plan	**Ultracare Plus:** From 332 (child) to 10,825 up to ages 70-74 **Ultracare Comprehensive:** From 258 (child) to 8,819 up to ages 70-74 **Ultracare Select:** From 235 (child) to 8,003 up to ages 70-74 **Ultracare Standard:** From 162 (child) to 5,551 up to ages 70-74	Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500	**Ultracare Plus:** US$3.4 million Ultracare **Comprehensive:** US$1.7 million **Ultracare Select:** US$1,275,000 **Ultracare Standard:** US$850,000	*With optional coverage of Australia and New Zealand, Europe, Worldwide not including the USA or Worldwide **Ultracare Plus:** Extended in and out-patient benefits, 45 days emergency coverage outside chosen area, dental coverage **Ultracare Comprehensive:** In and out-patient benefits, 45 days emergency coverage outside of chosen area **Ultracare Select:** In-patient benefits **Ultracare Standard:** Limited out-patient benefits, 30 days emergency coverage outside of chosen area	Protection Insurance Services W.L.L . +973 1721 1700 www.alhimaya.com www.interglobalpmi.com **Bahrain National Life** +973 1758 7333 www.bnhgroup.com bnl@bnhgroup.com
AXA Insurance	* In reference to ages 0-10, cheaper premium for ages 11-20 by up to 50 depending on plan **Global Area 1:** From 1,080 (ages 11-21) to 2,909 up to ages 60-65 **Global Area 2:** From 363 (ages 11-21) to 954 up to ages 60-65 **Regional Plus:** From 207 (ages 11-21) to 543 up to ages 60-65 **Regional:** From 179 (ages 11-21) to 467 up to ages 60-65		**Global Area 1:** BHD500,000 **Global Area 2:** BHD250,000 **Regional Plus:** BHD100,000 **Regional:** BHD50,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide excluding USA , Singapore, Japan, Hong Kong & Switzerland **Regional Plus:** Regional cover plus India, Pakistan, Sri Lanka, Bangladesh, Korea, the Philippines, Indonesia, Nepal & Bhutan **Regional:** AGCC: Arabian Gulf Cooperation Council member countries being Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman	+973 17 210 778 www.axa-gulf.com
Bahrain Kuwait Insurance Company	**Shefa'a Gold:** From 520 (child) to 1,636 up to ages 60-65 **Shefa'a Max:** From 305 (child) to 957 up to ages 60-65 **Shefa'a Plus:** From 190 (child) to 598 up to ages 60-65 **Shefa'a:** From 44 (child) to 141 up to ages 60-65		Shefa'a Gold: BHD50,000 Shefa'a Max: BHD35,000 Shefa'a Plus: BHD10,000 Shefa'a: BHD10,000	**Shefa'a Gold:** In-patient and out-patient treatment, family doctor treatment, prescription medication , home nursing, maternity, dental and optical treatment; Elective treatment worldwide except Canada or USA **Shefa'a Max:** Out-patient consultations, diagnostic tests and in-patient hospital treatment; Elective treatment worldwide except in Europe, Canada or USA **Shefa'a Plus:** In-patient and daycare treatment as well as out-patient consultations in Bahrain **Shefa'a:** In-patient and daycare treatment in Bahrain	+973 1753 1555 www.bkic.com info@bkic.com

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Covers specified are those deemed to be significant only as point of comparison among the plans. The annual premiums listed are simply an overview of how much an individual has to pay for an insurance plan for various age ranges. Discounts are available for those who would like to purchase plans by groups or companies. Premium rates quoted in US$ are converted to BHD using the 0.37 conversion rate for consistency purposes. Please contact the insurance providers for more information.

Personal Loans — KUWAIT

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (KWD)	MIN. SALARY (KWD)	PAYMENT TERMS	CONTACT
Bank of Kuwait and Middle East	Consumer Loan	6.25%	Up to 15,000	250	Up to 72 months	812000
Burgan Bank	Consumer Loan	6.25%	Up to 15,000	200	Up to 60 months	804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	10.25% 6.25%	Up to 70,000 minimum 10,000 Up to 15,000 or 15 times salary, whichever is less	350 150	Up to 180 months Up to 60 months	888225 www.cbk.com
Gulf Bank	Consumer Loan Al Afdal Loan for Nationals	6.25%	Up to 15 times salary maximum 15,000 Up to 50 Times salary maximum 70,000	250 350 for nationals	Up to 60 months Up to 180 months	805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	6.25%	Up to 15,000	250 for nationals, 600 for expatriates	Up to 60 months	801801 www.nbk.com

Credit cards — KUWAIT

PROVIDER	CARDS OFFERED	ANNUAL FEE (KWD)	MIN. SALARY (KWD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Bank of Kuwait and Middle East	Visa/MasterCard (Standard, Gold) Visa Platinum, MasterCard CyberSmart Card	Free for the first year, afterwards Standard 25, Gold 40, Platinum 75, CyberSmart 5	With salary transfer: Standard 250, Gold 700; otherwise Standard 300, Gold 750; Platinum 1,000	1.25% on purchases, 5% on cash withdrawals	32 days	Discounts on airline tickets purchased with your card, global purchase protection worth US$10,000 annually, travel insurance, free auto assist, travel services, discounts of up to 40% at select retail outlets	812000
Burgan Bank	Visa/MasterCard (Classic, Gold)	Free for first year, afterwards Classic 20, Gold 30	Classic – 200, Gold – 500	N/A on purchases, 4% on cash withdrawals	35 days	Photo-sign card, online banking, can earn rewards, discounts and promotions every time card is used	804080
Commercial Bank of Kuwait	Visa Classic, MasterCard (Classic, Gold, Platinum), StarNet Card	Classic – 15, Gold – 25, Platinum – 35, StarNet Card 10	Classic – 200, Gold – 550, Platinum – 750, StarNet card 150	1.23% on purchases, 4% on cash withdrawals, 5% on other banks	35 days	Emergency funds if card is lost or stolen, ongoing promotions for prizes, travel benefits, STAR assist insurance coverage	888225
Gulf Bank	Visa/MasterCard (Classic, Gold) MasterCard Platinum, MTC Co-branded MasterCard (Classic, Gold)	Free for the first year, thereafter, Classic 25, Gold 40, Platinum 40	Classic – 350, Gold – 1,000, Platinum – 1,750	1.3% on purchases, 4% on cash withdrawals, 5% on other banks	30 days	Photo card option, 24hr card replacement, discounted supplementary card, discounts at select retail outlets, MTC CO-branded Card - 3-5% discount of monthly mobile bills and Free International roaming service	805805
National Bank of Kuwait	MasterCard/Visa (Classic, Gold, Platinum), Visa Internet Shopping card	Classic 30, Gold 40, Internet Shopping Card 5	Classic – 250, Gold – 600, Platinum – invitation only	1.2% on purchases, 4% on cash withdrawals	32 days	Photo card option, free travel insurance if tickets are purchased with card, promo - apply for 2 cards and pay full fee for first card and half fee on second card	801801

Disclaimer: This table is meant ONLY as a guide and is not intended as a recommendation of a particular personal loan provider. The table was thoroughly checked for accuracy with each provider called individually for information during August 2007 and was correct at the time of going to press. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to 04 391-2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres. Note: Many banks operating in the GCC require you be an account holder before approving personal loan applications. In many cases a salary transfer is compulsory and, where not possible, an assignment letter of salary and benefits may also be necessary. For further information, check with your chosen bank/provider direct. Don't forget to watch out for special deals available.

Medical Insurance — UAE

PROVIDER	STANDARD ANNUAL PREMIUM (AED)	EXCESS	COVER	COVER INCLUDES	CONTACT
AXA/Norwich Union Insurance (Gulf) BSC(c)	* In ref. to ages 0-10, cheaper premium for ages 11-20 by up to AED500 depending on plan **Global Area 1:** From 10,801 (11-21) to 29,098 up to ages 60-65, **Global Area 2:** From 3,638 (ages 11-21) to 9,541 up to ages 60-65, **Regional Plus:** From 2,078 (ages 11-21) to 5,433 up to ages 60-65, **Regional:** From 1,787 (ages 11-21) to 4,673 up to ages 60-65		**Global Area1:** AED5million **Global Area2:** AED2.5 million **Regional Plus:** AED1 million **Regional:** AED500,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide exc. USA, Singapore, Japan, Hong Kong, Switzerland **Regional Plus:** AGCC countries, major trading nations of the Indian subcontinent and South East Asia **Regional:** Close to home (India, Pakistan, Sri Lanka, Bangladesh, Korea, Philippines, Indonesia, Nepal, Bhutan) * Additional benefits for Global and Regional Plans	Toll free: 800 4845 www.axa-gulf.com
Alliance Insurance (P.S.C.)	*With deductibles **Global Area 1:** From 4,561 (ages 0-17) to 18,428 up to age 65 **Global Area 2:** From 3,071 (0-17) to 12,270 up to ages 61-65 **Global Area 3:** From 2,048 (0-17) to 7,045 up to ages 61-65 **Regional Plus:** From 1,782 (0-17) to 6,675 up to ages 61-65 **Regional:** From 1,752 (0-17) to 6,464 up to ages 61-65	Deductibles of: **Global Area 1:** AED200/150, **Global Area 2:** AED200/150/100, **Global Area 3:** AED150/100/75, **Regional Plus and Regional:** AED150/100/75/50	**Global Area 1:** AED1 million **Global Area 2:** AED1 million **Global Area 3:** AED1 million **Regional Plus:** VIP: AED1 million A: AED500,000, B: AED250,000 **Regional:** VIP: AED300,000 A: AED150,000, B: AED75,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide exc. USA and Canada **Global Area 3:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Regional Plus:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Regional:** UAE	04 605 1111 alliance@alliance-uae.com www.alliance-uae.com
BUPA International	**Essential:** From 2,598 (ages 0-15) to 33,650 up to age 82-120, **Classic:** From 3,743 (ages 0-15) to 46,707 up to age 82-120, **Gold:** From 4,725 (ages 0-15) to 59,380 up to age 82-120	Options of US$160/ US$400/US$800/ US$1,600	**Essential:** US$900,000 **Classic:** US$1.2 million **Gold:** US$1.6 million	**Essential:** Hospital treatment as in/day-care patient **Classic:** Plus specialist medical treatment **Gold:** Plus home nursing, accidental dentistry, preventative health checks * All plans exc. USA	04 331 8688 info@bupa-intl.com www.bupa-intl.com
Goodhealth Worldwide	**Major Medical Plan:** From 1,921 (ages 0-17) to 11,298 up to age 64 **Foundation Plan:** From 4,037 (ages 0-17) to 23,673 up to age 64 **Lifestyle Plan:** From 4,663 (ages 0-17) to 29,634 up to age 64 **Lifestyle Plus Plan:** From 5,892 (ages 0-17) to 34,577 up to age 64	**Major**: Nil, 1,000/5,000 **Foundation**: Nil, 50/100/250/500/ 1,000/2,000/ 5,000 **Lifestyle**: Nil, 50/100/250 **Lifestyle Plus**: Nil, 50/100/250	**Major Medical Plan:** US$1.6 million **Foundation Plan:** US$1.6 million **Lifestyle Plan:** US$1.6 million **Lifestyle Plus Plan:** US$1.6 million	**Major Medical Plan:** Psychiatric treatment, complications of pregnancy, emergency transportation, evacuation and additional travel expenses, mortal remains, AIDS, reconstructive surgery, home nursing **Foundation Plan:** Plus traditional Chinese medicine, hormone replacement therapy **Lifestyle Plan:** Plus evacuation extension to the country of your choice **Lifestyle Plus Plan:** Plus routine and major restorative dental treatment, pregnancy and childbirth	04 324 0040 enquiries@goodhealth.ae www.goodhealthworldwide.com
InterGlobal Limited (Middle East)	*Depends on area of cover (your country of residence and home country if you require the option of returning to your home country for treatment): Europe, Worldwide excluding/ including USA, Australia and New Zealand **Plus:** From 3,298 (Child) to 107,662 up to ages 70-74 **Comprehensive:** From 2,565 (Child) to 87,709 up to ages 70-74 **Select:** From 2,340 (Child) to 79,598 up to ages 70-74 **Standard:** From 1,616 (Child) to 55,211 up to ages 70-74	Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500	**Plus:** US$3.4 million **Comprehensive:** US$1.7 million **Select:** US$1,275,000 **Standard:** US$850,000	**Plus:** Psychiatric treatment, wellness benefit, emergency medical treatment outside area of cover **Comprehensive:** Compassionate emergency visit **Select:** Compassionate emergency visit, emergency medical treatment outside area of cover **Standard:** In-patient and day care treatment, emergency local ambulance	04 272 5505 info@interglobal.ae www.interglobalpmi.com
National General Insurance Co. PSC	*Higher premium for females than males except for ages 1-16, which have same rate **Emirates Plan:** From 1,603 (1-16) to 3,018 up to age 55 **Emirates Plus Plan:** From 1,775 (1-16) to 3,353 up to age 55 **International Plan:** From 1,978 (1-16) to 5,780 up to age 55 **Global Plan:** From 2,750 (1-16) to 9,741 up to age 55	AED40-75 on medical services	**Emirates Plan:** AED100,000 **Emirates Plus Plan:** AED250,000 **International Plan:** AED1 million **Global Plan:** AED2 million	**Emirates Plan:** UAE **Emirates Plus Plan:** UAE and up to 45 days per annum in Middle East, India, Bangladesh, Pakistan, Sri Lanka, Singapore, Philippines and Malaysia **International Plan:** UAE and up to 60 days per annum while traveling worldwide exc. USA, Canada and the Caribbean **Global Plan:** UAE and up to 60 days per annum while traveling worldwide *Additional benefits for International and Global plans	04 222 2772 www.ngi.ae
National Health Insurance Company – Daman	**Basic (Abu Dhabi Plan):** For less than AED4,000 or AED 3000 plus accommodation monthly salary – fixed premium AED600 Enhanced (UAE, Regional, International, Global Plans): **UAE:** from 1,400 (ages 1-15) to 8,000 up to ages 66-99; **Regional:** from 1,700 (ages1-15) to 9,500 up to ages 66-99; **International:** from 2,200 (ages 1-15) to 13,000 up to ages 66-99; **Global:** from 4,000 (ages 1-15) to 29,000 up to ages 66-99 For more than AED4,000 monthly salary – premium is quoted per individual depending on age, gender, health conditions, preferred health benefits (e.g. maternity AED1,800/ dental AED300/ etc.)		**Abu Dhabi Plan In & Out-Patient:** AED250,000 **UAE Plan In & Out- Patient:** AED250,000 **Regional Plan:** AED500,000 **International Plan:** AED2.5 million **Global Plan:** AED5 million	**Abu Dhabi Plan In & Out- Patient:** Abu Dhabi and life-threatening emergency outside Abu Dhabi at public providers only **UAE Plan In & Out- Patient:** Life-threatening outside UAE, emergency cover in Arab Countries, India, Sri Lanka, Pakistan, Bangladesh, Philippines (Blue Collar Home Country) **Regional Plan:** UAE, Arab Countries, Iran, Afghanistan, India, Pakistan, Bangladesh, Philippines (Blue Collar Home Country), life-threatening emergency worldwide **International Plan:** UAE, Europe, Arab Countries, Iran, Afghanistan, India, Pakistan, Bangladesh, Philippines (Blue Collar Home Country), life-threatening emergency worldwide **Global Plan:** Worldwide, life-threatening emergency worldwide	800 4 DAMAN (800 4 32626) www.damanhealth.ae
Oman Insurance Company	*In ref. to ages 14 days to 30 years, lower premium for ages 18-25 by up to AED300 depending on plan **Plan 1:** From 1,470 (14 days-45 years) to 2,980 up to age 60 **Plan 2:** From 2,170 (14 days-45 years) to 4,380 up to age 60 **Plan 3:** From 2,350 (14 days-45 years) to 4,730 up to age 60 **Plan 4:** From 3,630 (14 days-45 years) to 7,290 up to age 60 **Plan 5:** From 4,180 (14 days-45 years) to 8,400 up to age 60 **Plan 6:** From 3,800 (14 days-45 years) to 7,650 up to age 60 **Plan 7:** From 4,390 (14 days-45 years) to 8,810 up to age 60	AED25 deductible on out-patient consultation fees	**Plan 1:** AED50,000 **Plan 2:** AED100,000 **Plan 3:** AED100,000 **Plan 4:** AED200,000 **Plan 5:** AED200,000 **Plan 6:** AED300,000 **Plan 7:** AED300,000	**Plan 1:** UAE, **Plan 2:** UAE, **Plan 3:** UAE, Arab countries, Indian sub-continent, Philippines **Plan 4:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide exc. USA, Canada **Plan 5:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide inc. USA and Canada **Plan 6:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide exc. USA and Canada **Plan 7:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide inc. USA and Canada	Toll Free: 800 4746 oicem@tameen.ae www.tameen.ae
Royal & SunAlliance UAE	*Higher premium for females aged 16-60 than males and lower premium for males aged 66-99 by up to AED800 depending on plan **Visit www.fasterquote.ae for personalised quote. **Columbus:** From 2,727 (ages 0-20) to 14,879 up to age 99 **Ulysses:** From 2,353 (ages 0-20) to 12,631 up to age 99 **Marco Polo:** From 2,040 (ages 0-20) to 10,756 up to age 99 **Local Health:** From 1,991 (ages 0-20) to 10,457 up to age 99	AED50 deductible on physician's consultation	**Columbus:** AED1 million **Ulysses:** AED500,000 **Marco Polo:** AED300,000 **Local Health:** AED100,000	**Columbus:** Worldwide **Ulysses:** Worldwide exc. USA and Canada **Marco Polo:** UAE, Arab Countries, South East Asia, Iran and Afghanistan **Local Health:** UAE, South East Asia, Iran and Afghanistan	04 334 4474 fasterquote@notes.royalsun.com www.royalsunalliance.ae www.fasterquote.ae

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Cover specified is deemed to be significant only as point of comparison among plans. Please note that some insurance companies offer the same/similar plans - for example, Arab Orient Insurance Company and Nasco Karaoglan Dubai have plans offered by Royal & SunAlliance UAE as part of their medical insurance proposals. The annual premiums listed are simply an overview of how much an individual may have to pay per insurance plan. Premium rates quoted in US$ are converted to AED using a conversion rate of 3.68 for consistency purposes. Please contact providers direct for more information. ***Tip:*** Discounts are available for those who would like to purchase group of corporate plans as well as, in some cases, for annual or online payments - or example AXA offer a three per cent discount for annual payment and Royal Sun Alliance offer 10% per cent when you purchase online. As ever, it doesn't hurt to ask. ***Notes:*** These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. They are NOT meant as a recommendation of a particular provider and listings are simply in alphabetical order and updated during August 2007. All information included tables is subject to confirmation and is provided as an overview only. As with all financial decisions **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. This list is not an exhaustive list, Any errors and/or omissions are regretted. Additions/corrections, if any, should be forwarded by fax to 00971 4 391 2173, or by email to info@moneyworks.ae. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Home Contents Insurance — UAE

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (AED)	EXCESS (AED)	COVER (AED)	COVER INCLUDES	CONTACT DETAILS
Abu Dhabi National Insurance Company – Householders Comprehensive Insurance	350 minimum	None	50,000	Cover against loss or damage caused by fire, theft, water damage, earthquake and other allied perils; excluding jewelry. money	02 626 4000 www.adnic.ae
Al Dhafra Insurance – Householder's contents policy	500 minimum, 350 in special cases, depends on the value	500	50,000	Contents while contained in the buildings against the risks of fire, lightning, explosion, thunderbolt, subterranean fire, earthquake, volcanic eruption, aircraft or other aerial devices or articles dropped, bursting or overflowing of water tanks, apparatus or pipes, theft, Impact by any third party road vehicles, horses or cattle, storm, tempest, flood or overflow of the sea; all kinds of declared household items and jewelry; contents temporarily removed from the building while in any bank safe deposit or private dwellings where the insured or members of his family are residing or employed are covered; reasonable costs of the alternative accommodation in the event of building being rendered uninhabitable; standard policy may be extended to cover legal liability to landlord and third parties	02 672 1444 www.aldhafrainsurance.com
Al Ittihad Al Watani General Insurance Company – Householders Comprehensive Insurance	1,500-2,000	250	50,000	Cover against fire and perils. 10,000 limit on money are jewellery	04 282 3266 www.unic.ae
Arab Orient Insurance Company – Home Contents Insurance	750 minimum	1,500 for every claim	50,000	Furniture, fixtures, AC; optional – clothing, jewellery (2,500 for each item), excluding cash	04 209 3705 www.insuranceuae.com
AXA / Norwich Union Insurance (Gulf) BSC(c) – Home Comfort Insurance	800	250	200,000	Home contents (0.4 per cent), personal belongings (1.4 per cent) lap top (2.5 per cent) plus tenants and legal liabilities, alternative accommodation, new for old, unexpected events and natural calamities, while you are away, Theft of keys AED1,000, frozen food AED2,500, contents in the open AED2,500, household removals; optional coverage includes domestic helpers, against loss of important documents, money and credit cards, accidental damage	Toll Free 800 4560 (HSBC) www.axa-gulf.com
Lebanese Insurance Company – Home Contents Insurance	1,500 minimum	3,000	100,000	Furniture, fixtures; safes, antiques, jewelry have additional charge	04 222 5323 www.lebaneseinsurance.com
Dubai Islamic Insurance & Reinsurance Company (AMAN) – Householders Comprehensive Insurance	1,500 and up to 2,000 if including all options	1,000 of each and every loss	1 million	Anything insurable in the house against material damage. Can be extended to people living in the house against personal accidents, third party liability, loss of accommodation. Also includes clothes, jewelry and other items, safe in the house, gold as long as kept in a safe.	04 319 3111 www.aman-diir.ae
Gargash Insurance – Home Contents Insurance	170	250	50,000	Cover against accidental damage, fire, and theft; everything inside the house such as furniture, landlord's fittings, permanent fixtures and fittings, interior decors, safety locks up to AED1,000, jewelry up to AED2,500, servants with extra charge (AED150 per person)	Dubai – 04 337 9800 Sharjah – 06 572 3434 www.gargashinsurance.com
National General Insurance – Home Contents Insurance	500 minimum	1,500	50,000	Home contents against fire, principal perils, theft. Jewellery has extra charge.	04 222 2772 www.ngi.ae
Oman Insurance Company – Home Umbrella	200 minimum	250	50,000	Household contents covered against fire and allied perils, escape of water, theft or attempted theft, riot, strike and civil commotion, storm, flood and malicious damage, etc.; contents temporarily removed up to 10 per cent of contents sum insured within the geographic limit not exceeding 30 consecutive days; audio/video equipments, home computers, mirrors and glasses against accidental damage occurring in the private dwelling; loss or damage to goods contained in a deep freezer maximum of AED1,500; cost of alternate accommodation/loss of rent up to 50 per cent of contents sum insured for maximum period of six months; legal liability towards domestic servants maximum AED150,000, public liability maximum AED1 million, and tenant's legal liability for material damages caused to property of the landlord maximum AED200,000; personal accident (death) caused by fire or thieves for the insured and spouse max AED50,000 per person; all risks cover for jewelry, valuables and laptops is optional	Toll Free 800 4746 www.tameen.ae
Oriental Insurance Company LTD – Home Contents Insurance	250	2,000	50,000	Home contents against fire, natural calamities, theft including jewelry	04 353 8688
Qatar Insurance Company – Home Contents Insurance	500 minimum	250	50,000	Home contents against fire and burglary, optional - jewellery and valuables	04 222 4045
Royal & Sun Alliance Insurance Group – HomeShield Cover	250	Standard excess option - 250 Double excess option - 500	50,000	Household goods and other articles owned by any of your household members for which you are responsible as occupier of the house – everything inside the house, optional - specified/unspecified items (which you take with you when you go out), even while on holiday for 60 days including jewellery and personal belongings	04 334 4474 www.royalsunalliance.ae www.fasterquote.ae
Wehbe Insurance Services - Homeshield Insurance	500 minimum	250	50,000	Household goods possessions and fixtures and fittings for which you are responsible against loss or damage whilst in the home (0.4 per cent), with choice of two covers: **(1) Standard** – against loss or damage caused by fire/ smoke/explosion, theft or malicious damage, lightning, storm or flood, falling trees, impact, burst oil or water pipe (full cost of repair irrespective of age or original cost of articles except clothing and household linen where deduction may be made to allow for age and condition of items); For accidental damages to TV's/Hi-Fi's/Videos/home computers/fixed glass/ceramic hobs, deterioration of food in freezer if it breaks down but not if more than 10 years old, legal liability as occupier for injury to other people or damage to their property, liability to domestic servants, contents temporarily in the garden excluding damage caused by storm and flood, replacement of external locks in your home if your keys are stolen and **(2) Extra damage option** – including accidental damage; policy can extend to personal belongings you take outside the house (1.4 per cent) such as unspecified valuables, clothing, personal effects up to AED2,500, money up to AED1,500, credit cards, specified items for items worth more than AED2,500 individually, sports equipment up to AED4,000, pedal cycles that are securely locked while unattended, small boats against loss or damage anywhere in UAE and up to 60 days anywhere in the world	04 324 2345 www.wisgroup.com

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during August 2007. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Credit cards — BY INTEREST/PROFIT RATE — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	INTEREST/PROFIT RATES	INTEREST/PROFIT FREE CREDIT	CONTACT
Commercial Bank of Dubai	Visa (Classic, Gold) e-Tijari web card	Classic-200, Gold-400, e-Tijari web card-100	1.5% on purchases, 3% on cash withdrawals	52 days	Toll-free: 800 223 www.cbd.ae
Commercial Bank International	MasterCard (Silver,Gold)	Free for life	1.5% on purchases, 3% on cash withdrawals	45 days	Toll-free: 800 224 www.cbiuae.com
Dubai Bank	Visa Covered cards (Silver, Gold, Platinum)	Free for life offer.	0% APR for first three months. 1.5% on purchases and 3% or AED25 (whichever is higher) on cash withdrawals	55 days	Toll-free: 800 5555 www.dubaibank.ae
Dubai Islamic Bank	Visa Islamic cards (Classic, Gold, Gold Premium and Platinum)	Fixed monthly fees. Classic-75, Gold-150, Gold Premium-300, Platinum-500	N/A for purchases and AED60 for cash withdrawals	50 days	Toll-free: 800 4008 www.alislami.ae
Emirates Islamic Bank	Visa Islamic cards (Classic, Gold, Platinum, Infinite)	Classic-300, Gold-700, Platinum-1,400 (every 3 months) Infinite-700 per month	N/A on purchases, AED90 for cash withdrawals of AED100 - 5,000	55 days	04 316 0234 www.emiratesislamicbank.ae
Habib Bank AG Zurich	MasterCard (Silver, Gold)	Silver-200, Gold-350	1.75% on purchases and 3% on cash withdrawals	40 days	04 221 4535 www.habibbank.com
LloydsTSB	Visa (Classic, Gold)	Free	0.99% per month or 11.9% per annum	50 days	04 342 2000, www.lloydstsb.ae
RAKBANK	Visa (Classic, Gold)) MasterCard (Standard, NMC, Titanium)	Free for life	1.7% on purchases for MasterCard cards, 1.95% for Visa cards 2.25% on cash withdrawals	55 days	04 213 0000 www.rakbank.ae
Standard Chartered	Saadiq Visa Gold credit card	500	N/A on purchases, AED125 for cash withdrawals	50 days	04 313 8888 www.standardchartered.com/ae
United Bank Limited	MasterCard (Silver, Gold)	Free for first two years	1.5% on purchases and 2% on cash withdrawals	55 days	Toll-free: 800 4847

Credit cards — BY VALUE ADDED FEATURES — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	VALUE ADDED	CONTACT
ABN Amro	Visa (Classic, Gold), MasterCard Smart Traveller (Classic, Gold), MasterCard Al Ameera Ladies Card, MasterCard Jumbo co-branded card, MasterCard Non-resident Indian Card	Visa: Classic-200, Gold-400 MasterCard: Classic-400, Gold-500 MasterCard Al Ameera-300, MasterCard Jumbo co-branded card -200	Chip card for enhanced security, easy payment plan for up to 18 equal monthly instalments at an interest rate of 0.99%, credit shield, Smart Points/Flyer, purchase protection, dining card, travel benefits and discounts in certain cinemas and Wild Wadi, free travel inconvenience insurance, access to utility bill payment, payment deferral for one month. Al Ameera card provides discounts in many retail outlets. MasterCard Traveller Gold - 10% cash back on air tickets. Free Samsung products, double rewards for gold card holders. Jumbo special offers for Jumbo card holders. NRI cards: Redeemable benefits such as free domestic flights on Kingfisher Airlines, rent-free mobile SIM cards and dining discounts at outlets in India.	04 308 0000 www.abnamro.ae
Abu Dhabi Commercial Bank	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold, Platinum)	Classic/Standard-150, Gold-300, Platinum-500	Free supplementary cards, travel insurance, purchase protection for 90 days, credit shield, 24-hour road assistance, balance transfer facility, up to 5% discount on airline tickets purchased with ADCB card, free ticket delivery and Pearls reward programme whereby cardholders receive AED5 for every 1,000 'pearls' collcted. Platinum cardholders receive global emergency service, concierge service and extended warranty of up to 24 months on many retail products.	Toll-free: 800 2030 www.adcb.com
American Express	Dubai Duty Free (DDF), AMEX Blue, Gold, Gold Damas, SmartGold, Dollar Credit Card Charge Cards: Green, Gold, Platinum, BMW co-branded card	DDF-175, AMEX Blue -250, AMEX Gold-295, Gold Damas-395, SmartGold-395, Charge Cards: Green-US$120, Gold-US$210, Platinum-US$750, BMW-550	Gold/Blue offers 1% cash back, Dubai Duty Free Card - 10% off items at DDF, Millenium Millionaire special offers, retail protection, online fault protection and airport lounge access, travel insurance and benefits, express cash and travellers cheques while travelling, emergency cheque cashing and free companion credit card. Corporate cards, selected cards available in US Dollars. Damas card offers jewellery benefits and more, exclusive benefits for BMW co-branded members at BMW service centre and BMW accessories, emergency card replacement and membership rewards programme.	Toll-free - 800 4931 www.americanexpress.co.ae
Barclays Bank	Barclaycard (Classic, Gold, Platinum)	Preferred option (available on classic and gold cards: No annual fee; Priority option (available on all cards): 300; Prestige option (available on platinum cards): 550	All cards: One reward point for every AED1 spent on card (reward points can be redeemed for movie tickets, airline tickets, electronics, groceries, etc.), 24/7 roadside assistance, credit shield, travel benefits, free travel insurance, restaurant offers, free movie ticket offers. Priority and prestige cards: Barclays Butler service, double rewards on weekend spend, free magazine subscription, Barclays Pamper (50% discounts at select spas and salons), free air ticket for AED75,000 spend on card.	Toll-free - 800 4286000 www.barclaycard.ae
Citibank	Visa, MasterCard (Silver, Gold, Eppco-Citibank card, Emirates-Citibank Silver/Gold Card, Citibank eCard). Citibank/Emirates Ultima Card. Citibank/Emirates Ultimate	Silver-250, Gold-500, Eppco-Citibank card-250, Emirates-Citibank Card-300 (Silver), 550 (Gold), Citibank eCard-50 (Free to Emirates cardholders), Citibank/Emirates Ultima Card-3,000, Citibank/Emirates Ultimate-1,000	Purchase protection, credit shield, Citidollars, photo-sign card, travel/rental insurance, Bon Voyage travel services, exclusive travel privileges and banking services, easy installment plan up to 36 months, online and phone banking services and utility bill payment, discounts at selected retail outlets, fraud early warning block. Eppco cards - double Citidollars, Emirates cards - Skywards points, Citibank's new Ultima card offers numerous high-end exclusive benefits for high net worth individuals in addition to the benefits listed above. Worldwide emergency assist "CitiAssist", lost card protection. Free Motorola mobile phone, priority pass and Citidollars with Ultimate.	04-311 4000 www.citibank.com/uae
Dubai First	Visa (Silver, Gold)	Silver – 150, Gold – 350	Free travel accident and inconvenience insurance on baggage loss, baggage/flight delay, personal liability, emergency hospitalization and assistance. Free life insurance up to AED50,000 to gold card members and AED20,000 to silver card members. Loan on phone up to 80% of credit limit. Free household insurance up to AED25,000 to gold card members and AED10,000 to silver card members. Easy purchase plan in 6 to 24 monthly installments, one year purchase protection, special price of AED100 for UAE-GATE Card, free supplementary cards, lost/stolen card indemnity, photo card for instant recognition and security, up to 80% of your credit limit cash withdrawal, 24-hour contact center, entry to DubaiDinar Millionaire draw, 5% cash back on all air bookings, complimentary travel benefits, utility bill payment service.	Toll-free: 800 33 www.dubai-first.com
Emirates Bank/ meBANK	Visa, MasterCard (Silver, Gold), OPTIONS Instalment Card, MasterCard foreign currency card (Silver, Gold), MasterCard meNETPAY, Visa meUNI, Infinite Credit card	meUNI - free for students and staff of approved universities, Silver - 150, Gold-400, OPTIONS - 250, MasterCard foreign currency Silver-100 and Gold-300, meNETPAY/Emirates IPAY - 50. Silver cards free for first year, Infinite by invitation only	Students benefits for meUNI cards, photo-card and signature, discounts and privileges at over 1,600 outlets, meMILES loyalty programme, free travel insurance up to US$75,000 and assistance services, Intro APR - 0% interest rate for 1st three months. Convenient balance transfer at low interest rates, OPTIONS offers easy repayments in 12 to 24 installments at 0.8% per month, free meAutoAssist and meAccount with zero balance, ATM card and cheque book. For Infinite cards, high credit limit, customised concierge service, free access to first class airport lounges, travle and medical insurance options, rewards programme.	04-3160316 www.me.ae
HSBC Bank Middle East	Visa (Classic, Gold, Platinum), MasterCard (Classic, Gold, Premier), MasterCard Etihad co-branded card (Classic, Privilege, Exclusive), In-site virtual MasterCard	Visa Classic-150, Gold-400, Platinum-600 MasterCard Classic -150, Gold-400, Premier - free for account holders, Etihad Classic-150, Privilege-400, Exclusive-750, In-site - 50	Two free supplementary cards, air miles reward programme, autopay service, purchase protection, travel protection, credit shield, 24-hour roadside vehicle assistance. Platinum cardholders receive worldwide discounts/special offers and Dial-a-Gift service for a wide range of gift vouchers. Etihad cardholders can receive priority pass membership, e-gate card and guest miles to be exchanged for airline tickets, cruises and safaris, hotel accomodation, shopping rewards, etc.	Toll-free: 800 4440 www.uae.hsbc.com
National Bank of Abu Dhabi	Visa, MasterCard (Classic, Gold, Platinum) MasterCard nbad@surfer card, ADDF Visa (Classic, Gold), Visa Dubai E-government Prepaid Card	Classic and Gold are free for life, Platinum -1,000, nbad@surfer card - 25 for accountholders, otherwise 50, ADDF Visa Classic - 250, Gold - 350, Dubai E-government Prepaid Card - 100 to 5,000	1% interest for balance transfer, photo-card, purchase protection, personal accident and travel insurance, access to Golden class at Abu Dhabi International Airport and Murhaba services in Dubai International Airport, discounts and rewards programmes in many outlets, emergency medical and legal expenses, free road side assistance and credit shield facility, free gifts, NBAD points programme. Dubai E-government Card can be used for government transactions.	Toll-free: 800 2211 www.nbad.com
National Bank of Dubai	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold), NBD-Dnata MasterCard (Classic, Gold), WebShopper MasterCard	Classic - 100, Gold - 300, Platinum - by invitation only, NBD-Dnata MasterCard - Classic-250, Gold-500, WebShopper MasterCard - 50	Free supplementary cards, 24-hour roadside assistance, travel inconvenience insurance, credit shield, travel express service. Gold cardholders receive cash advance of up to 75% credit limit. With Dnata cards, reward points worth 1.5% can be earned on all purchases. Points earned can be redeemed for airline tickets, yacht cruises, holiday packages or desert safaris. Platinum cardholders receive local concierge service, valet parking service at selected malls, discounts at UAE restaurants, complimentary room upgrades at leading hotels, retail discounts; until August 10, 5% cash back on all retail purchases, 2% after promotion.	Toll-free: 800 4444 www.nbd.com
RAKBANK	Visa (Classic, Gold) MasterCard (Standard, Gold, NMC, Titanium)	Free for life	Free supplementary cards, purchase protection, credit shield, travel inconvenience insurance, shopping and dining discounts, cash advance of up to 95% credit limit. Quarterly million dirham draws on all MasterCard products. For Titanium cards, up to 2% cash back on all retail purchases, global discounts and privileges on premium brands and hotels. NMC cardholders receive discounts at New Medical Centre hospitals, pharmacies, opticians and beauty salons.	04 213 0000 www.rakbank.ae

These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. *Disclaimer:* These listings are **NOT** meant as a recommendation of a particular bank/provider; listings are simply in alphabetical order and updated during August 2007. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained below is freely available and was obtained directly from bank/provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider/bank direct for further information.

Know of a better offer? We'd like to hear from you. Fax us on 00971 4 391 2173 or email info@moneyworks.ae

Car Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	DOWNPAYMENT	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Car Loan	4.10% for new cars with downpayment, 4.25% without downpayment, 4.25% for used cars	Up to 500,000 (Depends on salary)	Nil downpayment option	New cars - 72 months Used cars - 60 months	4,000	No
Abu Dhabi Islamic Bank	Sahel Murabaha	Profit rate - 3.99% for new cars, 4.99% for used cars	Up to 250,000	Nil for new cars, minimum 5% for used cars	New cars - up to 72 months Used cards - up to 60 months	3,000 for account holders otherwise 4,000	No
Bank of Baroda	Car Loan	3.85% for new cars	Up to 90% of the car price	10%	Up to 48 months	4,000	No
Commercial Bank of Dubai	Tam-wheel Car Finance	CBD custmers only, 4.25% for new cars, 4.5% for used cars	Up to 250,000	Depends on make and model for new cars 10-20% for used cars	Up to 60 months	3,000	Yes
Commercial Bank International	Sayaraty	3.99% for new cars, maximum of 5.25% for used cars (depends on payment term)	Up to 250,000	Nil for new cars, up to 30% for used cars (depends on car model)	Up to 72 months for new cars, 60 for used cars	3,500	No
Dubai Bank	Markaba Auto Finance	4.5% for new cars, 5% for used cars	Depends on salary and car price	Nil	Up to 60 months for new cars Up to 48 months for used cars	4,000	No
Dubai Islamic Bank	Al Islami Auto Finance	Wiith salary transfer: new cars 4.5%, used cars 2 years or older 5%, used cars older than 2 years 5.5% Without salary transfer: new cars 4.75%, used cars 2 years or older 5.25%, used cars older than 2 years 5.5%	Up to 250,000	Nil with salary transfer, otherwise minimum 10%	Up to 72 months with salary transfer, otherwise up to 48 months	3,000	No
Emirates Islamic Bank	Vehicle Murabaha	New cars - 4.5%, Used cars - 4.75% with salary transfer otherwise new cars 4.75%, used cars 5%	Up to 350,000	Nil for new cars, depends on make and model for used cars	Up to 72 months with salary transfer, otherwise up to 60 months	3,000 with salary transfer, otherwise 3,500	No
Finance House	Auto loan	4.29% for new cars, 4.69% for used cars	Depends on salary and car price	None for new cars starts at 10% for used cars	Up to 72 months for new cars, up to 60 months for used cars (depends on the model)	4,500	No
Habib Bank AG Zurich	HBZAuto loan	4.25% for new cars	Up to 250,000	Minimum 10%	Up to 48 months	5,000	Yes
MashreqBank	Mabrook Auto loan	4.25% for new cars, 5.25% for used cars	Up to 500,000	Nil downpayment option.	60 months for new cars 48 months for used cars	3,000	No
meBANK	meDRIVE	4.25% for new cars, 4.75% for used cars	Up to 350,000	Nil downpayment option, depends on company	New cars - up to 72 months, Used cars - up to 60 months	3,000	No
National Bank of Abu Dhabi	Sayyarati	With salary transfer 3.99% for new and used cars, without salary transfer 4.25%.	Up to 250,000	Nil	Up to 72 months - new cars, up to 48 months - used cars	4,000	No
United Arab Bank	Auto Finance	4.50% for new cars, 5% for used cars	Up to 150,000	Nil	New cars - up to 48 months Used cars - up to 36 months	3,000	Yes

Personal Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	ACCOUNT NECESSARY	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Personal Loan	Reducing balance rate: 6 to 24 months - 9%, 25 to 48 months - 10%, 49 to 60 months - 10.5-11%, 61 to 72 months - 11%	Up to 250,000 (depends on salary)	Yes	Up to 132 months for nationals, 60 months for expatriates	2,500	Yes
Abu Dhabi Islamic Bank	Goods Finance	Profit rate: 5% fixed rate (depends on loan tenor)	Up to 250,000 (depends on salary and company)	Yes	Up to 72 months for nationals, 60 months for expatriates	3,000	Yes
Dubai Bank	Sanad Personal Finance Souk Goods Finance	Profit rate: 4.5-6.95% fixed rate (depends on loan tenor)	Up to 250,000	Yes	Up to 120 months Up to 60 months	5,000	Yes
Dubai Islamic Bank	Al Islami Personal Finance (For goods and services)	Profit rate: Starts from 4.5% (depends on the company)	Up to AED250,000 with salary transfer, otherwise AED100,000	No	Up to 60 months, depends on goods or services required	3,000	No
Emirates Islamic Bank	Goods Murabaha	Profit rate: 6.5% fixed rate with salary transfer, 6.95% fixed rate without salary transfer	Up to AED250,000	Yes	Up to 60 months	2,500	No
HSBC Amanah **HSBC Bank Middle East Ltd.**	Amanah Personal Finance Personal Loan	Profit rate: starts from 4.95 - 7.99% (depends on the company's package) 8.75 - 14.25% on reducing balance basis	Up to AED250,000 Up to AED250,000	Yes Yes	Up to 120 months Up to 120 months	5,000 5,000	Yes Yes
Mashreqbank	Personal Loan	Reducing balance rate from 8.75-10.5%, depending on loan term and company status	Up to AED250,000 (depends on the salary)	Yes	Up to 200 months for nationals Up to 72 months for expats	4,000 for nationals 3,000 for expats	Yes
Sharjah Islamic Bank	Goods Finance	6% fixed rate	Up to AED100,000	Yes	Up to 36 months	3,000	Yes
United Arab Bank	Consumer Loan	Fixed rate: 4.5-4.75% Reducing balance: min. 9.5%, depends on the company and the salary	As much as AED250,000	Yes	Up to 72 months (depends on the company and length of service)	3,000	Yes
United Bank Limited	Personal Loan	Reducing balance rate: starts from 8.5%	Up to AED250,000 for nationals, 150,000 for expats	Yes	Up to 84 months for nationals, 48 months for expats	2,500	Yes

Note: Many banks operating in the UAE require you be an account holder before approving loan applications. In many cases a salary transfer is compulsory and, where not possible, an assignment letter of salary and benefits may also be necessary. For further information, check with your chosen bank/provider direct. Don't forget to watch out for special deals available.

UAE

CONDITIONS/RESTRICTIONS	ACCOUNT NECESSARY	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Used cars must be 2000 model or newer	No	3% of outstanding loan for cash and 5% for bank transfer	Free ADCB credit card, free roadside assistance for ADCB credit card holders, insurance finance option	Minimum of AED350 charged as processing fee	Toll-free: 800 2030 www.adcb.com
Used cars must be 2000 model or newer for German and Japanese cars 2003 model onwards for other cars	No	None	90 days grace period for first installment, up to two postponements per year. Insurance can be financed. With salary transfer, free Islamic Visa card and family welfare plan.	No processing fee	Toll-free: 800 2288 www.adib.ae
	No	1% of outstanding loan		1% processing fee	04 354 0340 www.bankofbarodauae.ae
Used cars must not be older than 2003 model.	Yes	None for cash, 3% of outstanding loan for bank buyout		1% processing fee	Toll-free: 800 223 www.cbd.ae
Cars must not be older than 2003 model	No	2% for cash, 5% for bank transfer of the outstanding loan	60 day deferral on first installment, free for life credit card, insurance finance option.	No processing fee for new cars, AED250 charged as processing fee for used cars	Toll-free: 800 224 www.cbiuae.com
Used cars must not be older than 8 years at the time of loan maturity	No	None	Special insurance rates	No processing fee	Toll-free: 800 5555 www.dubaibank.ae
At least six months service with current employer. Used cars must not be older than 12 years at the time of loan maturity for those with salary transfer, otherwise 10 years only.	No	In some circumstances, money will be refunded	Preferential insurance deal with Oman Insurance Company, free AAA membership	As DIB says, "choose your car and inform the bank". They will then make "a transparent offer in accordance with Sharia'h" that will include the price of the car, the profit that DIB will make and the method in which you can make your repayments".	Toll-free: 800 4008 www.alislami.ae
Used cars must not be older than four years	No		Payments deferred for first three months, insurance can be financed	No processing fee	04 316 0101 www.emiratesislamicbank.ae
Used cars must not be older than 2001 model	No	4% of outstanding value of the loan	Free credit card for life, 13 months comprehensive auto insurance cover starting from 3.25% on saloon cars and 4x4 vehicles	No processing fee	Toll-free: 800 3434 www.fh.ae
New cars only	Yes	2% of outstanding value of the loan		AED50 charged as processing fee	04 221 4535, www.habibbank.com
Used cars must be less than 8 years old at loan maturity	No	2.5% of outstanding loan for cash, 5% for bank transfer	Free credit card for the first years, insurance finance option, free AAA membership for roadside assistance.	AED100 charged as processing fee	04 217 4800 www.mashreqbank.com
Used cars must be not be older than 7 years	No	2% of the outstanding amount for cash and 5% for bank transfer	Defer first installment up to 60 days, special interest rates available for certain makes and models	No processing fee	04 316 0316 www.me.ae
3 months in service is required for expats. Used cars must not be older than 6 years	No	2% outstanding value of the loan for cash, 5% for bank buyout	100% insurance financed, 60 days grace period	0.50% of loan amount or minimum AED250 charged as processing fee	Toll-free: 800-2211 www.nbad.com
For account holders only. 2003 models and newer.	Yes	3% of outstanding for cash payment and 5% for a bank buyout		AED250 charged as processing fee	04 332 2032 www.uab.ae

Criteria: Interest rate of less than 4.5 per cent (new cars)

UAE

CONDITIONS/RESTRICTIONS	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Approved companies only. Must provide salary certificate, passport copy and three months bank statement.	3% for cash, 5% for bank transfer	Free ADCB credit card, credit life insurance, up to two times salary overdraft	1% of the loan amount processing fee plus 0.5% for credit life insurance	Toll-free: 800 2030 www.adcb.com
Company you work for needs to be on bank's approved list. Must provide three to six months bank statement, original passport, salary certificate and a quotation of the goods that need financing.	Rewarded for early redemption	Intallment postponement available, subject to bank's approval	No processing fees. Shari'ah compliant and Murabaha structure.	Toll-free: 800 2288 www.adib.ae
Approved companies only. Need to provide salary certificate, bank statement and passport copy with valid residence visa.	None	Insurance coverage, unlimited cheque book with a zero balance current account and free ATM card, take over facility available, top up facility up to 18 installments	1% processing fee of the loan amount or minimum AED500	Toll-free: 800 5555 www.dubaibank.ae
Approved companies only. Should be over 21 years old. Need to provide, quotation of the goods to be purchased, salary certificate, three months bank statement and passport copy.	Rewarded for early redemption	Payment postponement available	No processing fee. Al Islami Personal Finance is based on Ijarah (for services) and Murabaha (for automobiles and goods)	Toll-free: 800 4008 www.alislami.ae
Approved companies only. Must have been with current employer for at least six months. Need to provide quotation of the goods to be purchased, salary certificate, three months bank statement and passport copy.	None	Free Islamic account with zero minimum balance requirement	No processing fee	04 316 0101 www.emiratesislamicbank.ae
Must provide original passport, latest salary transfer letter and two months bank statement.	Rebate is offered	Free credit card for the first year, current account with minimum balance waived.	Processing fee is 1% of the loan amount to a maximum of AED750	Toll-free: 800 4792 www.hsbcamanah.com Toll-free: 800 4440 www.uae.hsbc.com
Approved companies only. Salary certificate, passport copy and bank statement should be provided.	2% of the outstanding balance for cash and 5% for bank buyout	Zero balance current account, free ATM card and credit card for the life on the loan, installment postponement, deferral facility	1% processing fee, minimum AED250 and maximum AED500. Insurance is 0.465% of loan amount	04 217 4800 www.mashreqbank.com/uae
Must be at least 21 years old and under the age of 60. Passport copy, three months bank statement and salary certificate are required.	Profit returned		AED400 processing fee. Minimum loan amount AED7,000	Toll-free: 800 6667 www.nbs.ae
Approved companies only. Must have been with current employer for at least one year. Need to provide last three months bank statement and valid passport (with residency visa for expatriates).	2% of outstanding balance for cash and 5% for bank transfer	Life insurance up to the loan amount, overdraft facility, zero balance current account, postponement of two installments in one year, free credit card for the first year	Processing fee is 1 % of the loand amount, minimum AED250 and maximum AED750	04 332 2032 www.uab.ae
Approved companies only. At least one year service with the current employer. Salary transfer letter, salary certificate and security cheque	5% of outstanding balance for cash or bank transfer	Personal loan insurance cover, hospital cash benefits, loss of employment cover, permanent/total disability and death covered	1% processing fee of the loan amount, minimum AED250	Toll-free: 800 4847

Criteria: Interest rate of less than nine per cent on a fixed rate basis

Disclaimer: These tables are meant ONLY as a guide and are not intended as a recommendation of a particular loan provider. The tables were thoroughly checked for accuracy with providers called individually for information during August 2007 and were correct at the time of going to press. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to +971 4 391 2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres.

Mortgages

PROVIDER	AVAILABLE TO	MORTGAGE TENOR	MAX. AGE ON LOAN MATURITY	INTEREST/PROFIT RATE	MAXIMUM LOAN AMOUNT	DEBT-TO-INCOME RATIO	DOWN PAYMENT
Abu Dhabi Commercial Bank	UAE residents (nationals and expats), non-residents	25 years for UAE residents 10 years for non-residents	65 years	RBR = Retail base rate ***Salaried residents:*** RBR plus 2.75%; ***Self employed residents:*** RBR plus 3%; ***Non residents:*** RBR plus 3%	Salaried: Up to 90% of value with salary transfer, up to 85% without salary transfer Self-employed: Up to 80% of value Salaried non-residents: Up to 70% Self-employed non-residents: Up to 60%	Up to 65% for all	Minimum 10% with salary transfer, 15% without salary transfer, 20% for self employed
Amlak (Shari'ah compliant)	UAE residents (nationals and expats), GCC residents and non-residents	25 years for UAE nationals 20 years for residents 15 years for non-residents	60 for salaried employees, 65 for self-employed	**Variable rate (residents):** 8.5% **Variable rate (non-residents):** +1% more than residents. **Fixed rate** is 11% for residents for seven years and 14% thereafter (+1% for non-residents)	Up to 90% of property value	Up to 50%	Minimum 10%
Arab Bank	UAE and GCC nationals, expats and non-residents	25 years for villas and apartments	60 years	Starting from 7.5% for the first year	Up to AED5 million or 90-95% of the property market value	65% for salaried employees with salary transfer, 60% for salaried employees without salary transfer, 55% for self-employed	10% of the property market value
Bank of Baroda	UAE nationals, expats	Up to 15 years	65 years	Starts from 2.75% over three month IBLR, minimum 7%	Up to AED3 million	Up to 50% of gross monthly income	25% with salary transfer, otherwise 30%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	7.75 - 9.10% variable rate	Up to 80% of market value for apartments, 90% for villas; minimum is AED500,000 and maximum is AED10 million	50% of the monthly income for UAE residents, 40% for non-residents	20% for apartments and 10% for villas
Dubai Bank (Mulki Property Finance)	UAE nationals, expats	Up to 20 years for Ijara Property Finance Up to 8 years for Murabaha facility	65 years for nationals 60 years for expats	Ijara: 8.25-9% variable rate Murabaha: 4.5 - 5.25% fixed rate	Up to 90% of the property value	Depends on the salary	10%
Dubai Islamic Bank (Al Islami Home Finance)	UAE nationals, expats	Up to 15 years for 'Real Estate' Up to 25 years for 'Freehold'	70 years for nationals 60 years for expats	Floating profit rate. More information not available	Up to 90% of the property value; as much as AED5 million for 'Freehold', AED2.5 million for 'Real Estate'	Depends on loan amount and the salary	10% with salary transfer, otherwise 20%
Emirates Islamic Bank	UAE and GCC nationals, expats	Up to 10 years for Murabaha	65 years for nationals 60 years for expats	Ijara - 3 month EIBOR + 2.50% Murabaha - reducing balance rate 9% for 5 year loan, 10% for 10 years; Fixed rate - 4.48% for 5 years, 5.20% for 10 years	Maximum up to AED5 million	Not more than 50% of the salary	As low as 5%
First Gulf Bank	UAE nationals, expats and non-residents	25 years for nationals 20 years for expats 15 years for non-residents	65 years for nationals 60 years for expats	8 - 9.75% on reducing balance basis	Up to 90%; as much as AED5 million	Maximum 60%	10%
Habib Bank AG Zurich	UAE nationals and expats	Up to 15 years	60 years	Floating rate, will not exceed 7.5%	Up to AED3.5 million	Max. 60% of income including all loans	30%
HSBC Bank Middle East Limited	UAE residents and non-residents	25 years	65 years	7.25 - 7.75% reducing balance rate	Up to 85% of market value	60% overall debt on all regular commitments	10%
Lloyds TSB	UAE nationals, expats	Up to 20 years	60-65 years, depends on company	8.5% variable, straight re-payment mortgage	Up to 70% for apartments and 80% for villas	Should not exceed 50%	Depends on property
Mashreqbank	UAE residents and non-residents	Up to 25 years	60 years for salaried 65 years for self-employed	Fixed rate: starts from 7.49% Variable rate: from 3.29% + EIBOR	Up to AED5 million; depends on salary and property	55% including all loans	Minimum 10%; depends on project
National Bank of Abu Dhabi	UAE nationals, expats only in Abu Dhabi/Dubai	Up to 20 years	65 years	8% fixed rate	Up to 80% finance, as much as AED5 million; depends on salary, age and property value. Up to AED8 million for Abu Dhabi properties	Up to 50% of monthly salary for expats	10% for properties in Abu Dhabi; 20% for properties in Dubai and 30% for other emirates
National Bank of Dubai	UAE nationals, expats and non-residents	25 years for nationals, 20 years for expats, 12 years for non-residents	65 years for nationals, 60 years for expats and non-residents	With salary transfer, starts at 6.49%; afterwards, EIBOR rate + 3%. Without salary transfer, starts at 6.99%; afterwards, EIBOR rate + 3.25%	Up to 85%; as much as AED5 million	Residents: up to 60% Non-residents: up to 50%	Minimum 15% depending on the property
RAKBANK	UAE nationals, expats and non-residents	25 years	65 years	8 to 9.5% on a reducing balance basis	Up to 90% or AED5 million	60% of monthly salary for salaried individuals	Minimum 10%
Sharjah Islamic Bank	UAE and GCC nationals, expats from other Arab countries	Up to 12 years	65 years for UAE nationals, 60 years for others	**Profit rate**. With salary transfer: 4.65% for 1 to 5 year tenor; 4.92% for 6 to 10 year tenor; 5.19% for 11 to 15 year tenor. Without salary transfer: 4.92% for 1 to 5 year tenor; 5.19% for 6 to 10 year tenor; 5.47% for 11 to 15 year tenor	Up to AED1 million for account holders, up to AED100,000 for non-account holders	50%	20% for account holders, 30% for non-account holders
Standard Chartered	UAE nationals, expats	20 years	65 years	Will not exceed 8.5%	Up to AED3.5 million for apartments and up to AED7.5 million for villas	Depends on the salary	From 15%; depends on salary and type of property
Tamweel (Shari'ah compliant)	UAE nationals, expats and non-residents	25 years	65 years for nationals, 60 years for expats	**Depends on scheme.** Floating rate of 7.9% applies to loan tenors of 5-25 years (changes every six months). Fixed rate from 9.5% for five year tenor, 10.5% for 10 year tenor, 10.8% for 15 year tenor. (Also offers 'Yusr' or adjustable repayment mortgages, lowers the installments in the first three years up to 30%)	Up to AED7 million	55% of salary	From 10%, Depends on property
Union National Bank	UAE nationals, expats	Up to 25 years	65 years for UAE nationals, 60 years for expats	Minimum 6.25% flat rate	Up to 90% of the market value	Up to 65% of monthly salary	As low as 10%
United Bank Limited 'Baitna'	UAE residents and non-residents	Up to 20 years	65 years	EIBOR rate + minimum of 2 to 2.25%	As much as AED4 million; depends on salary	Up to 60% of monthly salary minus other monthly installments	As low as 10%; depends on development

NOTE: Some more UAE banks are actively lending in the market, although mortgage finance products are yet to be officially launched. It's also possible to finance properties on The Palm (for up to 10 years) directly from Nakheel. ***Documentation requirements*** vary from bank to bank. But, in general, the requirements are Passport, Labour Card, Khulasat Qaid (ID card), salary certificate, six months salary bank account statements, other income documents, copy of sale/purchase agreement, proof of downpayments, cheque for loan processing fee and application form. For business owners/directors - trade licence & audited company financials. Please check with your chosen mortgage provider for more details.

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UAE

INSURANCE REQUIREMENTS	MINIMUM SALARY (AED)	BANK ACCOUNT NECESSARY	SALARY TRANSFER	CHARGES	PROPERTIES FINANCED	PREMIUM FINANCE	BUY-TO-LET	CONTACT
Property insurance	For salaried: 8,000 for UAE nationals, 10,000 for expats and 25,000 for non-residents. For self-employed: 10,000 for UAE nationals, 20,000 for expats and 25,000 for non-residents	Yes	No, but necessary to obtain maximum loan amount	Processing fee of 1% of the loan amount, or AED 10K-20K, whichever is lower. Early discharge fee not allowed before six months. 6-60 months: 1% - 2% on outstanding loan amount, 3% (buyouts). No discharge fee after 5 years if settled through own funds.	Deyaar, ALDAR, Al Fara'a, Al Nasser, Al Madar, Al Mazaya, Bando, Bonyan, DAMAC, Dubai Properties, Dheeraj & East Coast Group, EMAAR, Empire International Investments, ETA Star, Falcon City, Fortis Plus, Ilyas & Mustafa Galadari group, NAKHEEL, Rose Homes, Sama Dubai, Sourouh, Trident, Union Properties, V3 – Jumeirah Lake Towers	Yes	No	Toll-free: 800 2030 SMS HOME to 2626 www.adcb.com
Property insurance is compulsory. Can provide Islamic insurance solutions.	8,000	Yes; can be with any bank	Yes, to chosen bank	1% processing fee (min. AED7,500) for residents. 1.25% processing for non-residents. Valuation fee up to AED3,000. Early settlement and repayment charges: Partial payment AED3,000; full payment minimum AED15,000 or 2% of the outstanding balance	Emaar, JBR, First Group, Nakheel, Abraj, Sabeel, RAK Properties, ARY, Falak, Al Fattan, Cayan, Star Group, Dubai Properties, Lootah, Mag Properties, Muafak, One Business Bay, Fortune Group	Yes	Yes	Toll-free: 800 26525 www.amlakfinance.com
Life and property insurance	8,000	Yes	No	Processing fee is 1% of financed amount, maximum AED10,000. Registration fees to be borne by the customer	Emaar, Nakheel, Deyaar, Union Properties, Damac, Dubai Properties and Ishraquaa	Yes	Yes	Toll-free: 800 27224 www.arabbank.ae
Property insurance	10,000	No	No	Processing fee is 1% of loan amount, maximum AED7,500. 1% of outstanding loan amount incase of repayment by own sources, 2% for bank buyout	Emaar, Nakheel, Damac and more	Yes	No	04 354 0041 www.bankofbarodauae.ae
Life and building insurance	Looked at on case-to-case basis	No	No	Application fee is 1% of the loan amount for AED mortgages, 1.25% for other currency mortgages. Early settlement fee is on a case-to-case basis; valuation fee is AED3,000. Agreement in Principle (AIP) fee of AED1,500-2,500 valid for 60 days	Emaar, Nakheel, Dubai Properties	Yes	Yes	Toll-free: 800BARCLAYS (22725297) www.barclays.ae
Life and property insurance	15,000 for individuals with salary transfer, otherwise 15-20,000 10,000 for joint	No	No	Processing fee is 1% of financed amount, minimum AED15,000; no early settlement fees	Nakheel, Dubai Properties, Deyaar, IFA, Union Properties and Emaar	Yes	Yes	Toll-free: 800 5555 www.dubaibank.ae
Life and property insurance	10,000	No	No	Info not available	'Real Estate' - Villas and apartments anywhere in the UAE. 'Freehold' - Emaar, Deyaar, Dubai Properties, Nakheel and selected properties in Dubai only	Yes	Yes	Toll-free: 800 4766 www.alislami.ae
Life and property insurance	8,000 for account holders, otherwise 10,000	No	No	Processing fee is 1% of financed amount, minimum AED5,000. Evaluation fee: AED1,500	Emaar, Nakheel, Tameer, Deyaar, Falcon City, Union Properties	Yes	Yes	04 316 0101 www.emiratesislamicbank.ae
Life and property insurance	10,000; depends on the price of the property	No	No	1% of the loan amount processing fee plus documentation fee for residents, otherwise 15%. AED1,000 commitment fee. Early partial settlement 1.5%; 3% for full settlement	Jumeirah Lake Shore Tower, Burj Al Nujoom and Jumeirah Bay in Dubai; Seashore Villas in officers City (only for nationals), Aldar, Sorouh, Hydra Properties, Ocean Terrace Residence in Al Reem Island in Abu Dhabi	Yes	Yes	Toll-free: 800 2700 www.firstgulfbank.ae
Life and property insurance	12,000	Yes	Yes	1% of outstanding loan as early settlement charge. 1% charged as processing fee	Emaar, Nakheel, Union Properties and Dubai Properties	Yes	Yes	04 331 3999 www.habibbank.com
Life and property insurance	20,000	Yes	No, but interest rate will be 0.15% less with transfer	1% of the loan amount is levied as arrangement fee for the mortgage. No early settlement fees	Emaar Villas & Townhouses; The Palm Jumeirah and The Palm Jebel Ali (except Waterhomes), direct Nahkeel projects only; Green Community, Istithmar, Golf Real Estate, The Pad by Omniyat and Al Hamra in Ras Al Khaimah	Yes	Yes	04 329 6209 www.uae.hsbc.com
Life and building insurance	12,000	Yes	Yes	1% arrangement fee for mortgage loan; no penalties for lump sum reduction or early repayments; AED3,000 mortgage registration; AED2,500 valuation fee	Emaar, Dubai Properties (Jumeirah Beach Residence), Union Properties (The Green Community & UPTOWN Mirdif), Nakheel	Yes	Yes	04 342 2000 www.lloydstsb.ae
Life and property insurance (Approved companies only)	8,000	Yes	Yes	Processing fee: For fixed rate - 1% or maximum AED12,000. For variable rate - 1% or maximum AED15,000 (Nil early redemption and buy-out options available)	Emaar, Dubai Properties, Nakheel, Damac, Deyaar, ETA Star, GIGA, JPIL and a lot more	Yes	Yes	04 217 4800 www.mashreqbank.com
Property and life insurance	10,000	Yes	Yes	Processing fee: Min. AED1,500; max. AED5,000. Repayment penalty of 1% of outstanding loan amount or AED 15,000; whichever is greater. 5% for bank buyout	Residential only for expats, looked at on a case-by-case basis	Yes	Yes	Toll-free: 800 2211 www.nbad.com
Life and property insurance	8,000 for nationals, 10,000 for expats, 25,000 for non-residents	Yes	No	1% processing fee or AED5,000, whichever is higher. 1% of pre-paid amount for pre-payment charge for cash and 2% for bank buyout	Emaar, Nakheel and Dubai Properties	No	Yes	04 310 0222 www.nbd.com
Life and property insurance	12,000	No	No	Loan processing fee of 1% on loan amount. 5% early settlement fee	Nationals-open, Expats-Emaar properties, Dubai Properties, Nakheel	Yes	Yes	04 213 0000 www.rakbank.ae
Life and property insurance	8,000	No	No	AED1,500 charged as valuation fee for loan less than AED500,000 and AED2,000 for loan more than AED500,000. 1.5% of loan amount registration fee or minimum AED3,000; whichever is higher. Administration fee of 0.5% of loan amount	Only completed properties	Yes	Yes	Toll-free: 800 6667 www.sib.ae
Life and property insurance	8,000	No	No	Processing fee of 1%. Early repayment penalty of 2% of outstanding for cash, 5% for a bank buyout	Emaar, JBR, Nakheel, Union Properties	Yes	Yes	04 352 0455 www.standardchartered.com/ae
"Property Takaful" through AMAN and "Family Protection Plan" through Salama Insurance	10,000 for individuals or 12,000 as household income, subject to 8,000 minimum for one of the joint borrowers.	No	No	Mortgage processing fee of 1.25%; minimum of AED3,500 up to a maximum of AED15,000. Pre-payment charge up to 50% is 2% of outstanding loan, more than 50% is 4% of outstanding loan (subject to certain criteria)	JBR, Nakheel, IFA, Aber, Deyaar, Emaar, Bonyan, Best Homes, Jade, Tulip Sports City, 7 Tides, Asam, GGIC, Sondos and more. Tamweel offer mortgages on most UAE developer/developments, check for more details	Yes	Yes	Toll-free: 800 4354 www.tamweel.ae
Life and property insurance	8,000	No	No	Processing fee of 1%, min. of AED5,000. Early repayment penalty of 1% of outstanding loan amount, 1.5% for a bank buyout	Emaar, Nakheel, Estithmar, ETA Star, Damac	No	Yes	Toll-free: 800 2600 www.unb.com
Property and life insurance included in the loan	7,000	No	No	Processing fee of 1%, early settlement fee of 2%	Emaar, Nakheel, Dubai Properties and selected private developments	Yes	Yes	Toll-free: 800 4847

Disclaimer: This table is meant ONLY as a guide and is not intended as a recommendation of a particular mortgage provider. The table was thoroughly checked for accuracy with each provider called individually for information during August 2007 for **MONEY***works* magazine and was correct at the time of going to press. Note that premiums are financed at the discretion of the lender. We recommend that, as with all financial documentation, you check the fineprint very carefully. Check for redemption clauses and/or penalties for early re-payment. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to 04 391-2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres.

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Independent Financial Advisers — UAE

Licence: The UAE Central Bank

Name	Address	Telephone	Fax	E-mail	Website
Acuma Wealth Management	P O Box 23940, Dubai	+971-4-3328582	+971-4-3317572	info@acuma.ae	www.acuma.ae
Continental Financial Services	P O Box 62817, Dubai.	+971-4-3353433	+971-4-3352553		www.cibme.com
Elfina Financial Investment Consultancy	P O Box 29706, Dubai	+971-4-3551587	+971-4-3551606	info@elfina-invest.com	www.elfina-invest.com
Financial Consultancy Services Company	P O Box 7825, Dubai	+971-4-2663313, +971-4-2972222	+971-4-2663383	fcs@fcsdubai.com, fcs@emirates.net.ae	www.fcsdubai.com
InvestOne Financial Advisory - Abu Dhabi	P O Box 2970, Abu Dhabi, UAE	+971-2-6666760	+971-2-6668861	info@alsahel.com	www.alsael.com
Mondial (Dubai) L.L.C. (FPI)	P O Box 50060, Dubai	+971-4-3310524	+971-4-3314817	administration@mondialdubai.com	www.mondialdubai.com www.financial-partners.biz/dubai/Intro.asp
PIC (DeVere)	P O Box 75464 P O Box 6315, Abu Dhabi	+971-4-3433878 +971-2-6765588	+971-4-3433644 +971-2-6765558	dubai@pic-uae.com abudhabi@pic-uae.com	www.pic-uae.com
Synergy Financial L.L.C.	H.O: P O Box 47286, Abu Dhabi Dubai Office: P O Box 62658, Dubai	+971-2-6221121 +971-4-3431300	+971-2-6221120 +971-4-3431373	synergy2@eim.ae info@synergyfinancial.ae	www.synergyfinancial.ae
Union National Financial Consultancy LLC	11th Floor, UNB Head Office Building, Salam Street, Abu Dhabi, UAE.	+971-2-678-2822	+971-2-678-2825	unc@emirates.net.ae	www.unfc.ae/

Licence: MoE (Ministry of Economy)

Name	Address	Telephone	Fax	E-mail	Website
Acuma Wealth Management	P O Box 23940, Dubai	+971-4-3328582	+971-4-3317572	info@acuma-international.com	www.acuma.ae3
GlobalEye	P O Box 24592, Dubai	+971-4-3979550, 800-4558	+971-4-3979551	admin@globaleyegroup.com	www.globaleyegroup.com
Holborn Assets	P O Box 333851, Dubai	+971-4-3369880	+971-4-3369961	rubina@holbornassets.com	www.holbornassets.com
LifeCare International	P O Box 71208, Dubai	+971-4-3318688	+971-4-3318001	information@lifecareinternational.com	www.lifecareinternational.com

Licence: DED (Dubai Department of Economic Development)

Name	Address	Telephone	Fax	E-mail	Website
Citco Dubai	P O Box 58066, Dubai, UAE	+971-4-3432666	+971-4-3436613	fdsouza@citco.ae	www.citco.com
Prosperity Offshore Investment Consultants	P O Box 24459, Dubai	+971-4-3124334	+971-4-3124335	enquiries@prosperity-uae.com	www.prosperity-uae.com
Rasmala Investments	P O Box 31145, Dubai	+971-4-3301041	+971-4-3635635		www.rasmala.com

Licence: RAKFTZ (Ras Al Khaimah Free Trade Zone)

Name	Address	Telephone	Fax	E-mail	Website
Candour Consultancy	P O Box 9168, Dubai	+971-4-3124410	+971-4-3124411	info@candourconsultancy.com	www.candourconsultancy.com

Others

Name	Address	Telephone	Fax	E-mail	Website
OFS	P O Box 49388, Dubai, UAE	+971-4-3291614	+971-4-3291619	info@ofsdubai.com	www.ofsdubai.com

Notes: The following organisations are also listed on the UAE Central Bank website (as at September 30, 2002) but contact/further details were unavailable when this information was updated (June 12, 2007), despite repeated attempts to contact each organisation.

1. Inter Capital LLC - P O Box 14424, Dubai, Tel: 2940045, Fax: 2940048
2. Landmark International Consulting Services
3. Network Corporate Services L.L.C
4. Regent Investment Consultants - P.O.Box 28472, Dubai. Tel: 3552055, Fax: 3552088

Licensed Financial Intermediaries — UAE

Note: Financial intermediaries are licensed to undertake brokerage in currencies, commodities and to deal with money market transactions, as per licence from the Central Bank. Main activities at present are brokerage in foreign exchange, futures, options and Contracts for Difference (CFDs) in global stock indices, major stocks, treasury notes and commodities.

Name	Address	Telephone	Fax	E-mail	Website
Century Financial Brokers LLC	P.O. Box 9126, Dubai, U.A.E	+971-4-351 6112	+971-4-355 9876	cfbinfo@centurybrokers.com	www.centurybrokers.com
Eastern Trust LLC	P.O. Box 25404, Dubai, U.A.E	+971-4-228 3003	+971-4-223 7237	eastrust@emirates.net.ae	www.easterntrustllc.com
Leader Middle East LLC	P.O. Box 21416, Dubai, U.A.E	800-4446/04 269 2848	+971-4-268 6844	info@lmedubai.com	www.lmedubai.com
Nexus Insurance Brokers LLC	P.O. Box 94455, Abu Dhabi, U.A.E P.O. Box 124422, Dubai, U.A.E	+971-2-626 6669 +971-4-397 7779	+971-2-626 3322 +971-4-397 4422		www.nexusadvice.com
Orient Financial Brokers	P.O. Box 2495, Dubai, U.A.E	+971-4-351 4900	+971-4-352 4996	info@orientfinance.com	www.orientfinance.com
Sterling Financial Brokers	P.O. Box 26652, Dubai, U.A.E	+971-4-221 3949	+971-4-224 3271	info@sfbme.com	www.sfbme.com
World Index Investment LTD	P.O. Box 111012, Dubai, U.A.E	+971-4-359 8882	+971-4-359 9030	info@world-index.com	www.world-index.com

Disclaimer: *This list is meant as a guide only and is NOT meant as a recommendation of any particular organisation - listings are simply in alphabetical order, by licence. All information contained herein is subject to change without notice. This listing was checked for accuracy and updated during August 2007. Any errors and/or omissions are regretted. Corrections, if any, should be forwarded by fax to 04-3912173, or by email to info@moneyworks.ae. (Source: UAE Central Bank Website, last updated March 31, 2003)*

Related Services — UAE

Name	Address	Telephone	Fax	E-mail	Website
Just Wills LLC	P O Box 75671, Dubai, UAE	+971-4-3116592	+971-4-328810	mohammad@just-wills.net	www.just-wills.net

Letter of the Month

Email: editor@moneyworks.ae

Letter of the month wins a complimentary annual subscription to MONEYworks.

Dear Editor,

Your article on the cost of higher education was interesting. Out of interest, could you tell me how many universities/institutions there are in the UAE? Also, how many (if any) of these are for nationals only? Do nationals get 100 per cent free education or is it just subsidised?

It would be interesting if you could also highlight the spiralling cost of school fees. (Unless you have already done that and I missed it, please accept my apologies and do let me know which issue it was in.)

Regards,
Deen

There are more than 35 colleges and universities in the UAE. There are also a number of vocational and technical educational centres for those seeking practical training in their chosen careers. Fourteen of the colleges are part of the Higher Colleges of Technology (HTC). HTC has campuses for men and women in Abu Dhabi, Al Ain, Dubai, Fujairah, Ras Al Khaimah and Sharjah.

The HTC colleges, United Arab Emirates University and Zayed University are government institutions and can be attended by UAE nationals only. UAE nationals can attend government institutions free of charge.

The spiralling cost of school fees have been talked about at all forums, and the UAE government has put of a cap to how much a school can raise fees. We interviewed Sunny Varkey, who heads the GEMS group, in the last issue, and he said that school fees will continue to rise because of inflationary pressures.

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Make the subject 'Readers' and don't forget that telephone number.

Advice to readers: *Information given here is checked for accuracy, but we strongly recommend that you make enquiries and, if necessary, take professional advice before entering any transactions. The value of many investments can go down as well as up and you may not get back the amount originally invested.*

Saving for the future of your kids

James Thomas with some of the things we can do to ensure our children's financial future.

QUESTION

"I have been pondering opening bank accounts for my two children, aged three and five. I want to know how best to save. Should I open savings accounts? What's the best way to get the best value out of these savings? Can you please suggest what I should do and how much saving is good enough?"

The decision to start saving money for your children's future whether it be to fund a university education, assist them in buying a property or as a gift for them to spend as they wish, is not an easy one to make. Many of us already have several financial commitments, so it's a matter of prioritising. Do you rank it above your immediate needs or below saving for your retirement fund?

Children are not cheap! Especially over the long term – the older they get, the more they tend to cost. A recent survey in the UK estimated that parents spend between GBP160,000 and GBP180,000 on raising a child from birth to when they leave university. Higher education prices continue to soar - the same survey advises that the annual cost of a typical three-year degree course in the UK, including living costs, is about GBP30,000. If seeing your child own their own property is important to you, bear in mind that it's almost impossible to get onto the housing market without having some capital for a deposit. All of these things may seem so far ahead, especially if your child is very young, but now's the time to start saving to ensure that you can provide for your children further down the line.

There are a number of options available to you depending on the outcome you wish to achieve, the level of risk you are willing to take and the purpose you are saving for. If the children are involved in the saving process, it can form a basic but very useful financial education.

Do you have an idea of the amount that you wish to save on a regular basis, or do you wish to give your children a particular amount when they reach a certain age? Do you wish to save monthly or annually? Once you are clear on what you are looking to achieve, it will become much easier to select the appropriate product to meet those needs.

The most straightforward option is to set up a bank savings account for each child and deposit an amount into each account as frequently as you wish. The funds will be easily accessible, and can be added to or withdrawn at any time. The capital invested will not be exposed to any risk, but equally there will be little or no exposure to any real growth. By that I mean that over the course of a number of years, the buying power of the deposit could actually fall due to the low interest that banks generally pay to savings account holders.

If you want to go down the savings account route, I would recommend that the account is set up offshore, in a secure, tax-free environment. I would generally advise against local accounts, simply because very few pay interest and so do not reward you for leaving your money on deposit with them.

The offshore market offers a huge range of accounts paying good rates of interest on your savings. Rather than me recommending a particular account, please review the Offshore Savings Account section of the Best Buy Tables within this magazine to locate the best rates currently available.

Another option is a more structured savings plan, where you would commit to saving a regular amount over an agreed period of time. The contributions would be invested into a range of funds, and at the end of the term, a lump sum would be available for you to give to your children. The contribution amount, term and funds that you invest into would need to be discussed with your advisor before any particular products are recommended.

Bank accounts and savings schemes can be set up in a child's own name if you wish them to be. This will mean, however, that they are the legal owner of the account and can withdraw the funds at any time. Therefore, if you wish to maintain some degree of control over the account/savings scheme and monitor withdrawals, then I would recommend that the account be set up in your name.

Both of these options can provide a suitable way to save funds for your children to assist with university fees, house purchase or anything else that they require help with. The key at this stage is to save an amount that you can afford and feel comfortable with. I cannot advise in this article how much you should be saving as I would need to know a lot more about your personal financial situation.

In summary, anything you can save for your children's futures will be a bonus and should be gratefully received by your children. Keep the contributions at affordable levels, and if you want to set up a savings plan, seek the help of a financial advisor so you can be comfortable with the decisions you have taken about where to invest on your child's behalf.

Disclaimer: As always, we at Acuma welcome your questions and enquiries directly, so please do not hesitate to contact us if you would like to discuss this or any other issue in more detail.
James Thomas joined Acuma Wealth Management, a company licensed and registered by the Central Bank of the UAE, in 2004, having worked as an independent financial consultant in the UK for six years. He is fully qualified and is a member of the Chartered Insurance Institute of London. Contact James at jthomas@acuma.ae

The elusive currency union

Sheikh Sultan bin Saud Al Qasimi ponders why the six GCC countries can't agree on important issues such as the currency union.

According to the IMF, the GDP of the GCC in 2007 will reach a whopping US$750 billion[1], placing it roughly above Australia as the 16th largest economy in the world[2]. And yet, this number does little more than aggregate the economies of six geographically close countries that might as well be on six different continents. It is inconceivable that these half a dozen countries that are, to all intents and purposes, carbon copies of each other, cannot agree on how to proceed with what is clearly the common good for their economies and end up hosting expensive lunches and tea parties with no measurable outcome. There are a couple of issues here that need to be highlighted.

Currency Union: First, the issue of monetary union has started to cause a serious case of currency fatigue amongst even the most ardent supporters of this fantastical idea. Doubts have been cast now that two countries have more or less officially pulled out of the currency union[3]. GCC nationals are wondering when the other four are going to admit that they have failed in the most basic of agreements. The sad fact that seems to have been overlooked is that before our esteemed officials realised the obvious necessity of a common GCC currency, the region actually had one for over a century that was working perfectly well.

It was called the Indian rupee (it still exists today). A currency that was universal in every meaning of the word, accepted as legal tender from Iraq to Yemen (even though India is thousands of miles away) and without the assistance of the European Union, IMF, World Bank, countless consultants, research papers and investment banks that have ultimately contributed to this collective failure that is evident today. There are very few excuses that could be presented to the people of the GCC other than simple apathy and the lack of conviction on the part of the officials. Some might argue for maintaining the status quo, in which Ben Bernanke effectively plays the part of the GCC Central Bank governor as he knowingly, or not, dictates the monetary policy of six independent nations from his good offices in Washington D.C.

Customs Union: Second, as the GCC approaches the sixth year of the so-called customs union, many of us dread yet another announcement from the secretary general of the GCC that the temporary "trial phase" will be extended by another year or two[4]. As one "brotherly" country accuses another of dumping products[5] and the lack of agreement on tariff sharing[6] illustrate, the dream of a customs union has yet to materialise.

The idea of the GCC unifying its customs tariffs and regulations came from none other than the European Union, which insisted in the 1980's that there would be no free trade agreement (FTA) with the GCC unless the latter establishes one supranational entity that it could sign with[7]. The US, the appointed guardian of the Gulf oil reserves, has deliberately followed a "divide and conquer" policy of signing with individual countries[8] that has cost its signatories dearly (see **MONEY***works* April 2007 by same author). The UAE has fortunately escaped for another two years, as President Bush's fast-track negotiating powers have expired as of June 30 this year[9]. Two decades after the EU floated the customs union idea, no GCC-EU FTA seems to be on the horizon with the Gulf Arab nations now seeking new partners, most of whom are energy hungry Asian countries that would accept to sign FTA's with what the EU regards as a flawed customs union[10].

In reality, there have been very few success stories as a result of the establishment of the GCC. These include a semblance of freedom of labour movement, as well as permitting expatriate residents who have lived in a member state for more than six months to visit another for a short stay. The GCC wide electricity grid, which comes into effect in 2010[11], seems to be another practical and positive step forward.

So, what could be done?

The GCC needs to make up for lost time and implement a strategy with preset milestones and dates to reach an agreement on unifying its laws and regulations concerning foreign direct investment, banking and financial services and the legal system, amongst other issues. The currency union cannot be salvaged at this point; however, the customs union can be brought back to life with new rigor, and if the GCC countries agree on unifying their laws, there may be hope yet for the currency union sometime in the future. MW

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(Footnotes)

1 http://www.zawya.com/story.cfm/sidZAWYA20070515041237
2 http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28nominal%29
3 http://www.zawya.com/story.cfm/sidZAWYA20070524111144/
4 http://www.zawya.com/story.cfm/sidZAWYA20051204120926
5 http://www.zawya.com/story.cfm/sid134001
6 http://www.zawya.com/story.cfm/sidZAWYA20040212114951
7 http://www.zawya.com/story.cfm/sidbus5_article82304
8 Ibid
9 http://www.zawya.com/story.cfm/sidZAWYA20070701033307
10 http://www.zawya.com/story.cfm/sidZAWYA20070514032627
11 http://www.zawya.com/mees/story.cfm?id=ZAWYA20050712044415