TABLES: credit cards, personal/auto loans, mortgages and insurance across the Gulf

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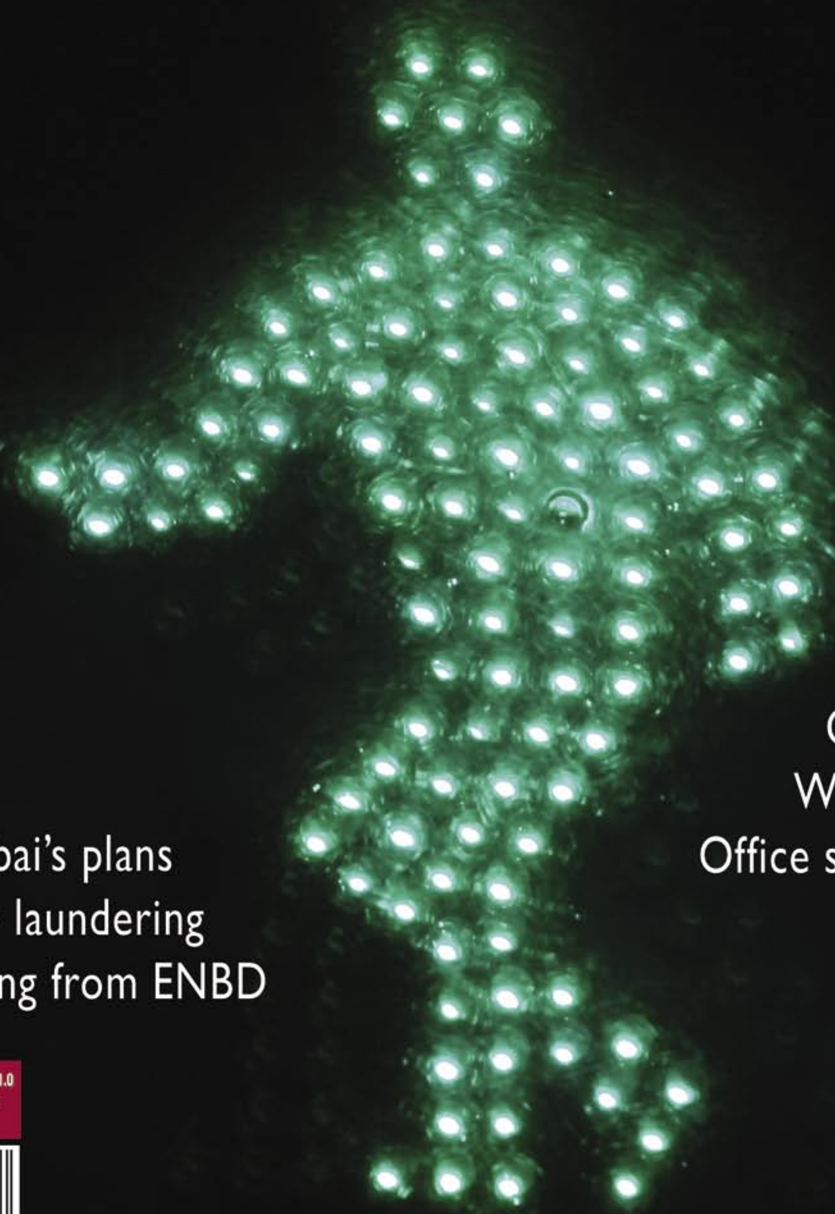
THE GO SIGNAL

Hasn't the market bottomed out?



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It looks like we are about to get through the summer without many more incidences of defaults in the region. The troubles of the Maan Al Sanea and Al Gosaibi business groups had the region's banking community in jitters, but sanity seems to have prevailed again. Bankers will continue to remain edgy, though, until the announcement of third quarter results.

Globally, things are looking up. Stocks rose following companies raising their profit forecasts last month. Goldman Sachs' profits astounded Wall Street and turned out to be just the kind of news everyone needed to start thinking positively. There are also some strong statements coming from the US. The White House national economic council director and former treasury secretary Lawrence Summers said in an interview with a wire agency that the US economy was no longer in freefall. In fact, sentiment swings have been quite dramatic in the past few months. At one extreme, some are even expecting a V-shaped recovery, which is, of course, very unlikely.

Federal Reserve chairman Ben Bernanke, on the other hand, wrote in the Wall Street Journal that he was confident of controlling inflation once the economy rebounded. Although we will have to wait and see, it is true that a very loose monetary policy may not be the ideal approach at the beginning of a new economic cycle. Such an approach probably won't help in deleveraging or cleansing a system where the main problem was leverage. It will be very interesting to see how regulators use various monetary tools to balance economic growth and inflation in the months ahead.

In our region, some major projects are being announced. Last month, the Abu Dhabi National Oil Company awarded contracts worth about US$9 billion for its integrated gas development facilities. There are also other big contracts due for announcement, and business is certainly coming back. Oil remains steady at over US$60 a barrel, and it is only expected to move north, adding further strength to the regional economies. It is time for those who have continued to shun equities to look at the asset class seriously once again.

The announcement of the formation of the Dubai Financial Support Fund is a welcome development. The fund, which will manage Dubai's US$20 billion bond programme, is expected to give the emirate's economy a boost.

Before I sign off, I must mention the guide on financial terms that we have published this month. This guide, our fifth edition, is updated with new words that we have all used quite generously during the downturn. The guide is free for our readers, so happy reading.

Utpal Bhattacharya
Editor

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Suvo Sarkar

24-hour branch banking from Emirates NBD

Emirates NBD is set to launch its new branding at the end of the year. The bank is also planning an array of new offerings in the months ahead, including products, services and delivery channels. A **MONEY***works* report.

Emirates NBD is planning to introduce the first 24-hour banking branch in the UAE. This initiative is part of the bank's endeavour to be there for customers 24 hours a day.

Suvo Sarkar, Emirates NBD's vice president and general manager of retail banking, said that although the 24-hour banking branch idea is still in the pilot stage, it is something that will happen.

"Today, on our internet banking platform, you can do everything except for cash handling. What we are saying now is that if our customers still want to sit down one-to-one at any time of the day or night, it will be possible in a branch that will be open 24-hours a day," he said.

The bank is also extending its normal banking hours in many of its branches. A number of its branches are now open from 8:00 a.m. to 8:00 p.m. and some are open until 10:00 p.m. These new timings have been well received by customers, said Sarkar.

Emirates NBD has 110 branches in the UAE at present. The bank has opened 18 new branches in the past 12 months, and there are plans to open 12 more branches in the next 18 months. Sarkar said that an all-out effort is being made to give customers the comfort of branches in their vicinity.

"I believe, after the crisis, customers want more assurance. They want to visit branches more than ever now. So physical distribution has become very important."
Suvo Sarkar

"I believe, after the crisis, customers want more assurance. They want to visit branches more than ever now. So physical distribution has become very important," he added.

Emirates NBD plans to open 50 per cent of its new branches and ATMs outside of Dubai from now on. Sarkar noted that the bank already has a strong presence in Dubai, so the focus is now towards Abu Dhabi and the northern emirates to balance the bank's presence across the country.

Sarkar also said that Emirates NBD will increasingly launch "combo" products in the future, as efforts will be made to cross-sell various products to the same customer. For example, an auto loan customer could get a free credit card and a deep discount on a life insurance product.

"Our research shows customers want value from their banks. We will provide that by bundling products rather than fighting on price with competition. It also helps us cross-sell. Today, our cross-sell ration is two. We want to take it to five in three years," Sarkar said.

On creating service efficiency, Sarkar said that the bank is taking a number of steps to enhance customer satisfaction. A pilot that started last October on creating different zones in branch front offices is now ready to be rolled out. The different zones include affluent banking, personal banking and transaction banking. Bank customers will be able to sit across from one customer service executive and transact all business including withdrawing or depositing cash, making investments or redemptions and so on.

"Our new branches will follow this concept, where all a bank customer will need to do is walk to a customer service executive and perform all his banking sitting across the table. For non-customers, this facility is not available," explained Sarkar.

The bank is also empowering its call centre agents to immediately address customer concerns, rather than going to their managers and causing delays. A lot of effort is being made towards training and service quality programmes for all front line staff. Additionally, relationship managers for affluent banking now have to be certified and undergo external training programmes, in addition to the internal training that the bank provides.

Sarkar said that Emirates NBD will focus on four customer segments in the months ahead: affluent, emerging affluent, SME and un-banked. The number of priority banking customer centres servicing affluent customers will also be increased from the current 35 to 50 in the next two years.

Sarkar said his aim is to increase the revenue contribution of retail banking in Emirates NBD from the current 30 per cent to 40 per cent in three years and 50 per cent in five years.

"And this will be achieved with our focus on distribution and customer convenience. Our size will help us to bring to our customers some of the best deals for them, like our partnership with Emirates Skywards. We will give so much convenience that it will be silly not to bank with us," he added. MW

Saad Mered

Zurich's five-year growth plans in the GCC

Zurich Financial Services Group is targeting the GCC as a major growth area for its business. The group has recently forayed into general insurance and life Takaful in the region. A MONEYworks report.

"We estimate that at current levels, insurance penetration in the GCC only represents about two per cent penetration of GDP, compared to around 10 per cent in matured markets." *Saad Mered*

Insurance-based financial services provider Zurich Financial Services Group has embarked on an ambitious five-year growth plan for the Middle East and North Africa (MENA) region. The group not only intends to foray into different sectors, but also plans to introduce new products from its diversified portfolio.

The growth plan is part of the group's global strategy to reshape and refocus the company and create a new operating model, according to Saad Mered, CEO of Zurich Middle East, the business unit responsible for driving Zurich Insurance Company (ZIC).

Zurich recently entered the general insurance business after gaining substantial market share in GCC expatriate savings products. ZIC has been granted a new licence that will allow it to expand its activities and conduct general insurance operations from the Dubai International Financial Centre (DIFC).

With the new licence, ZIC will focus on helping large corporate customers (those with an annual turnover of about US$500 million) and their local insurers address complex insurance risks. ZIC aims to actively contribute to the growing independence and self-reliance of the Middle East insurance market, which is expected to double in size over the next five years.

Operating in the region since 1986, Zurich has had a large presence in the DIFC for nearly four years. Focusing primarily on large global corporate clients, ZIC intends to use its base at the DIFC as a hub from which to further expand its presence in the MENA region. The company already has a presence in the UAE, Bahrain and Qatar in the retail personal segment and with life products. Eventually, it will explore other markets in the region.

"Our broad understanding of today's interdependent global risk environment puts Zurich in a strong position to help corporate customers in the MENA region better understand and manage their risks," says Mered.

Zurich also entered into an agreement with Abu Dhabi National Takaful Company at the end of last year to set up a joint venture family Takaful company. The joint venture company, called Zurich Takaful Insurance Company, will operate from the DIFC and is currently awaiting a licence from the Abu Dhabi authority. Zurich will have a 51 per cent stake in the company, while the remaining 49 per cent will be held by Abu Dhabi National Takaful Company.

The new company is a meaningful venture for Zurich, says Mered, as it will mark its entry into the Shari'ah-compliant insurance sector for the first time. Zurich Takaful expects to be operational by the third quarter of this year.

"We estimate that at current levels, insurance penetration in the GCC only represents about two per cent penetration of GDP, compared to around 10 per cent in matured markets. It is estimated that the regional market could double over the coming years as businesses become aware," Mered points out.

Apart from setting up new companies, Zurich is also planning to introduce two new life products this summer. It intends to introduce general Takaful products to address some of the bigger markets like Europe, North America and Southeast Asia.

Zurich serves customers in more than 170 countries and has a global network of subsidiaries and offices in North America and Europe, as well as in Asia Pacific, Latin America and other markets. The principal activity of the group is the provision of insurance and related financial services through four divisions: life insurance, non-life insurance, asset management and other financial services and holding companies.

IdealRatings to seek opportunities in Saudi financial sector

IdealRatings is aggressively targeting the Saudi financial sector, which is ripe with opportunity in the current financial crisis. **Amir Elalfy** reports.

IdealRatings, a niche provider of Shari'ah fund management services, is aggressively targeting the Saudi financial sector, which offers a huge opportunity to possibly become one of the biggest regional markets for Islamic finance.

This opportunity is even riper in the context of the current financial crisis. One segment of the financial world has started emphasising that Islamic finance is comparatively more resilient and hence less affected by the financial mess because of its basic principle of asset-based financing and ethical investment practices.

The demand for Shari'ah-compliant investment products has risen dramatically in the last decade. According to recent research from Booz & Company, the total volume of Islamic assets in 2008 was estimated to be US$500 billion. The number of Islamic funds is expected to reach 925 from 102 funds back in 2000, and the Islamic investment market is growing at an approximate rate of 25 per cent annually.

The Saudi market is also shifting from a traditional working system into a more developed, technology-oriented platform. The latest available data shows that more than 50 per cent of banks and investment companies have changed their traditional systems to the third-generation technology platform.

IdealRatings is likely to gain from this growing trend, as it specialises in Islamic investment solutions and is perhaps the first company in the Arab world to offer complete data to all local and world markets on equities and trading related to Halal companies. IdealRatings provides services to financial institutions by identifying Shari'ah-compliant instruments globally and managing the overall Shari'ah fund management process. It helps portfolio managers and analysts who need an enterprise-wide view to better manage and operate their Shari'ah-compliant funds.

IdealRatings, which was launched in November 2007, provides an integrated, research-wide view of instrument information collected from global markets and delivered as a service over the web. It features daily market data provided by three market data and fundamentals providers –Thomson Financial, Reuters and Interactive Data Corporation. The data feeds are then screened using proprietary software and manual researchers to accurately classify companies' activities according to Shari'ah permissibility rules. Finally, the filtered data is securely delivered using state-of-the-art web technology that enables users to perform in-depth research, analysis and purification tasks to effectively screen for Shari'ah-compliant funds.

"Our programme helps banks and investment companies operating in this region, especially in Saudi Arabia, by providing tools that can increase their volume of business and identify Shari'ah compliance effectively while structuring any investment products." *Mohammed Dunia*

According to Mohammed Dunia, manager and partner of IdealRatings, the real challenge of Shari'ah screening is to identify among companies considering the proportion of revenue generated from non-compliant activities. This task is not an easy one, especially in the case of companies whose core or primary business is compliant but might generate a proportion of revenue from activities deemed non-compliant under Shari'ah, due to the wide range of products and services they are engaged in.

An adequate compliance evaluation in such companies can only be obtained through in-depth research. Companies that are generally compliant but operate in multiple business segments need to be analysed in detail by looking at their financial statements, company websites and news, as well as at materials provided by their investor relations departments.

"As the global asset universe is large, screening cannot be handled manually. Interactive screening combining automated and manual research needs to be applied to overcome the shortcomings of automation," says Dunia.

IdealRatings scans a global asset universe covering more than 95 per cent of capital markets in more than 96 nations. Automated and manual analysis and research techniques are combined so that end-users can define their own Shari'ah guidelines and execute them on the most accurate data relevant for Shari'ah screening, adds Dunia.

Screening aside, banks and investment companies are continuously searching for what's new in the world of modern technology, which enables them to work efficiently and achieve a bigger share of the market. As such, financial institutions are spending a lot on upgrading the technology platform they are using to be constantly on par with the latest industry norms. IdealRatings helps regional financial companies to a great extent in this area, too.

"Our programme helps banks and investment companies operating in this region, especially in Saudi Arabia, by providing tools that can increase their volume of business and identify Shari'ah compliance effectively while structuring any investment products," says Dunia.

Dunia also notes that the economic crisis the world is witnessing today is increasing competition between financial institutions and creating new requirements for customers. This shift requires well-developed technology and a high rate of flexibility to guarantee that a client gets all the information needed first hand.

News of the World

*There's so much positive news currently – relatively speaking, at least. Is confidence returning, or are we genuinely seeing something of a recovery? **Allen Quaye** mulls it over.*

Mainstream media headlines recently have been dominated by optimism. Take just a few, by way of example. "Markets stage a comeback", "Singapore's economy bounces back" or, amazingly, "Japan's consumer confidence index rises".

And then there's "Goldman Sachs sees bumper profit".

Now this is the headline that really jumped out. It quite literally leaps off the page and the computer screen.

For a bank that seemed in so much trouble just six months ago, this is a most remarkable turnaround – a net profit of US$3.44 billion for April to June, after having paid off US$10 billion in loans that it had taken as part of the US government bailout programme. An impressive achievement at any time, let alone at a time such as those we are currently living through.

Goldman has beaten pretty much every analyst forecast and attributes the feat to less volatile markets and rises in global share prices, as well as takeovers and rights issue involvement.

So doesn't this mean that Goldman has just taken the taxpayer cash, taken advantage of a difficult situation and made money out of the misery that it helped to create? And then repaid its debt just before public involvement and part nationalisation may have raised its ugly head?

The simple answer is that there just isn't a simple answer.

Part of me sees this as an achievement of some magnitude. This is an institution that has kept its financial obligation at an incredibly difficult point in history, repaid its dues and is, therefore, back in business. Plus, the confidence and feel-good factor must have its place.

The other side of me comes squarely down on the side of the critics who are raising questions over whether it is right that a bank make such profits and pay sizeable bonuses (the bank has set aside US$6.65 billion for pay and bonuses in the quarter – an average of US$226,000 per employee) so soon after receiving government loans.

Consider the facts. Six months ago, Goldman reported its first quarterly loss since going public in 1999, after being battered by the economic crisis. It then reported a US$1.8 billion profit for the first three months of the year, despite the financial crisis. And now Goldman reports record net revenues of US$13.8 billion – about 47 per cent higher than it generated in the preceding three months. Goldman Sachs shares are up 75 per cent this year – nowhere near the highs of the days of yore, but 75 per cent is another impressive figure, considering the times.

It's nothing short of staggering in financial corporate achievement terms.

So why do I still view this with such cynicism? What is it that rankles? What is it that gets me hot under the collar? Is it just that I've become sceptical in my not-so-old age?

Why is that I just can't help feeling that "plus ca change, plus cést la meme chose"?

Footnote:
"Plus ca change, plus cést la meme chose" is a frequently quoted epigram attributed to Jean-Baptiste Alphonse Karr (November 24, 1808 – September 29, 1890). Alphonse Karr was a French critic, journalist and novelist who became editor of Le Figaro in 1839. A man with a reputation for a rather bitter wit, the phrase translates as "the more it changes, the more it's the same thing", or more usually as "the more things change, the more they stay the same". *Source: Wikipedia*

If you have a gripe you'd like to air, a view you'd like to share or even a bug you'd like to bear, get in touch via info@moneyworks.ae, marking your mail, 'The Soapbox'. Every email published will receive a limited edition MONEYworks money clip in return. To blog online, just look for the 'Topic of the Month' at www.moneyworks.ae.

Islamic investment banks need to diversify, says report

Islamic investment banks are too dependent upon real estate for their investment activity and need to diversify into other asset classes, according to a new report co-published by Yasaar Media, Unicorn Investment Bank and Doha Islamic.

The report points out that the Islamic finance industry has seen significant shrinkage since the onset of the global financial crisis, as the values of investments and deposits have declined in line with global markets. One of the biggest declines in the crisis has been the value of real estate assets. The over-reliance of many Islamic investment banks on real estate means that the underlying values of their portfolios have also declined.

The report goes on to argue that a greater diversification into other asset classes would have helped diminish the impact of some of these losses and enabled banks to weather the storm in better shape.

Areas that are particularly ripe for Islamic investment activity include both Islamic private equity and venture capital. Islamic venture capital is a virtually unexplored region of Islamic investment banking and could be set for quick growth when the turnaround comes, says the report.

SHUAA files claim against OHO over AED115.9 million loss

SHUAA Capital has filed a legal claim against Orion Holdings Overseas (OHO) and its chairman Mohamed Abdel-Khaleq Mohamed Abu Al Haj.

The claim was filed at the Dubai International Arbitration Centre and is related to losses of AED115.9 million through investment in the Dubai-based financial services company. SHUAA acquired a 20 per cent minority shareholding in OHO in February 2008.

Petra Invest, a shareholder in OHO and a company related to Abu Al Haj, has also filed a claim against SHUAA in a related matter at the Dubai International Financial Centre's courts.

SHUAA says that the Petra filing is a "nuisance claim that is without merit and will be vigorously contested".

DFSA withdraws licence from Libertas Capital (Dubai)

The Dubai Financial Services Authority (DFSA) has withdrawn the licence of Libertas Capital (Dubai) to carry on financial services activities in or from the Dubai International Financial Centre. The licence withdrawal follows Libertas' inability to meet the applicable regulatory capital requirements, said the DFSA. Libertas was a Category IV firm authorised to arrange credit or deal in investments and advise on financial products or credit. Category IV firms are not authorised to accept client money.

STEP Arabia conference discusses DIFC family office initiative

The 2009 STEP Arabia conference recently held in the UAE saw presentations from eminent speakers on subjects including trust drafting for Middle Eastern clients, recent developments in UK and US taxation, a comparison of the Dubai and Bahrain trust laws, structuring for special assets, pre- and post-marital agreements and the further development of Ras Al Khaimah as a financial centre.

Laurence Black, chairman of STEP Arabia, said that all the earlier conferences of the society in Dubai had been held in more positive economic times with wealth creation often driving the complexity of clients' needs.

"However, this year we met at a time when many businesses and wealthy individuals are challenged by a global financial crisis, which in turn results in complexities that demand quality advice, innovation and sometimes just good old fashion common sense planning. It was these key areas that we focused on to aid us in serving our clients' needs," he said.

One of the topics that came up for discussion was the DIFC family office initiative aimed at offering regional investors a deployment mechanism for managing and structuring their wealth.

Legislation within the DIFC will allow a licensed family office to manage its affairs in relative privacy, while still being subject to DIFC laws and regulations such as Anti Money-Laundering Regulation and federal laws.


Laurence Black

Crédit Agricole and Société Générale soon to combine operations

Crédit Agricole S.A. and Société Générale have signed a final agreement to combine their asset management operations. The combined entity will have EUR591 billion of assets under management. Seventy-five per cent of the new entity will be held by Crédit Agricole S.A. and 25 per cent will be held by Société Générale.

The new entity will have a presence in over 37 countries and 50 million retail clients around the world.

As originally agreed, Société Générale will appoint one-third of the directors of the board of the new entity and under group governance will control the equivalent of one-third of voting rights.

The operation remains subject to approval from the relevant regulatory authorities. The transaction is expected to close during the fourth quarter of this year.

First Energy Bank reports modest net profits for inaugural year

Bahrain-based First Energy Bank (FEB) reported an operating profit of US$9.03 million for the period from June to December 2008 at its first annual general meeting.

One-time establishment costs saw the bank enter modest net profits, in line with expectations for its inaugural year. FEB also saw a rise in its asset base, which now exceeds US$1 billion.

"Now that our operations are fully independent and verified by our auditors and the Central Bank of Bahrain, we are set to start implementing a rich pipeline of deals that our specialist investments team has been developing," said Vahan Zanoyan, CEO of FEB. FEB is the world's first Islamic investment bank to focus exclusively on the energy sector.


Vahan Zanoyan

Tourism Development & Investment Company (TDIC) has launched its US$1 billion bond representing its inaugural issuance under the US$3 billion global medium term note programme.

The issue of notes attracted substantial interest from global investors, with a total order book exceeding US$6 billion from approximately 300 investors. The final allocation of TDIC's US$1 billion five-year issue was priced at 390 basis points over US Treasuries.

TDIC's bonds mature in July 2014. US investors received 30 per cent of the notes, European investors received 36 per cent of the notes, Middle Eastern investors received 23 per cent of the notes and Asian investors received 11 per cent of the notes.

High net worth individual wealth drops globally to US$32.8 trillion

Following a year-long period of exceptional volatility in 2008, the world's population of high net worth individuals was down 14.9 per cent from the year before, while the population of ultra high net worth individuals fell 24.6 per cent.

These figures are highlighted in the 13th annual World Wealth Report released by Merrill Lynch Global Wealth Management and Capgemini.

The decrease in population was matched by a 19.5 per cent drop in high net worth individual wealth to US$32.8 trillion. The unprecedented declines wiped out two years of robust growth in 2006 and 2007, reducing both the high net worth individual population and its wealth to below levels seen at the close of 2005.

In the Middle East, total high net worth individual wealth declined 16.2 per cent to US$1.4 trillion, while the high net worth individual population declined 5.9 per cent to 373,600. This was the second slowest rate of decline after Latin America, which declined six per cent from the previous year.

Ultra high net worth individuals suffered more extensive losses in financial wealth than the high net worth individual population as a whole. Consistent with the drop in the ultra high net worth individual population, the group's wealth decreased 23.9 per cent.

In the UAE and Saudi Arabia, the high net worth individual population fell, but at a rate lower than the global average. The UAE had 12.7 per cent fewer high net worth individuals in 2008 than in the previous year, down to a total of just over 67,000. In Saudi Arabia, there were over 91,000 high net worth individuals, down 10.9 per cent from the previous year.

Downturn slows GCC recruitment activity

The economic downturn has slowed recruitment activity in the GCC region significantly, with Dubai in particular seeing a fall in the number of vacancies advertised. More discreet and confidential recruitment methods, as well as a shift to lower-cost recruitment channels, are among the main trends highlighted in a new study by Middle East online recruitment firm GulfTalent.com.

The percentage of Dubai-based vacancies advertised on GulfTalent.com constituted only 30 per cent of all GCC-based positions advertised in the first half of the year, compared with 43 per cent over the same period in the previous year. Kuwait and Bahrain have also been badly hit, says the firm.

In contrast, Abu Dhabi has seen its percentage share of job vacancies increase from 14 per cent to 23 per cent, while Qatar and Saudi Arabia have seen similar increases in their share of vacancies.

The UAE overall may have seen an increase in the outflow of expatriates, with 26 per cent of all job applications submitted by UAE residents targeting vacancies in other Gulf countries, compared to just 16 per cent the previous year. Despite the increase, the outward mobility of UAE-based expats remains the lowest in the region, with the majority preferring to remain in the country.

Quoting forecasts by economists, the study anticipates regional economic growth to return to healthy levels in 2010 and employment activity to pick up as a result. It warns, however, that recruitment will take some time to reach its pre-downturn levels, with the price of crude oil being the key factor determining the speed of regional recovery.

Until then, with the volume of new jobs being created not matching the number of young nationals entering the workforce, companies can expect a tightening of regulations with regard to employment of nationals, the study argues.

Currency and crude oil futures lead rise in DGCX volumes

Volume on the Dubai Gold & Commodities Exchange (DGCX) rose 19 per cent in June, led by higher interest in currency and crude oil futures. The exchange traded 162,969 contracts in June, valued at US$8.5 billion.

The year-on-year growth in total volume was largely driven by British pound/dollar, Indian rupee/dollar and WTI crude oil futures contracts. Gold futures volume, however, retained the top spot in June, accounting for the highest number of contracts traded.

Trading in British pound/dollar and Indian rupee/dollar rose by 65 per cent and 652 per cent respectively in June, compared to the same period last year. Average daily volume for the month of June stood at 7407 contracts, an increase of 14 per cent on last year.

The merits of trading derivatives in the region have assumed greater significance amid the continued price volatility in global commodities and currencies, said Malcolm Wall Morris, CEO of the DGCX.

Investors should buckle up for a bumpy ride, says Saxo Bank

Market optimism is misplaced and recovery will be flat to W-shaped, says trading and investment specialist Saxo Bank in its third quarterly financial outlook for 2009.

The outlook states that any prediction of imminent global economic recovery is premature, as the fundamental imbalances that pushed the developed world into the financial crisis remain unaddressed. The bank advises investors to "buckle up for a bumpy ride" when the summer ends.

According to David Karsbol, Saxo Bank's chief economist, the market has looked too far ahead of the curve in pricing its recovery. He warns that the fundamental problems within the economy, such as the unsustainable debt burden leading to sub-par consumption growth resulting in write-downs and earnings recession, remain unresolved.

"In developed economies, the consumer has yet to deleverage, and in developing markets, export-oriented economies will require more time to restructure for sustainable growth in the future," says Karsbol.

Saxo Bank also warns that irresponsible fiscal policy that has created massive – and growing – public debt will lead to bond market dislocation. Karsbol says it is no surprise to see strong stock market bounces when the economy has been so depressed.

"However, the degree and persistence of the rebound in risk appetite has been remarkable and surprised many, including Saxo Bank. Unfortunately, at some point during the next six months, we expect risk appetite to plummet again as the market realises that it has raced ahead of itself," he says.

Foreign investors net buyers on ADX

Non-GCC investors were net buyers on the Abu Dhabi Securities Exchange (ADX) in the first half of 2009, says Tom Healy, chief executive of ADX. Healy also notes that the ADX index, market capitalisation and volumes were all up in the first half of 2009, influenced by an appreciation for the positive long-term economic outlook for Abu Dhabi.

"Interestingly, while non-GCC investors only owned four per cent of the value of stocks listed on ADX, they accounted for around 30 per cent of all trading, buying and selling shares worth nearly AED16 billion, giving them net purchases of AED600 million worth of shares," says Healy.

Healy adds that the number of institutional investors has also increased by seven per cent. UAE nationals remain the highest owners of shares by value with AED217 billion worth of shares, 92.5 per cent of the total value of shares owned.

ADX saw a fall in volumes towards the end of last year. Since the beginning of this year, however, volumes have risen 39 per cent to over 20 billion shares from under 15 billion shares.

ADX added one listed company – Green Crescent Insurance Company – in the first half of the year, taking the total number of companies up to 66 and a combined market capitalisation of over AED282 billion, a 12 per cent increase on the end of 2008.

Etisalat is still the largest company listed on ADX by market capitalisation, followed by National Bank of Abu Dhabi. In terms of the companies most traded on ADX, ALDAR was the highest traded, with over AED8.5 billion worth of shares changing hands.

No return to growth in financial services until 2010, says survey

The majority of global financial services companies expect a rebound in their sector only after the first six months of 2010 or even later, according to new Ernst & Young research.

While one-third of the 125 global financial services surveyed said they expected some expansion this year, 34 per cent of those polled said they expected the return of growth to begin in the first six months of 2010, with 32 per cent believing it would be further out.

The industry has clearly been taken aback by the ferocity and depth of the downturn. Seventy-two per cent of respondents were surprised at the severity, while 70 per cent were surprised by the speed of the financial crisis. Only 30 per cent had seen any improvement in their businesses over the last 12 months, compared to almost 50 per cent that had not.

The majority (70 per cent) of institutions have permanently changed their risk management strategies as a result of the crisis. Sixty-eight per cent had implemented permanent differences to their regulatory framework, while over half (54 per cent) had changed their operating model. Almost six in ten financial institutions had seen their profitability decline, while 56 per cent had seen overall revenues decline in the same period.

Manara unveils masterplan for business and investment community

Bahrain-based Manara Developments has unveiled the concept masterplan for the new 'Investment Gateway – Bahrain'. The masterplan was formed to create a business and investment community through the development of various warehousing and logistics projects and services situated over a 600,000-square-metre site.

Dr. Hasan Al-Bastaki, managing director of Manara Developments, said that the new business community would encourage companies to base their operations in Bahrain and create more job opportunities for Bahrainis.

The recent establishment of the RAKIA Real Estate Regulatory Agency (RAKIA RERA) by an Emiri Decree has created a new layer of protection for real estate investors in Ras Al Khaimah, according to the Ras Al Khaimah Investment Authority (RAKIA). The agency will oversee the implementation of the escrow account law for freehold projects under RAKIA.

Several property developers have already registered their projects with the RAKIA RERA, which now monitors RAKIA-supervised real estate developments with a collective value of AED6 billion. Developers may only register with the RAKIA RERA when the project's concept design has been approved, which will allow them to open an escrow account and start selling properties.

The RAKIA RERA will also oversee the proper conduct of construction by sending out a team of engineers to inspect projects and make sure that the emirate's construction policy and the key points in the contract are strictly followed.

Emaar Properties has commenced handover of Burj Views, the three-tower residential complex with several apartments opening to views of Burj Dubai and the Dubai Fountain. The handover is scheduled in two phases, starting with residential units in the three towers and followed by units located on the podium level.

Deyaar Development said that it will hand over all units of 'The Citadel' this month. The project is a 41-storey commercial tower located in the Business Bay master development.

Dubai property market to sprout green shoots, says panel

Many industry commentators have agreed that Dubai will soon start to see the green shoots of recovery. During a recent Cityscape Connect forum, a panel covering the industry spectrum from investors to real estate agents agreed that Dubai's property market would start to sprout green shoots sometime between January and June next year.

Mohammed Nimer, CEO of MAG Group Properties, pointed out that the key economic indicators are positive and improving as we move into the second half of the year. Concerns remain, however, with population and unemployment. Many wonder if some expatriates will not return after the summer break.

Those who do return, however, will be welcomed by more affordable housing. According to Landmark Advisory, rental prices are coming down and the third quarter of this year will witness falls of up to 25 per cent as more new-build supply comes onto the market.

Mohammed Nimer

"I don't subscribe to the view that people will upgrade their accommodation necessarily, but where I do see pent up demand is from mid-management professionals who in the past have had to share accommodation. The size of that potential market must be considerable," said Nimer.

Rakeen to commence infrastructure work on Al Marjan Island

Property developer Rakeen said last month that it was ready to commence phase two of the infrastructure work on Al Marjan Island, the man-made island in Ras Al Khaimah. Phase two of the infrastructural work will be completed in 18 months and will cost AED365 million.

Rakeen expects phase one of the infrastructure work, which began in July 2008, to be completed in June 2010 at a cost of AED366 million.

Al Marjan Island will effectively extend the emirate's coastline by an additional 21 kilometres. Reaching some 4.5 kilometres into the sea, the island will feature a range of residential developments, hotels, resorts, recreational facilities and commercial and retail amenities.

Emcredit set to release credit-related economic indicators

Emcredit is set to launch quarterly market and credit-related economic indicators focusing on the UAE. The first of such research reports focuses on historical patterns of business registration and its related activities. It is in the finalisation stage and will be launched this summer.

The company revealed that it is also set to launch similar indicators later in the year on trends related to credit risk and employment.

Ali Ibrahim, managing director of Emcredit, said that a variety of data is being collated from multiple sources, including banks, governments, law enforcement authorities and others. Further details on the launch of the first report will be forthcoming.

Ali Ibrahim

For more on this, go to www.moneyworks.ae and search 'Ali Ibrahim'

Dow Jones licenses index to Javelin

Dow Jones Indexes has licensed the Dow Jones Islamic Market International Titans 100 Index to Javelin Investment Management, an investment adviser registered with the Securities and Exchange Commission.

The blue-chip index will underlie the first Shari'ah-compliant exchange-traded fund listed in the US. The JETS Dow Jones Islamic Market International Index Fund (JVS) is now available on the New York Stock Exchange.

"The Dow Jones Islamic Market International Titans 100 Index provides markets participants around the world with exposure to the 100 leading Shari'ah-compliant companies outside the US. Javelin's decision to select it as the underlying index for the first Shari'ah-compliant ETF in the US enables market participants to complement their existing US portfolios with international coverage," said Michael A. Petronella, president of Dow Jones Indexes.

The Dow Jones Islamic Market International Titans 100 Index measures the stock performance of 100 leading ex-US companies that have passed rules-based screens for Shari'ah compliance. The US-dollar-denominated index is free-float market capitalisation weighted and each component's weight is capped at 10 per cent of the index to avoid overweight of one single stock. The index composition is reviewed annually in June.

S&P expands custom index offerings

Standard & Poor's has extended its custom index capabilities to the commodity and fixed-income markets. The new offering will give investors and product providers the ability to design, construct, manage and market new indices to match any investment strategy or mandate across the full spectrum of asset classes.

In addition to equities, currencies and real estate, Standard & Poor's is now offering its custom index clients commodity and fixed-income underlyings covering the world's money markets, sovereign and corporate debt, leveraged loans and credit default swaps. This development will enable investors to distill their own investment ideas into new benchmarks. It will also enable them to distill their ideas into investable indices, structured products, over-the-counter options or notes, mutual funds and exchange-traded funds.

In developing custom indices with commodity or fixed-income underlyings, investors can either draw on an existing S&P index, such as the S&P GSCI, or create an entirely new index idea not currently available in the market.

National Bank of Abu Dhabi (NBAD) has opened a new branch in Etihad Airways' head office in Khalifa City, taking the total number of the bank's branches across the country to 87. NBAD is the first bank to launch its services in an Etihad Airways' office. The new branch has been strategically located to provide easy access for Etihad Airways personnel.

The new branch will be open from 8:00 am to 4:00 pm from Sunday to Thursday. The branch is fully equipped to provide retail and corporate banking services.

Air Arabia and Dubai Islamic Bank (DIB) have launched a new ticket payment method for Air Arabia customers via DIB's electronic banking channel. Payments for Air Arabia tickets can now be made through DIB's Al Islami online banking services. DIB is currently in the process of enabling Air Arabia payments through the bank's e-channel network, including mobile banking, phone banking, cash deposit machines and automated teller machines.

Citibank, in conjunction with Emirates Airlines, has launched a new Skywards campaign on Emirates-Citibank co-branded cards.

Citibank is now offering new credit card applicants up to eight Skywards miles per US dollar on spend for the first three months following card approval. The offer is available to customers applying for Emirates Citibank ultimate or gold credit cards until August 27.

Emirates NBD and Etisalat to launch new mobile banking service

Emirates NBD is partnering with Etisalat to launch a new mobile banking service. Customers will be able to make account balance inquiries, transfer funds, pay their credit card bills and make payments to Etisalat, RTA, Fly Dubai, FEWA and more.

"Emirates NBD is the first bank to sign a mobile banking service agreement with Etisalat in the UAE," said Mohamed Al Falasi, SVP/head of direct sales and alternate channels at Emirates NBD.

Using the USSD (Unstructured Supplementary Service Data), GSM mobile users will be able to select the desired banking service from a menu on their mobile phones. Through the use of an advanced form of technology, the mobile phone is linked to the user's bank account and cards. A highly secure anti-fraud system will be set into place.

Customers of Emirates NBD with international roaming enabled on their mobile phones will be able to complete all the above transactions from anywhere in the world.

Mohamed Al Falasi

For more on this go to www.moneyworks.ae and search 'mobile banking'

Mashreq Capital DIFC has launched the Badr Al-Islami Income Fund in partnership with Badr Al-Islami, the Islamic banking division of Mashreqbank. The fund is one of the first regional Islamic fixed-income funds.

The objective of the fund is to generate long-term returns in the seven per cent range without excessive volatility. The fund is currently available only to professional clients including high net worth individuals, institutions, sophisticated investors and others. The fund will primarily invest in public sukuk from the MENA region, but will have the ability to undertake a broader array of income instruments. It is an open-ended fund with weekly quoted NAV. The fund requires a minimum investment of US$10,000, with additional investment in lots of US$1000.

Jordan-based Industrial Development Bank (IDB) has received a preliminary banking licence from the Central Bank of Jordan to operate as an Islamic financial institution, said Dubai Islamic Bank (DIB) last month.

The new entity, Jordan Dubai Islamic Bank, will begin operations with a share capital of US$100 million.

Earlier this year, DIB announced the official re-launch of IDB following the completion of a private placement of 26 million shares of IDB. Mesc Investments now owns a 52 per cent stake in the new entity, acquired through the private placement last February.

ICICI Prudential Life launches LifeStage Assure Pension

ICICI Prudential Life Insurance Company has launched the LifeStage Assure Pension for non-resident Indians in the UAE.

The LifeStage Assure Pension is a market-linked pension plan that assures guaranteed additions of up to 200 per cent of the first-year premium. It also offers bonus (additional) units from sixth policy year onward, liquidity in the form of partial withdrawals and death benefit of sum assured plus fund value.

Consumers can commence their investment in the LifeStage Assure Pension with a minimum premium of INR15,000 per annum (approximately AED1125 at current exchange rates) and obtain a policy term from 15-62 years.

Key features of the LifeStage Assure Pension include regular income (pension) post-retirement, an automatic redistribution of investments between equity and debt based on age by opting for the Lifecycle Based Portfolio Strategy, an increase of investments as per convenience by investing surplus money over and above premiums as top ups and the ability to avail of tax benefits on premiums paid and benefits received as per prevailing tax laws.

The minimum entry age starts at 18 years. The maximum entry age is 70 years.

IBQ becomes first issuer of Visa Infinite card in Qatar

Senior IBQ and Visa officials

International Bank of Qatar (IBQ) has become the first and only bank in Qatar to issue the Visa Infinite card.

Aimed at high net worth individuals and existing private banking clients of IBQ, the Infinite Visa card provides cardholders with service from a round-the-clock concierge team, five per cent cash back on all purchases and comprehensive travel insurance and purchase protection.

Nomura to begin Saudi Arabia operations

Japan-headquartered global investment bank Nomura has launched its Saudi Arabia operation following the receipt of its commencement letter from Saudi Arabia's Capital Market Authority to undertake a range of securities businesses in the Kingdom.

Under the licence, Nomura will be able to offer corporate finance, capital markets and wealth management services for clients in Saudi Arabia, as well as deal as agent for overseas securities.

Nomura already has offices in Dubai and Bahrain and recently received its licence to provide corporate finance and capital markets services from the Qatar Financial Centre.

For more on this go to www.moneyworks.ae and search 'Nomura'

DFM enhances communication tools

The Dubai Financial Market (DFM) has launched a new service to notify investors of transaction executions through SMS immediately after the closing of a trading session.

The service includes the expansion of statements directed to investors through email and fax free of charge. The DFM will continue sending the statements via post mail for investors who choose to pay for this tool. The new service will allow investors to follow up their investments by registering for e-reports, a free of charge service that will provide them with updated reports at their request.

"With this service, investors will not need to wait for days to receive reports through post mail. More importantly, they no longer have to request it from the DFM and pay the charge," said Maryam Fikri, senior vice president and director of the clearing, settlement and depository division at the DFM.

Fikri urged investors to update their personal data with the market regularly and pick the preferred tool of communication out of email, SMS, fax and post mail. The first three tools are free of charge, while the latter is paid. The DFM will continue to send the quarterly reports free of charge to registered investors through post mail.

Bank of Baroda has introduced Friday remittance services, becoming the first bank in the UAE to do so. The service enables instant online remittances to India on Fridays.

Customers who have an account with the bank in the UAE and India can remit the funds free of cost, said Ashok K. Gupta, chief executive of GCC operations at Bank of Baroda.

Banking hours will extend from 8:00 am to 12:00 pm and 2:00 pm to 6:00 pm on Fridays. The bank is also planning to introduce payments and other remittance products soon, including cards and mobile remittance services, added Gupta.

Bank Sarasin & Co. has launched its presence in India and opened offices in Mumbai and Delhi last month.

The Sarasin Group's first presence in India is incorporated as Sarasin-Alpen (India) Private Limited, a non-fund-based, non-banking financial company. The new operation will provide financial advisory and consultancy services to wealthy private clients in India and distribute select prime third-party products such as mutual funds.

Appointments - July 2009

Gaurav Kumar

Gaurav Kumar has been appointed as the CEO of Prudential Asset Management Limited Dubai. With immediate effect, Kumar will be responsible for managing Prudential's funds activities in Dubai and across the Middle East.

Richard Musty

Lloyds TSB Middle East has appointed **Richard Musty** as the new head of its Middle East business.

David Inglesfield

Standard Chartered has appointed **David Inglesfield** as regional head of private bank for the Middle East and North Africa region. The bank has also announced that that it will hire another 100 relationship managers globally across its network within the next 12 months.

Ahmed Fahour has joined Gulf Finance House as its new CEO based in Bahrain.

Nigel Carrington

National Bank of Abu Dhabi has appointed **Nigel Carrington** as divisional manager of operations to further strengthen and streamline its operations.

Patrick Follea has been appointed head of SG Private Banking France, with effect from August 1, 2009. He succeeds Albert Boclé, who becomes commercial and marketing director of Société Générale's French retail banking network on the same date.

Al Rayan Investment Company has appointed **Ali M. Al-Mansoori** as the company's new CEO.

RBC Wealth Management, part of Royal Bank of Canada (RY on TSX and NYSE) has appointed **Keith Pearse** as head of human resources for the international arm of RBC Wealth Management.

Ashok Aram

Ashok Aram has joined Abraaj Capital from Deutsche Bank in London. Aram joins as managing director.

Grameen-Jameel Pan-Arab Microfinance Ltd has appointed **Julia Assaad** as its general manager. She will be based at the head office for Pan-Arab operations in Dubai's Humanitarian City.

Friends Provident International (FPI) has appointed **Omar Shelbaya** as its head of Middle East bancassurance.

The Dubai Mercantile Exchange Limited has welcomed **Dr. Fereidun Fesharaki** and Anthony Loh as new members of the DME board of directors.

Harry Martin

Barclays Wealth has appointed **Harry Martin** as director to its international private banking team in the Middle East.

Time to act together

With the number of tainted financial transactions rising in the UAE, three apex regulatory authorities are uniting together to fight the menace. A **MONEY***works* report.

The UAE is adding some teeth to its fight against money laundering. The country is not only increasing its vigil against the menace, but also is forming mechanisms to create working synergies and cooperation among its various regulatory institutions.

Over the years, the UAE has taken various measures to check money-laundering activities. These activities still pose significant challenges, though. By the end of this year, the UAE central bank expects a 10 per cent increase in suspicious transactions reports (STRs). According to UAE central bank sources, these STRs could go up to 18,000 in 2009, compared to 13,101 in 2008. The number of cases filed under STRs had already touched 6198 by May 2009.

Forty-six cases have been reported to the Dubai Financial Services Authority (DFSA) thus far. Twenty-eight cases had been reported by the end of 2008 and 18 cases have been reported this year.

According to published reports, the UAE froze 17 bank accounts totalling US$1.3 million in 2007 because of suspected links to terrorism financing. The total UAE figure of STRs includes reports of suspicious activities from all types of institutions and organisations including banks, insurance companies, law and accounting firms and exchange houses.

The total number of STRs filed in the UAE in the period between 2002 and May 2009 was 80,592. This number is, however, modest compared to some of the UAE's international peers. For, example, the US had one million dubious transactions reported in 2008 alone.

An estimated US$1 trillion is transacted every year by criminals and terrorists worldwide. And despite implementing an effective money laundering system, STRs are rising in the UAE and across the world.

But authorities from the three key regulatory institutions in the UAE – the UAE central bank, the Securities and Commodities Exchange (SCA) and the DFSA – find a positive sign in the rise of STRs filed. They describe this trend as evidence of an increasing number of organisations complying and thus reporting to the regulators about suspected fraudulent transactions.

"Increase in the number of STRs per say is not a bad sign. It indicates awareness among institutions and the need to have vigilance on transactions," says Saeed Abdullah Al Hamiz, senior executive director of the UAE central bank's supervision and examination department. "It also puts responsibility on organisations to follow transactions safely and in a certain way."

Paul Koster, CEO of the DFSA, agrees. "Increased reporting is a positive sign, as it shows more and more of such cases are being picked up by organisations," he says.

Al Hamiz recently addressed a media briefing in the UAE on anti-money-laundering and counter-terrorism financing. Koster also spoke at the briefing, as well as Dr. Ryan Lemand, economic advisor for the SCA's chief executive offices, and Bryan Stirewalt, director of supervision at the DFSA.

Incidentally, this briefing was the first time that regulatory institutions in the UAE united across the country to address the challenges posed by money laundering. The UAE central bank was the first regulator in the region to address money laundering. The central bank has also hired management consultancy Oliver Wyman to review anti-money-laundering measures and other functions.

It is encouraging from a country's perspective that an increasing number of fraudulent financial transactions are being reported, as it shows growing awareness among financial institutions and greater efficiency on the part of regulators. But the overall number of STRs referred to the UAE public prosecutors is interesting. Since 2002, only 285 cases have been referred to UAE public prosecutors, while only 20 of those cases were tried in the court.

"This is mainly due to the complexity of these transactions and delays in the process of investigations involving different parties across the border – financial institutions, investigators, legal authorities and prosecutors," explains Al Hamiz.

Lemand further points to the challenges posed to the regulators by criminals and notes that the technologies used for financial crimes are not only creative, but also change every day. These factors, along with the huge number of transactions (involving multiple countries), make the anti-money-laundering drive and its investigation a complex affair.

"It is difficult to prove and prosecute all

"It is difficult to prove and prosecute all reported cases, due to the international nature of money laundering." Paul Koster

The UAE took its first step towards anti-money-laundering in 2002 with the announcement of Regulation 24. The Federal Law No. 4 of 2002 (The Criminalisation of Money Laundering Law) and Law No. 1 of 2004 (The Combating Terrorism Offences Law) deal in detail with the regulations and actions related to anti-money-laundering and counter terrorist financing. According to Al Hamiz, the Federal Law No. 1 of 2004 was based on a recommendation from the International Monetary Authority in 2003 when it initiated an assessment of the AML initiative in the UAE.

It should be noted that the UAE abides by the United Nations Security Council's sanctions and the AML/CFT recommendations of the Financial Action Task Force (FATF). The National Anti Money Laundering Committee of the UAE also emphasises different cautionary points mentioned by the FATF, as well as current trends in this area.

To ensure better information flow to the apex authorities, the regulatory agencies are now taking measures to impart training at all levels. They are also seeking increased cooperation from financial institutions to report all suspicious transactions in the country.

As per existing rules in the UAE, while all the investigative powers for suspicious transactions are vested with the central bank and the police, the UAE public prosecutors are entrusted with the trial procedures in court.

The move to step up the country's efforts in fighting money laundering through enhanced cooperation and coordination among supervisory authorities and police is another step in the right direction.

"The country has already created good regulations to counter the increasing threat from money laundering. The MoUs with the SCA and the DFSA will help in extending the base for coordination and training among the institutions," says Al Hamiz.

Koster and Stirewalt agree. Training will be vital going forward, they say, while cooperation among the three regulators will be crucial for the UAE to come out on top of suspicious transactions in the future.

reported cases, due to the international nature of money laundering. Besides, the increasing trade finance and the rise in the numbers of expatriates in this region are adding to the complexity of the problem," adds Koster.

Regulations and agreements

In February 2009, the DFSA entered into an MoU with the Anti Money Laundering Suspicious Cases Unit (AMLSCU) of the UAE central bank regarding cooperation and exchange of regulatory information.

The AMLSCU is a special unit of the UAE central bank established for investigating fraud and suspicious transactions in the country. It has access to all relevant authorities in the UAE, as well as to those abroad, under the aegis of the National Anti Money Laundering Committee set up in 2002.

The first MoU between the two regulators put into place a mechanism to cooperate in regulatory matters and supervision of financial institutions operating in both jurisdictions and exchange of supervisory information in line with the Bank for International Settlements' home-host information sharing, which would contribute to the realisation of a sound financial system in the UAE and at the Dubai International Financial Centre (DIFC).

In a second MoU, the two parties agreed to facilitate cooperation on Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) through coordination to ensure that financial institutions operating in the DIFC comply with the UAE AML/CFT laws and DFSA AML/CFT requirements.

Last June, the UAE central bank signed anti-money-laundering agreements with 19 countries. The MoU by the central bank's AMLSCU once again reconfirmed the country's commitment to share financial information with global partners on different types of financial crimes like money laundering, terrorist financing and so on, says Al Hamiz.

The central bank's AMLSCU has also been a member of the Egmont group, an informal international gathering of the Financial Intelligence Units, since 2002. The UAE was the first country in the GCC to become a member of this group, which collects information on suspicious or unusual financial activity from the financial industry or other entities or professions that are required to report transactions suspicious of money laundering or terrorism financing.

"The technologies used for financial crimes are not only creative, but also change every day." Dr. Ryan Lemand

Reasons to believe the worst is over

Clear signs indicate that the bottom of recession or peak of contraction has been reached. Investors are being advised to take advantage of the upturn and make tactical investments to take advantage of emerging pockets of growth. **Ritwika Chaudhuri** has her reasons to believe the worst is over.

There are reasons for hope all around the globe. Intra and inter government policy coordination and timely stimulus packages have started working, ensuring pockets of recovery. Economic indicators in select countries are improving and financial markets are showing signs of coming out of the woods, therefore influencing a turnaround in investor sentiment.

Though not exactly euphoric, many investment advisers are much more positive today. A consensus is building that a long-drawn era of depression has been averted.

"We see a reflationary trend around the corner. It looks like we have reached the bottom of the recession or the peak of contraction," says Lim Say Boon, chief investment strategist of group wealth management at Standard Chartered. "Equity market recovery, spreads in the money market and LIBOR [the London Interbank Offered Rate] are all indicating that the worst of the crisis is over."

Say Boon, however, expects the recovery from the recession to be U-shaped rather than V-shaped, with the US economy somewhat improving by the fourth quarter of 2009. Globally, one can expect a muted recovery, he says.

An investment strategy report from Barclays Wealth issued in May argues along the same lines. Among the signs that the global economy is getting ready to start growing again later this year, it lists stable US consumer spending even before the fiscal stimulus money had hit paychecks, a sharp movement in Chinese business confidence (with the improvement in manufacturing sentiment) and inter-bank lending spreads approaching pre-crisis levels. (See Graph 1)

"We have seen some recovery in the market beginning in 2009. Definitely there has been a turnaround in sentiments. We are seeing flows of investments coming back, compared to the end of 2008. Global recovery is expected by the end of 2010 or early 2011," says Vivek Kudva, managing director for CEEMEA and India at Franklin Templeton Investments.

Vivek Kudva

Reasons for hope

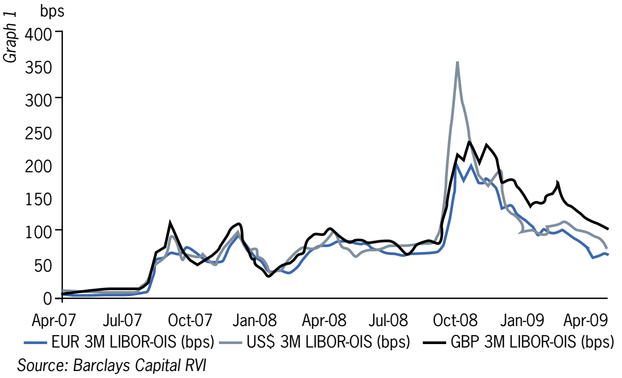
The Barclays Wealth report sees clear evidence that the current economic downturn will not deteriorate into a severe depression, although recession and disinflation may not be avoided. It's true that economic data haven't exactly been strong. But the downside surprises have started to be interspersed with an increasing number of upside surprises, says the report. This development is leading to an increase in the percentage of optimists among investment strategy analysts. Most feel that a modest global economic recovery will begin by the fourth quarter of 2009, led by the US, China and emerging Asia.

"This is mainly due to three reasons: policy coordination between and among governments are unprecedented with problems identified earlier, stimulus packages are beginning to work and economic indicators like PMI [Purchasing Managers Index] indices and GDP in selective pockets are showing signs of recovery," notes Khurram Jaffree, director of investment and products at Barclays Wealth. (See Figure 1 and Graph 2)

According to investment strategy analysts at Barclays, the fiscal stimulus pledged includes automatic stabilisers such as rising unemployment benefits, which all add up to a significant sum. Countries like Germany and Japan that were initially reluctant are now also in the game. In addition, the monetary measures being taken by the likes of the Bank of England, the Federal Reserve, the European Bank and the Bank of Japan are helping even more as they engage in quantitative easing through purchases of government and private papers. The European bank is also

Interbank lending spreads are approaching pre-crisis levels

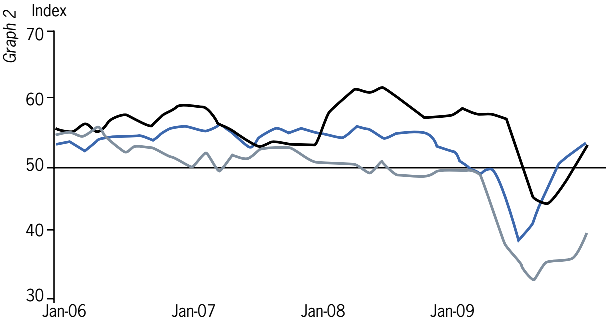
Graph 1



Source: Barclays Capital RVI

Manufacturing PMI indices turn upwards

Graph 2



Source: Barclays Wealth Research

considering steps of its own to follow in that direction.

A significant effort is being made to reduce system malfunctioning through US public private partnership investment programmes by offering private investors attractive loan terms for taking toxic assets off banks' balance sheets. Moreover, measures like extended IMF funding show willingness to take action on a global level to avoid large-scale defaults and debilitating crisis in the global economy.

The steep decline in the price of oil has also acted as a stimulus. It has been a boon for large oil importers like the US, Japan and the Euro area, boosting real incomes of households even before fiscal stimulus kicks in.

A number of economists and market watchers feel that Asia is likely to lead the global economic revival. Global economic crisis has been a catalyst for change in China's economic policy, which is shifting away from export orientation to domestic-demand-driven growth. This policy, backed by fiscal stimulus and aggressive bank lending, is likely to have an impact not only on China, but also on its other trading partners.

Investment options

Barclays Wealth recommends that investors start increasing portfolio risk, albeit modestly. "We are propagating a gradual shift towards risk from a totally neutral attitude," says Jaffree.

The Barclays Wealth report does indicate that volatility in the market will continue to remain well above normal for many months to come. As such, both

Green shoots are for real

A majority of respondents to a recent survey conducted by MONEY*works* said they felt that the green shoots of recovery were for real. Overall, there's far more optimism in the air today than there was a couple of months ago. A MONEY*works* report.

Even as Wall Street continues to look for direction and even as world leaders still seem unsure about whether the worst is behind us, a vast majority of respondents to a MONEY*works* survey said they believed that the green shoots of recovery were for real.

The survey of more than 200 respondents, including millionaires and young professionals just starting out in life, was conducted at a MONEY*works* Young Professional Event held in Dubai in June. The total number of respondents who agreed or strongly agreed that the green shoots were for real was nearly double the number of those who disagreed or strongly disagreed. Forty-six per cent felt that the green shoots were for real, compared to 23 per cent who felt they were not.

The majority of respondents, however, felt that despite the green shoots being real, the world economy had yet to turn the corner. In fact, 40 per cent of respondents disagreed that the world economy had turned the corner, compared to the 29 per cent who felt the opposite.

The survey was conducted just days before an International Monetary Fund (IMF) statement proclaiming that the world was beginning to pull out of the first recession since World War II.

"The worst is behind us and the recovery is coming," said Olivier Blanchard, the IMF's chief economist.

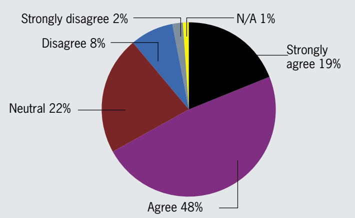
Blanchard added, however, that the recovery was fragile and that the improved forecast was mainly due to better performance in Asia, especially India and China.

According to the IMF, most growth in the next two years will come from the developing world, while wealthy countries will stay in recession until mid-2010. The IMF has also forecast that advanced economies would shrink 3.8 per cent this year and grow only 0.6 per cent next year, while developing countries would grow 1.5 per cent in 2009 and 4.7 per cent in 2010.

It is expected that growth in India and China will have its positive impact on the economies of the GCC, but the recent commitment and seriousness shown by regional governments towards infrastructure spending is also going to help in a big way. There are large projects lined up in Saudi Arabia, which should boost the Kingdom's housing and home finance industry in the very near future. There are also plans afoot to build a massive airport free zone housing various industries in the Kingdom, which is bound to bring international and local investments into Saudi Arabia.

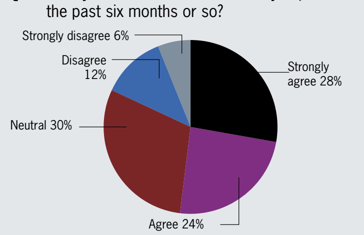
In the UAE itself, all planned infrastructure spending continues. Dubai's metro project is on track, while the federal government is setting up the Union Railways Company with an investment of AED1 billion. France announced that it plans to set up its first military base in the GCC in Abu Dhabi,

Q 1: Has the global financial turmoil/credit crunch affected you or your organisation?



Source: MONEY*works* survey

Q 2: Have you cut back on unnecessary expenses in the past six months or so?



Source: MONEY*works* survey

macroeconomic and financial markets are likely to stabilise only gradually.

Although stability in the financial markets will be slow to come, bankers and financial advisers unanimously believe that valuations of different asset classes are attractive at present and suggest that it is time to consider investment, rather than sitting on cash.

As has happened in the past, markets have rebounded before economies have bottomed out. During the Great Depression and during the 1980s, when the S&P 500 PE ratio was at its lowest, the market spiked as investors found some great valuations to invest in. The S&P 500 six-month index is now lower than any other period, so bouncing back healthily is a fair possibility. The same is also true for the six-month return on the MSCI Asia Pacific ex-Japan.

Say Boon, however, predicts a correction coming soon. He says that markets have moved too fast after the lows of March 2009 (35 per cent globally and 50 per cent for emerging markets).

"There will be another disappointment as markets undergo another correction, which might not see the March low, but will definitely see muted growth. That means another chance to buy, and stocks will be worth a lot more in two to three years," Say Boon points out.

Given that the fear of uncertainty still continues, the absolute risk-free situations for many investors today are cash or short-term government bonds. The Barclays Wealth report recommends increasing risk from this absolutely secured defensive position. It reads: "We believe that with the risk of prolonged downturn still as high as 20 per cent,

Continues on page 22

while the emirate's various projects worth hundreds of billions of dollars have not been taken off the shelf. The government is committed to developing these projects. Sources also say that the UAE's northern emirates are planning projects worth tens of billions of dollars. Tenders are likely to come out soon.

Although the oil price doesn't look great, at US$60 a barrel, it is up almost 90 per cent from the lows seen at the beginning of the year. And that has helped to bring some confidence back to investors in the region.

Leading business owners and institutions, including local and international exchanges that **MONEY***works* talked to last month, have all spoken with the same voice. They are starting to find that the fall in prices and sentiments have either been arrested or have slowed down considerably. They also said that they're seeing some signs of positive movement in terms of deal closures. Most felt that business activity was likely to pick up by the last quarter of this year. The majority of respondents to **MONEY***works'* survey were of the same view.

The effect of the crisis

Understandably, a significant majority of respondents to the **MONEY***works* survey said they had been affected by the financial crisis. Nearly 70 per cent of the respondents said they had been impacted negatively by it. While 50 per cent of those affected by the crisis had seen deterioration in their employment or related areas, 25 per cent had seen their salaries reduced.

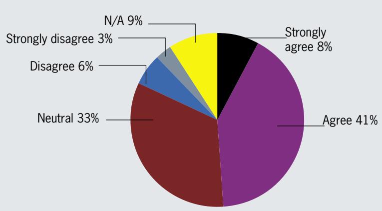
While 30 per cent of these respondents remained neutral on a question about cutting back on unnecessary expenses in the past six months, over 50 per cent said they had cut back on their spending on non-essentials. Only 20 per cent said they had not cut back on unnecessary expenses.

The majority of respondents also said they had made changes to their investment strategies during the economic downturn. A significant number said they had become more sensitive towards finding a good balance between debt and equity exposure in their portfolios. There were also those who had started diversifying beyond real estate investments, many heading for high-interest savings accounts. In this period, it is clear that fixed-income securities have found many more takers and that capital-guaranteed funds look far more attractive.

Nearly 50 per cent of those surveyed said they had changed their investment approaches, having been hit by the economic downturn. Most had decided they'd had enough of equity and property. The result has been obvious, as both regional and international asset management companies focused on equities have lost a lot of ground in the region in the past year.

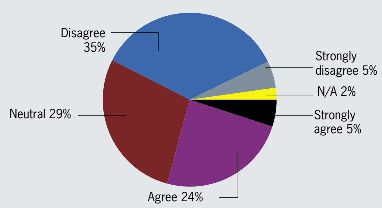
But as equity markets undergo correction after having seen significant gains recently, analysts feel there will be opportunities to buy equities during dips in the months ahead. Most are also confident that things will start looking up by the winter and should certainly pick up by the first quarter of next year. The emerging markets and the Middle Eastern markets will be in the thick of things, according to analysts. Most of them agree that the global recovery will start from the east.

Q 3: Have you changed your investment strategy?



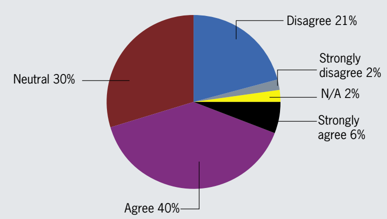
Source: **MONEY***works* survey

Q 4: Do you feel that the world economy has turned the corner, that the recession is behind us?



Source: **MONEY***works* survey

Q 5: Do you believe that the "green shoots of recovery" are beginning to show?



Source: **MONEY***works* survey

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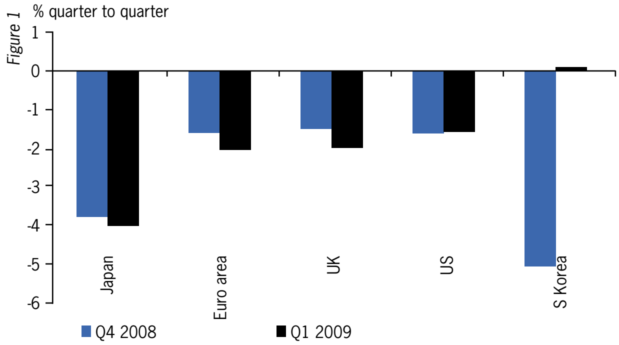
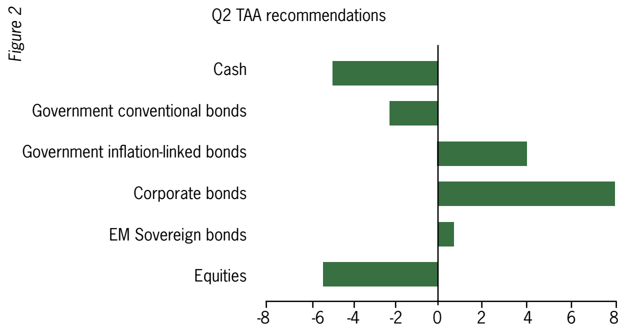
GDP gloom is not quite universal



Source: Barclays Wealth Research

Overweight corporate and inflation - linked bonds



Source: Barclays Wealth Strategy

longer-term government bonds, either fixed rate or inflation-indexed, are an important component of a defensive portfolio." (See Figure 2)

Overall, Barclays recommends underweight equity and cash and overweight fixed-income instruments with a strong preference for investment-grade corporate bonds and, to a lesser extent, inflation-protected government bonds.

For equities, the bank recommends increasing exposure to cyclical sectors in developed economies and avoiding expensive defensive stocks simply because the cyclical equities with current attractive valuations and earnings should benefit particularly from economic recovery. The report says: "For us, this means being long materials, industrials, IT, consumer discretionary stocks, short utilities and consumer staples." (See Figure 3)

But Jaffree cautions: "While investing, we need to follow some tactical ideas. Portfolios are to be decided based on risk appetite and time horizon, and we need to balance between fixed income and equity. Also, we need to decide how to implement risk-adjusted return."

The market has already assumed extremely high levels of default, although in reality, default might be lower, Jaffree adds.

Say Boon also says that investment-grade bonds and emerging sovereigns are likely to perform better in the coming few years and probably merit a good buy now.

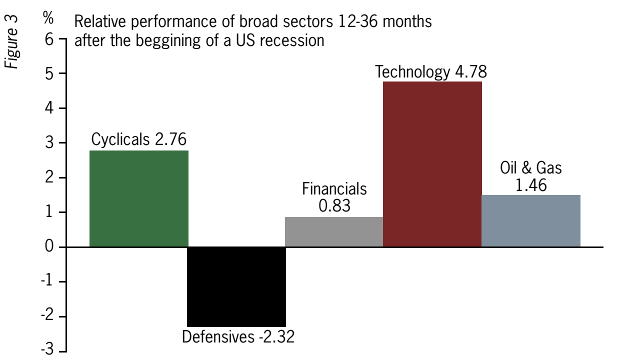
"We are aggressively chasing gold now as a portfolio hedge and cyclical currencies. Since the US dollar is a counter-cyclical currency and does well when the market is down, we would recommend currencies of emerging markets and commodity currencies, which are likely to be winners in the wake of the weakening dollar," he notes.

Geographically, South and East Asia (ex Japan) led by China could lead the global economy into potential recovery, says the Barclays Wealth report. A Standard Chartered report also suggests that while the China factor will play a strong role in the overall global recovery through its trade and investment relations with the other neighbouring Asian countries and through its outward foreign direct investment to different regions globally, Asia (ex Japan) will be critically instrumental in driving global recovery because of less vulnerability and more policy ammunition. (See Figure 4)

Case for GCC investments

A Bank of America Securities-Merrill Lynch research report calls the GCC region a compelling trading buy for investors looking for laggards. Gulf equity markets have huge laggards. GCC markets were up by only 1.2 per cent

Defensive sectors underperform in an economic recovery



Source: Datastream, Barclays Wealth Strategy

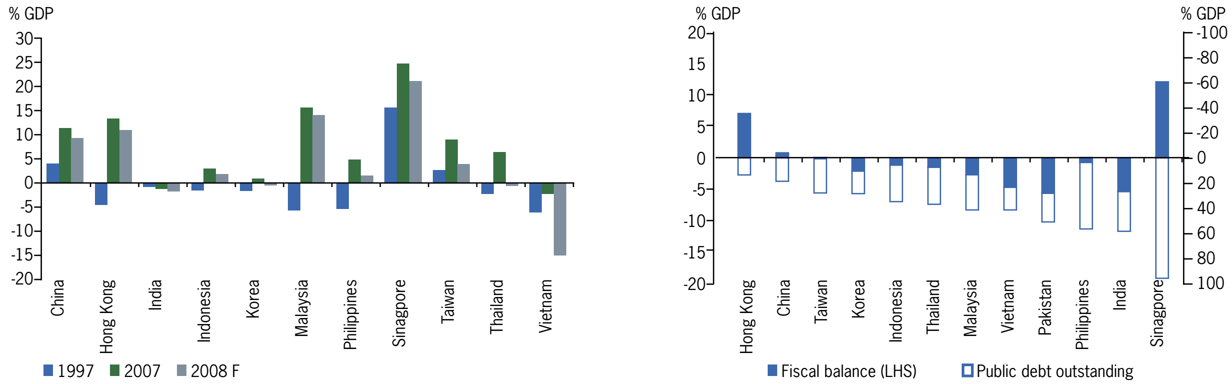
Investment tips from industry experts

*Increase portfolio risk, but modestly.
*Start shifting to the tactical offensive.
*Underweight cash and significantly overweight fixed income.
*Asia is likely to lead the global economic revival.
*The credit market will outperform as risk appetite increases.
*Volatility is likely to ease back gradually.
*Find opportunity in cyclical currencies and undervalued cyclical equities.
*Diversify out of US dollars due to their counter-cyclical nature.
*Rebound in commodities on the recovery of emerging market growth.
*Overweight Asia (ex Japan) or specific high-beta countries.
*Buy the dips instead of chasing rallies.
*Use gold as a long-term hedge against US dollar weakness and financial turmoil.

Source: Standard Chartered/Barclays Wealth

Figure 4

Asia ex-Japan: Less vulnerability, more policy ammunition



Sources: IMF, SCB Global Research

Sources: IMF, SCB Global Research

as of June 7 (year to date) compared to emerging markets (up by 33 per cent), hence attracting significant inflows.

Disadvantages in one region often turn out to be advantages at some point in time, as is the case for Dubai and Saudi Arabia. The report reads: "We believe that while Dubai is the best case for trade, the best investment case in this region remains with Saudi Arabia. It is hard to find much that has underperformed US banks in the past three years. But Dubai has, thanks to its real estate and oil bust. It's now cheap and unloved, and the combo of oil more than US$60 per barrel and improving credit spreads are powerful drivers."

According to the report, Dubai is the cheapest market in all emerging markets. For example, on a price-to-book basis, it trades at a 56 per cent discount to the MSCI EM Index. Relative to Russia, the cheapest MSCI EM country, the UAE trades at a 20 per cent discount on a price-to-book basis. And certainly, the UAE has the cheapest financial sector across the asset class.

Khurram Jaffree

Asian and Latin American bank stocks are also trading 20 per cent above their 200-day moving averages. In contrast, financials in Dubai are trading 20 per cent below their 200-day moving average. The catalyst to boost the Dubai financial sector will be further compression in CDS spreads, which have narrowed 700 to 500 basis points in recent months. (See Tables 1 and 2)

Saudi Arabia is an attractive investment proposition anyway. It is the second largest oil producer in the world and accounts for half of the GCC's US$1 trillion GDP, with the non-oil sector contributing 70 per cent of the growth since 2003. The Kingdom also has the second largest banking industry in the region.

The MSCI GCC (ex Saudi) Index trades at a 13 per cent discount to the MSCI EM Index on a twelve-month trailing basis and trades at a discount of 26 per cent on a price-to-book basis, which shows that Gulf markets are obviously cheaper than emerging markets. And the GCC has lots of opportunities, especially Dubai, Qatar and Saudi Arabia.

Kudva observes: "The current price of oil might slow down the GCC economy as a whole, but it will not affect the growth, as the Gulf economy is well positioned for growth. With lots of infrastructural activities and zero taxation, it continues to attract expatriates."

Table 1: **Price to book**

	Total	Financials
GCC ex Saudi	1.4	1.3
UAE	0.8	0.7
EM	1.8	1.8
Russia	1	1.1
Brazil	2.1	2.5

Source: Thomson data stream P as of May 27, 2009 and B as of April 30, 2009.

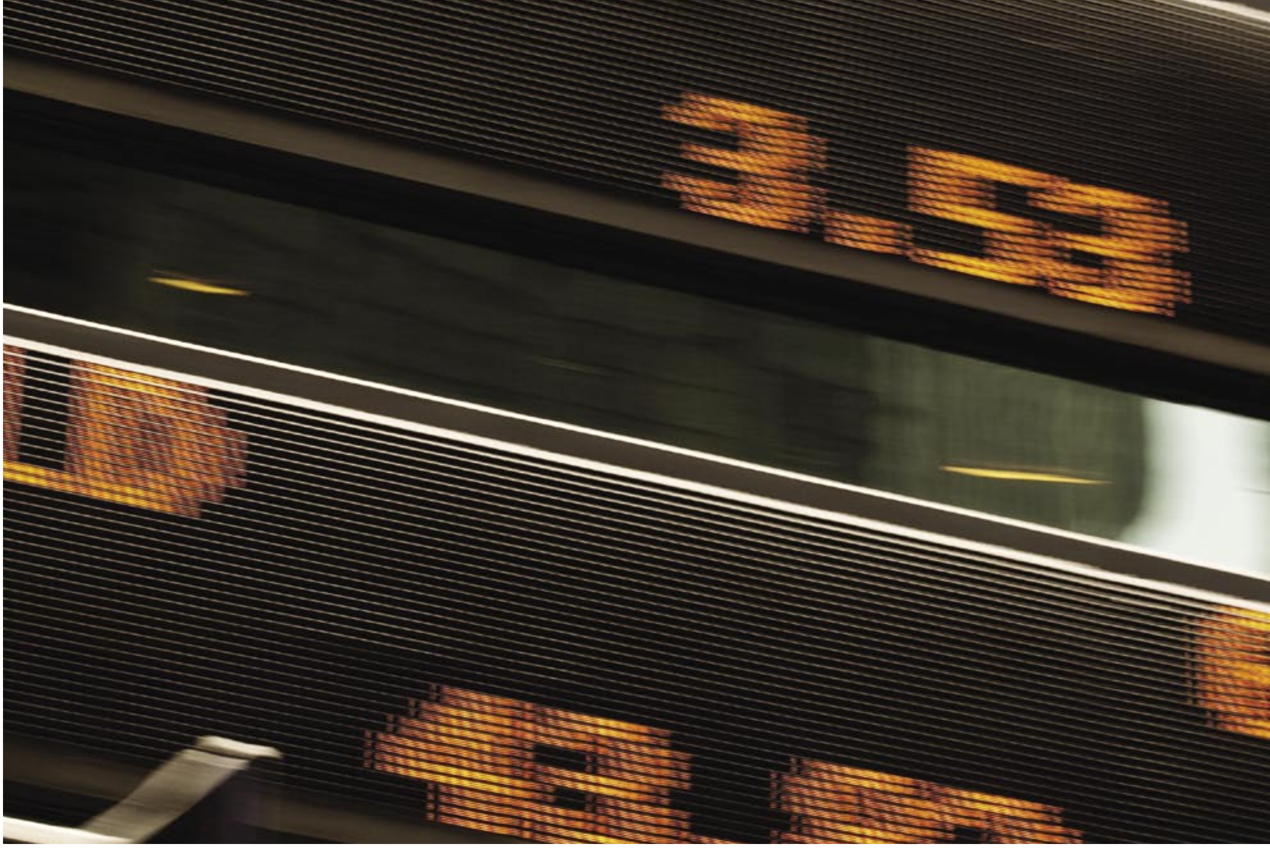
Table 2: **CDS spreads (bps)**

	15.9.08	10.3.09	27.5.09
Dubai	267	700	494
Bahrain	149	592	402
Oman		473	395
Qatar	115	328	179
Saudi Arabia*	33	285	148
EM	124	336	168
Russia	209	729	311

*Source: Market and Bloomberg. *weighted average of MSCI EM countries CDS spread.*

He adds: "This is especially true for Dubai, which is well diversified from oil, although real estate could act as a drag for sometime. I also see lots of opportunities in Saudi Arabia and Qatar, though each has its own challenges."

Like many of his peers, Kudva surmises that traditional markets like the US and Europe have saturated, whereas emerging markets and Baltic economies have lots of potential. Certainly, there are more opportunities for investors near home right now than in traditional markets. But in the longer term, traditional markets continue to offer interesting assets at a discount that was unthinkable a few years ago. As always, a balanced approach will pay more dividends than one that suffers from concentration.



Focused on derivatives

Nasdaq Dubai is focused on beefing up its derivatives platform. The exchange already saw a spurt in derivative trading volumes in the second quarter of this year. **Utpal Bhattacharya** speaks to Jeff Singer, Nasdaq Dubai's chief executive, about his plans for the exchange.

Many people still get hiccups at the mention of derivatives, and some just won't have anything to do with the subject. But a small community of those who are curious about the subject is quietly building up. Equity derivatives volumes are rising on Nasdaq Dubai, while some of the other exchanges are trading commodity derivatives in the UAE.

June was a good month for Nasdaq Dubai. The exchange's nascent derivatives platform notched up an impressive performance, trading 11,270 futures contracts, up 39 per cent from 8110 in May. In fact, the second quarter of 2009 saw a good spurt in derivative activity on the exchange, with the total number of traded contracts rising to 26,196 from 7292 contracts in the first quarter. Of course, these aren't astounding figures compared to what some of the exchange's international peers have achieved in many years. These are still very early days for derivatives trading on Nasdaq Dubai, though. The market was launched only in November last year, and Jeff Singer, Nasdaq Dubai's chief executive, is confident that volumes will build satisfactorily on the exchange over a period of time.

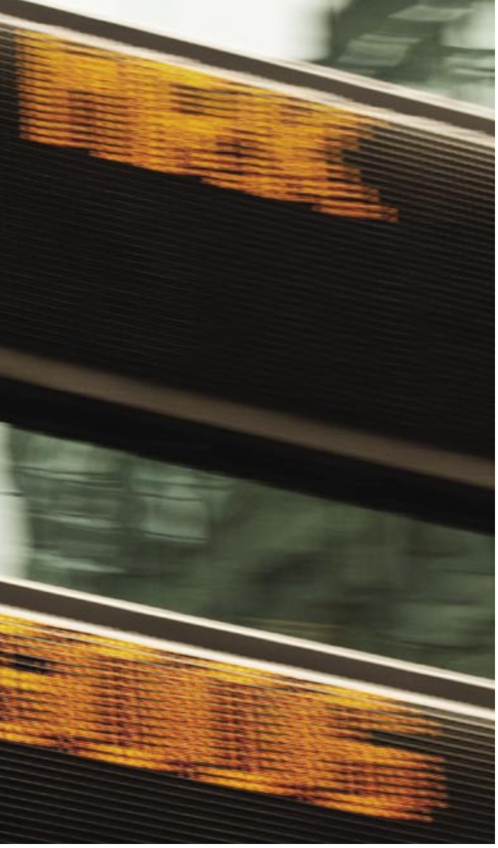
Equity derivatives

Singer says that equity derivatives are currently his primary focus on Nasdaq Dubai. They are important because they hardly exist on any exchange in the Middle East, being mostly available only over the counter. Many exchanges have ambitions to trade them. Nasdaq Dubai has established a lead, being the only exchange in the UAE that lists equity derivatives.

Nasdaq Dubai currently trades 20 equity futures and an index comprising 20 stocks, including DP World, as well as nine stocks on the Dubai Financial Market (DFM) and 10 on the Abu Dhabi Securities Exchange.

Singer says it is expected for regional markets to go through a process of evolution, just like they have gone through elsewhere. The journey always begins with very simple, straightforward derivatives that almost every investor can understand.

"We listed futures last November. Then, in April, we introduced an options service. There is nothing extraordinary about them. These are useful tools to hedge your



portfolio and an excellent way to manage risk. Besides, clearing derivatives on-exchange reduces the risk of default because the exchange is the central counterparty," says Singer.

Members of Nasdaq Dubai are now able to report, trade and clear user-defined option contracts on the exchange, with the price and expiry date agreed by the parties to the contracts.

But banks and financial institutions are hedging their interest rate and foreign exchange risks all the time. Doesn't the exchange see that as an opportunity to introduce derivative products to take advantage of this demand in the region? "Yes, but not soon," Singer replies.

The immediate focus is to nurture and grow the platform of the equity futures and options platform including trading the FTSE NASDAQ Dubai UAE 20 Index, which is correlated to the market at a 70 per cent level, making it one of the most highly correlated indices in the region. If investors want to go long on any one of the stocks that are part of the index, they can go short on the latter, Singer points out.

Singer says that Nasdaq Dubai plans to introduce more equity futures products and indices, possibly starting in the third quarter of this year. The list this time will include stocks from the whole region, he adds.

"Nasdaq Dubai was always designed to be a derivatives market for the whole region and not just the UAE. We started with the UAE, but now we are going to branch out," he says.

Growing liquidity

Liquidity is the lifeblood of any exchange, and since the time Nasdaq Dubai decided to attract more retail investors last year, there has been growing interest from locals as well. The exchange now has 12 local members signed up on its market, alongside 17 international ones that are bringing in increasing liquidity. In the first half of this year, retail liquidity accounted for 15-20 per cent of the exchange's total liquidity, compared to five per cent in 2008. Singer feels that a good balance is building up in the exchange between retail and institutional liquidity. The ideal balance to have is a ratio of 50:50, he says.

The equities trading volumes on the exchange led by DP World rose to 1.76 billion shares in the first half of 2009, up 61 per cent from the 1.09 billion recorded in the same period of the previous year. It was also 35 per cent higher than the 1.3 billion shares traded

The exchange is also working with the Dubai International Financial Centre to help develop the region's bond market. The aim is partly to create government debt structures that will allow corporate debt to be more accurately benchmarked.

Jeff Singer

on the exchange in the second half of 2008. In June 2009 alone, the market saw 189.5 million shares changing hands, up 110 per cent from 90.2 million in June 2008.

Singer now feels very positive about the retail participation on the exchange. He also describes the behaviour of the local retail investors as very similar to western hedge funds, something that's helping boost the liquidity on Nasdaq Dubai.

"We want more of the local retail investors. Given their size, their scope and breadth and their sophistication, these investors are very analogous to the hedge funds in the west. They have those same capabilities and views on the markets," Singer explains.

People call these investors speculative, but the reality is that they provide liquidity into the market day-in and day-out, he notes.

So are most investors on Nasdaq Dubai, including institutional ones, hedge fund type investors? They are, is Singer's reply. He also argues that while mutual funds are important, as these provide stability and a solid base for issuers, hedge funds are also very important for an exchange, as they boost the daily liquidity.

But efforts are being made to get mutual-fund-type asset managers involved in the market, even though most of them have their emerging market allocations in BRIC countries. Besides, most asset managers look at the Middle East as a whole and are at this point picking regional "bright spots across markets", not necessarily Nasdaq Dubai, explains Singer.

Enhancing synergies

There are a host of initiatives underway to increase liquidity on the exchange. The focus on bringing more retail investments into the market is paying off. Institutional investors want retail investors and vice versa, as they trade off each other. There is also work going on to consolidate the back offices of the DFM and Nasdaq Dubai. This will make it easier for investors to trade on the two markets, both being majority owned by Borse Dubai.

In the future, investors are likely to have the same investor number for both the DFM and Nasdaq Dubai. Efforts are on to be able to make this possible by the end of this year, but Singer thinks it is more likely to be in the first quarter of next year.

Singer discloses that in the future, investors are likely to have the same investor number for both the DFM and Nasdaq Dubai. Efforts are on to be able to make this possible by the end of this year, but Singer thinks it is more likely to be in the first quarter of next year.

"We are creating one single technical back office for the two markets, including custody and clearing. We are also pursuing a strategy for them to be able to draw from a common liquidity pool from an operational point of view, as opposed to different pools," he says.

Also, with the decision to allow companies to list in the local currency, Nasdaq Dubai will encourage future cash listings of UAE-based companies to be in UAE dirhams. It will help to boost liquidity on the exchange, insists Singer.

International issues will probably continue to list in US dollars only. Singer feels strongly that the already listed local companies on the exchange should shift to UAE dirhams. He says that Depa and Damas are already considering doing so; the matter is with the boards of the respective companies.

"I have advised both these companies to move to UAE dirhams. I think it will increase liquidity. It will enable shareholders to more easily acquire the shares of these companies without having to worry about currency conversions and other transactional risks. It just reduces friction in the process," Singer argues.

New listings

On new listings expected on the exchange, Singer feels confident that some of the meetings happening now will result in IPOs, perhaps starting in the first quarter of 2010. Understandably, activity had reduced during the worst months of the financial and economic crisis, but now the numbers of meetings are picking up and discussions are ongoing, with a number of regional and local companies to list IPOs on the exchange.

There are also discussions with international companies to list on the market. Some of these companies are already listed on international exchanges, but are looking to raise a second round of financing on Nasdaq Dubai.

"These are typically companies that have business operations in the Middle East, and they are looking at both listing and raising capital at the same time. Of course, all these are a function of the market improving before we see these companies making their final commitment," notes Singer.

Nasdaq Dubai is also putting together a listing structure for Real Estate Investment Trusts (REITs). Although there are no REITs yet listed on the exchange, Singer feels that REITs are a very natural type of listing for Dubai, given the amount of real estate in the country.

The exchange is also working with the Dubai International Financial Centre to help develop the region's bond market. The aim is partly to create government debt structures that will allow corporate debt to be more accurately benchmarked.

"We are involved in conversations to create the infrastructure and the technical facility to list that (government) debt and, if required, to trade it," Singer discloses.

To Nasdaq Dubai's credit, a total of 2477 Dubai Gold Securities (DGS) were traded in the month of June, bringing the total traded since DGS listed in March to 24,432. DGS have been declared Shari'ah-compliant and a unique route in the region to invest in gold. They can be traded just like shares.

Each DGS security is valued at approximately one-tenth of the spot price of gold. Investors can redeem their investments in the security and take delivery of physical gold if they want to. The exchange plans to introduce more such instruments in the future, according to Singer.

It is very apparent that the exchange is working hard on the products side and has come a long way since its launch. The key will continue to be liquidity, which will attract both the supply and the demand side. To date, indications are all positive, and all eyes will be on how the exchange is able to build up its retail investor momentum going forward. That will ensure volumes, which are what any market aspires to for success.

Taking a healthy risk?

Bob Cookson explains why obtaining health insurance for yourself and your family is a no-brainer.

In these economically challenged times, we all have to take a long, hard look at our living expenses. If you are not lucky enough to enjoy the benefit of a company-sponsored medical insurance scheme, then the cost of insuring yourself and your family against illness undoubtedly makes up a significant part of your annual expenses. And, if you and your family are generally in good health, then it is likely that the premium you are being asked to pay is far more than the amount you actually spent on medical treatment last year.

So when you write that sizeable cheque for your family medical expense insurance policy, what exactly is it that you are paying for? The answer is protection.

The principle of insurance is that when you take out an insurance policy, you are agreeing to participate in a “community” or “risk pool” of people who are similarly insured with the same insurance company.

In the case of medical expense insurance, the insured risk is that of an illness occurring in the future that requires medical treatment. So, effectively, when you buy an “individual” or “family” medical expense insurance policy, you are agreeing to share in the risk of illness in the group of individuals and families covered by your insurer.

Financial protection

The premium that you pay goes into the fund – along with the premiums paid by all those other clients – out of which the insurance company pays the medical claims for all the clients in that risk pool.

Why is this important? Clearly, since the risk pool premiums are calculated based on the claims the insurer has to pay out each year, the healthier the members of the risk pool are, the lower the claims paid out and therefore the lower its premiums should be.

If your insurer offers medical expense insurance to corporate (company) clients, then the risk pool may (or may not – if you want to know, ask them!) include companies with a small number of employees that are “community rated”.

Your insurer’s large corporate clients are almost certain to be excluded from the risk pool, as they have enough employees to have their premiums calculated on their own merits (i.e. based on the medical expenses expected for just the employees of each specific company).

Whatever the make-up of the particular risk pool, you would be forgiven for assuming that most of what you pay will go towards paying for the medical bills incurred by the community of insured members.

In order to make a profit, however – and let’s face it, insurance companies are not charitable organisations – your insurer has to calculate the premiums it charges so that the total premium paid into the risk pool by the community of its members is sufficient to pay for the claims made over the course of the year by all the members of the community plus its internal organisational and administrative costs, commissions to brokers and agents and, of course, an allowance for the profits its shareholders expect.

So, your premiums will be affected both by how healthy the risk pool is in any given year and how much of the premium fund the insurer spends on administration and other costs.

You might be surprised to learn, therefore, that the risk pool into which your premium has been paid may pay out in the form of claims only 60-70 per cent of the total premium collected.

So why not just pay for my medical treatment costs myself and get 100 per cent value for money, you may ask?

Well, apart from the fact that the renewal of your visa requires a valid health insurance policy (or, of course, a medical card), you would be forgoing the financial protection of the risk pool.

In addition, insurance companies add value by negotiating reduced rates with their network of doctors and hospitals so that when you receive medical treatment “in network”, the cost is less than what you would pay yourself if you went directly to the doctor. The benefit of the reduced rates is passed on to the risk pool in terms of reduced claims costs. This is why your insurer may penalise you in some way for going for medical treatment “out of network”.

So, if it’s not advisable for me to insure my own risk, how can I make sure that I am getting value for money for the premium I am paying into the risk pool?

With any insurance pooling arrangement, you are agreeing to share in the total risk of the pool – but are you subsidising other members who claim for higher amounts or more frequently?

Most insurers offer a range of options to reduce the premium you pay by bearing a portion of your own medical expenses. So, if you consider yourself to be a generally healthy person, then you could consider taking a share of your own “risk” by moving to a plan with a higher excess option or a plan with a so-called deductible or coinsurance.

Savings achievable

Medical expense policies typically have either a “per medical condition” excess where you pay a fixed amount for each new medical condition, a per claim or per visit excess where you pay a

fixed amount for each visit to the doctor or an annual deductible where you pay all of your medical expenses for the year up to an agreed amount after which the insurance policy takes over.

A co-insurance means that you pay a percentage of the total cost of the medical treatment yourself and can be combined with one of the excess or deductible options explained above.

As a comparison of the savings achievable with one of the major international medical expense insurers operating in the UAE, the difference in annual premium for worldwide cover for a typical family of four (mum and dad in their 40s with two children) between a policy with a zero excess and one with an excess of just US$100 per medical condition is US$7902.

If the same family took a US$250 excess, then the annual savings would be US$9726.

The same insurer's regional plan shows savings of US$2259 for a US$100 excess and US$3144 for the US$250 option.

Be aware, however, that once you have moved to a higher excess or deductible, your insurer will not allow you to reduce the excess – at least for ongoing medical conditions that have occurred since you made the switch. Check carefully with your insurer on this point before making any change.

If you tend not to need to visit the doctor on an outpatient basis very often and are prepared to pay the whole amount when you do but want to be covered for in-patient hospital treatment, then you could consider taking out a "major medical" or inpatient-only plan.

With a major medical plan, only treatment on an in-patient basis in a hospital is covered (although most plans cover outpatient follow-up treatment after a hospital stay). The savings offered by purchasing such a plan can be substantial.

The difference between the premium for our typical family for a fully insured regional plan with nil excess and a major medical option also with nil excess is a whopping US$8134.

Once again, be aware that most insurers will allow you to downgrade from a fully insured plan to a major medical or inpatient-only plan. Once there, however, you cannot re-upgrade if you have claimed for a non-routine medical condition. You will also be required to make a new medical declaration, so as with moving to a higher excess option, check carefully first with your insurer before making a decision.

Finally, if you do opt for a major medical plan, then you should seriously consider putting some (if not all) of the premium saved into a savings account where it will generate some additional interest, which you can break into if a costly course of outpatient treatment is required in the future.

If you want to save money in these hard times, then perhaps it is time to take a healthy risk.

The author is managing partner of Headman Consulting, a specialist health benefits management consultancy.

A business school on the move

Nitish Jain, president of S P Jain Center of Management, is passionate about education. Ranked among the top private business schools in India, the institute has attained considerable international recognition since starting its first global campus in Dubai. Here **Utpal Bhattacharya** speaks to Jain about his plans for the school.

It was your grandfather, S. P. Jain, who started the institute?

My late grandfather, S. P. Jain, donated money to one of India's largest public trusts to start a business school. And that's how we started 28 years ago in Mumbai. Today, the school has emerged as one of the top five business schools in India out of 1400 accredited schools. We usually get ranked as the second best private business school in India.

When did you get involved with the institute?

I have been more actively involved with the school since 2003, when we decided to go global. It all started with the belief that companies today need global managers and that business schools were not really preparing sufficiently talented individuals who could manage in a global world. We felt we could do this if we started global campuses. We started the Dubai campus in 2004 and followed it up with a Singapore campus in 2006. We are on the verge of setting up a third campus.

Where?

We cannot talk about it until we get all the necessary approvals. But it is not in Asia.

You have already tied up with some leading business schools globally?

Yes, we tied up with the Schulich School of Business, Canada's number one business school. Our students can now go to Canada and spend a term there.

We have also tied up with the University of New South Wales, an Australian school that is ranked number one in Australia in Sydney. Our students can now do a term in Sydney.

We are expanding the global experience of our students because we believe that you cannot go global sitting in a classroom. We believe that if you haven't gone and seen people, haven't met them and haven't walked the street or read newspapers, it is very difficult to understand the global experience. And that's the reason we move our students from one campus to another. On each campus, the students are taught by the local faculty in the business environment of that particular country. So, at one level, they get the knowledge of how things are done in different countries, and at another level, this exercise opens up their minds.

If you have never left a certain country, you tend to think in a blinkered way, but when you travel, you are far more exposed and you can think of solutions in a far more open way. The ability to think differently differentiates our programme from other schools.

Are these exchange programmes with the schools you've tied up with?

These are not exchange programmes. Exchange programmes are very peripheral and optional, and lots of students may choose not to do them. In our case, in Dubai and Singapore, we have our own campuses. All students must do both campuses. They do six months at one campus and six months at another campus.

Both the facilities are fully residential. Students are fully taken care of. We literally do airport-to-airport transfers and organise their visas and medical reports, lodging and food arrangements and all logistics. Similarly, when our students go to Toronto, again, we have made arrangements over there, right from the airport, visas, food – everything is taken care of. Literally, they study with us until Friday evening and then Monday morning they start in Toronto. The curriculum that is taught in Toronto is designed by us, but taught by their faculty. We tell them what courses to teach. There is no compromise on learning. If you are part of an exchange programme, this does not happen. Your students have to jump into someone else's programme, which compromises learning.

Do you also send students to your Indian campus?

As a large number of our students are Indian, they do not need the Indian experience. What they are looking for is international experience.

What about Indian students studying in India?

They don't have the same ability to move internationally, as in India we have a traditional programme designed for India. But if you want to be global, then we advise attending our global programme in one of our international campuses.

What was your vision when you started in 2003?

In India, we get close to 30,000 applications for 150 seats. We do not have to do anything significant to increase our business there.

In 2003, I set out to build a global brand that would attract students from all over the world keen on understanding global issues, as opposed to national issues. It does require a lot of pioneering work, and education in most places is very guarded and controlled. It is not like setting up a trading business. You have to get local permissions, licences and comply with local laws.

Are you targeting mainly Indians?

No. However, our branding being famous with Indians, we get a lot of Indian applications from all over the world. Naturally, like any school, we like to select the best students. If you are getting 10 times more Indian applications compared to other countries, it is very likely that a significant portion of our classes would be composed of Indians. That said, we still have students from 25 different countries in our classrooms. But each nationality may be represented with two or three students only. As a single block, Indians tend to dominate.

How do you compete with well-established global brands?

Since we are not from one of the more famous countries that are regarded for education, we have to innovate much more and we have to try much harder to build up our brand. I think we have done a very good job. In the UAE, for example, where we have been in operation for five years, A C Nielson ranked us number one in terms of brand regard. They had five different parameters based on faculty, curriculum, quality of students, etc., and we had competition from local and international universities here.

> ***"We are expanding the global experience of our students because we believe that you cannot go global sitting in a classroom. We believe that if you haven't gone and seen people, haven't met them and haven't walked the street or read newspapers, it is very difficult to understand the global experience."*** *Nitish Jain*

I think the world is changing. Traditional countries known for education are no longer going to be dominating in the next 10-20 years. India has quality professors, and some of them are teaching in top universities all over the world. Indian educational institutions have been very insular and very India-oriented, and therefore have not become world class. But we feel that if we try to make it global and attract global faculty and global students, we have what it takes to compete favourably with international business schools.

What exactly is world class?

It means in every area we are benchmarked with the best in the world. If, for example, you look at our classrooms, they are equipped with smart boards and all of our lectures get recorded. There are two cameras in every classroom. Students can revisit their lectures and they can use wireless laptops. We are moving to e-readers for our students. Even in the US, only a handful of schools will be able to offer the same technology that we have.

Second, our average GMAT score is 695. Globally, only 10-15 schools might claim the same results. Third, we have professors that have come not only from India or the US, but also from Australia, the UK, Dubai, Singapore, Japan, Egypt and many other countries. We have a global team of professors that our students get in their classrooms.

Our school has also been accredited by the UK accreditation body AMBA [Association of MBAs]. It is the gold standard of MBA accreditation and we are the only one in the UAE accredited by them. There are very few in Asia that got accredited by them. The list of excellence can go on.

You are one of the rare Indian education brands that have decided to go outside of the country. Do you see more competition coming from India?

Some of India's best schools are government-owned, government-controlled and designed for Indian students to get educated in India. And I do not see the Indian government going outside of India with these schools. Most of India's private schools are also focused on the great Indian population itself. Besides, it requires a significant amount of pioneering effort and large investments as well to set up global schools outside of India. To my knowledge, only a few are thinking along these lines.

But your success is likely to lead other Indian brands to follow you?

You know, a lot of it is to do with timing. When we came to Dubai, we were viewed as a pioneer. In Singapore, we were invited by the Government of Singapore to come and set up. We are only one of three schools to get the elite status in Singapore called institute of higher learning. The other two are INSEAD and the University of Chicago. Now when you go to Singapore, they will say they do not need another Indian school because S P Jain is already there. So, it is not that easy for a new Indian school to come into the space when we are already there. They can go to countries where we are not.

What were the challenges when you started off? Was pricing an issue?

I can spend two full days talking about challenges. There were visa issues in Dubai. Since our MBA programme is designed for working adults, it created confusion with the local authorities about their visa statuses. However, ultimately, they changed the laws to accommodate our students.

One of the other issues was the Dubai Municipality's order that unmarried persons could not stay in villas. We had rented villas for student accommodation, so we had to undo all that and rent a complete apartment building and move all of our students there.

However, blips aside, our journey has been a joyous one. We have been able to build our brand in a foreign country, including Singapore. Top local companies come to our campuses. Our students do projects for them; they recruit our students after these projects. That's been very positive for us. We have got a lot of support from local companies, both in Dubai and Singapore. And that's been one of the reasons for our success.

How many programmes do you have in Dubai?

We have two programmes in Dubai. We have a full-time programme where students cannot work and study at the same time. Our second programme, which is the executive MBA programme, is targeted at working people.

"Traditional countries known for education are no longer going to be dominating in the next 10-20 years. India has quality professors, and some of them are teaching in top universities all over the world." *Nitish Jain*

How do you price your programmes? Are they competitive?

There is a very big range when it comes to pricing. Let's say some of the top western universities charge more than double our fees, and then you have others that charge much less. If you looked at the entire spectrum, we would be somewhere in the middle.

Is education a very profitable business?

We are not driven by profit motive. We focus on delivering top quality education and building a brand outside of India. We do make a surplus, but we invest all that back into infrastructure, growth and various other areas that need money. In fact, we not only use the surplus, but also my personal funds in developing the school and doing what is actually in the long-term interest of the school.

Where do you want to be 10 years from now?

We intend to have multiple campuses in 10 years and many more partners all over the world. We would like our students to be nimble-footed. Currently, we only offer post-graduate MBA programmes. Now we are getting into undergraduate programmes as well.

Our undergraduate programme is a four-year programme and students will have to spend each year in a different campus.

What will be the cost of your undergraduate programme?

The programme starts next year and will cost students US$15,000 a year, including tuition, lodging and everything else except food. So, pricing is very attractive. We are able to do this because we have a large back office in India managing our administrative functions. We spent much more on our faculty and creating a world-class infrastructure.

Also, fortunately for us, there is a lot of interest in Asia from western schools, so we have a very interesting programme called Vision Business Asia. It includes one week in Dubai, one week in Mumbai and one week in Singapore. Students from across the globe can come and study in this programme, and because there is so much interest in Asia, people are not only interested in the programme, but also interested in partnering with us. I think we are ahead of the game.

How many students do you have?

Between Dubai and Singapore, we have 450 students enrolled in our global programme and another 450 executive MBA students. Once we start our undergraduate programme, we will be talking several thousand.

Benchmarking the Gulf Monetary Union

The withdrawal of the UAE and Oman has taken some fizz out of the proposed Gulf Monetary Union. **Deborah Ciervo** gives an indexer's perspective on the events.

As the Arab world debates the creation of a single Gulf currency, one important consideration is the effect that this regional monetary union will have on the flow of global capital as it gives rise to new financial instruments and investment vehicles. For a market index provider such as Dow Jones Indexes, this potential new currency agreement opens doors to the development of new pan-regional indexes, sub-indexes, sector indexes, specialty indexes and related market measures. In turn, these indexes can be applied to benchmarking tools and new financial instruments, enabling more efficient and transparent investment capital flows both within the region and from outside sources.

As the European experience with the development of the euro demonstrated, in addition to serving as benchmarks for portfolios, a combined currency serves as a basis of new tradable regional products for local investors in each country. This concept is attractive because it offers the opportunity for locals to invest in more diversified products with more liquidity at attractive prices and without exchange rate risk. However, it also faces some unique challenges.

A brief history of the GCC

The GCC was formed in May 1981 to encourage policy coordination and integration among six member states that shared similar political systems and common objectives. Adopting the view that countries with fewer disparities in their economic structures are more likely to achieve economic integration, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE eventually recommended organising a monetary union.

At the GCC's 22nd summit in Muscat, Oman in December 2001, members signed an agreement to establish the Gulf Monetary Union. One of the objectives was the introduction of a single Gulf currency and a targeted start date of January 2010.

In December 2006, Oman withdrew from the union when it became clear that the original convergence criteria, modelled after the introduction of the euro, would not be met in time. In May 2009, the UAE withdrew following the union's decision to locate the proposed unified central bank in Riyadh, Saudi Arabia.

Providers of indexes look at these developments with great interest. History tells us that such unions provide opportunities for market index tools. While we do not know where the Gulf Monetary Union will lead, it is useful to look at the European model as a case study.

The European experience

The euro was established by the provisions in the 1992 Maastricht Treaty. In order to participate in the new European currency, member states of the European Union had to meet strict criteria such as a budget deficit of less than three per cent of the GDP, a debt ratio of less than 60 per cent of the GDP, low inflation

and interest rates close to the European Union's average.

As the European Union switched to the euro, Dow Jones Indexes, in partnership with Deutsche Boerse and SIX Swiss Exchange, developed and launched a series of pan-regional indexes, which over time helped attract indexed investments to the euro zone. While European indexes existed before the introduction of the euro, the Dow Jones EURO STOXX 50 became the first index that measured the performance of companies in the euro-participating countries. The index attracted new investors as it was calculated in a single currency and freed portfolio managers from having to deal with the cost of currency conversions.

Although the introduction of the euro in 1999 initially had only a moderate effect on the uptick in interstate trade, it facilitated the introduction of new investment vehicles such as index funds and exchange-traded funds, which were more interesting with new pan-regional indexes. Out of some 130,000 indexes that Dow Jones Indexes calculates today, more than 10,000 are in Europe. An increase in the volume of benchmarked assets indicates that a single currency, when adopted by multiple nations, can possibly lead to an increase in the flow of regional and global capital.

With the current Gulf Monetary Union membership of four out of the six GCC states, the single currency would be adopted by 66 per cent of the members. By comparison, the euro was initially adopted by 12 out of 15, or 80 per cent, of the European Union members.

Benefits and challenges

Low-fee, indexed products have always been popular with institutional and retail investors, and they are even more relevant now when markets are so volatile. More and more investors are looking for low-cost, diversified and reliable financial products that simply track the market. This suggests a large potential for a single Gulf currency and for new pan-regional indexes that will come with it.

The Gulf Monetary Union would potentially represent the Middle East's largest and most liquid capital market. As the European experience with the euro demonstrated, this would have a number of direct benefits. The proposed currency would be a part of a natural, evolutionary process indicative of the maturation and cohesiveness of markets in the region.

By eliminating exchange rate risk, a single currency would bring greater exchange rate flexibility and encourage interconnected investors who would no longer have to take on currency conversion costs and risks. Consequently, foreign and local institutional investors would be able to target the Gulf market as a whole and portfolio managers and private investors would be able to take on greater exposure to the region. Also, new pan-regional indexes would be created that will allow for easier aggregate cross-market comparisons between the Gulf and the world's major markets.

On the regional level, a single currency could boost trade and promote economic convergence among the Gulf Monetary Union's member states. It would also increase transparency in pricing and simplify cross-border operational issues, leading to improved business competitiveness.

The Gulf Monetary Union's major challenge is presented by the withdrawal of Oman and the UAE from what already was a relatively small union of six countries. With the current Gulf Monetary Union membership of four out of the six GCC states, the single currency would be adopted by 66 per cent of the members. By comparison, the euro was initially adopted by 12 out of 15, or 80 per cent, of the European Union members.

The UAE's recent withdrawal renewed questioning of the point of a single currency, which was initially driven by the desire to eliminate exchange rate risk. Some have questioned the feasibility of the project without the UAE and Oman. The UAE contributes one-fourth of the combined GCC's GDP and its decision to abandon the single currency project poses a volume problem. From an indexer's perspective, a pan-regional index calculated without one of the region's major players would be of less utility to foreign investors.

Not being part of the GCC might have other implications as well. Using the European Union as an example, regulations created or eliminated by the establishment of the European Union and the euro helped make cross border transactions in the region easier and allowed the number of deals to grow.

Without Oman, the Gulf Monetary Union loses a key regional trans-shipment hub and a major ally in introducing the new currency into the global capital flow. Oman is the largest of the two Gulf nations, the second being Bahrain, that signed a Free Trade Agreement with the US. The nation's total volume of trade under the FTA in 2008 was at US$1.38 billion, compared with a little over half of that amount – US$779 million – for Bahrain.

Since we know the region well, we are prepared for what may come of the Gulf Monetary Union. If Oman and the UAE rejoin the project for a single currency, we will transition the Dow Jones GCC Indexes to the new currency. However, without these two states signed onto the project, a new pan-regional index will likely be introduced for the Gulf Monetary Union currency zone. MW

The writer is senior director of international markets and products at Dow Jones Indexes.

KSA office space loses sheen

Saudi Arabia's office space has lost its sheen. **M. R. Raghu** and **Ramadoss Venkateshwaran** analyse why.

Investment in GCC real estate may not seem appealing in these troubled times, and office space in Saudi Arabia may as well get wrapped into that argument. But as the Kingdom's real estate never took serious part in the recent bull-run, it experienced lower contractions from the peak (mid-2008) rental and price levels. The average fall ranged 10-15 per cent, compared to 25-40 per cent in other GCC countries. As such, the sector can be considered attractive in the current scenario. A closer look, however, suggests otherwise for the office segment of Saudi real estate.

Oversupply in Riyadh

The office market in Riyadh is characterised by oversupply. Around 200,000 square metres of supply have been released to the market during the past year alone, resulting in a high vacancy rate of 17 per cent. Due to this circumstance, rentals in Riyadh contracted 15 per cent on average from their peak (mid-2008). The sharp contraction in private sector activity was totally unexpected for developers, as they had witnessed a strong pent-up demand for high-end office properties. Expecting high demand, developers ventured into the development of new properties in the city's Central Business District. But demand has stagnated, thanks to the global economic slowdown. And the release of new supply in the market has added to developers' woes.

The prime rental premium for a 'Class A' office building today stands at 75 per cent over 'Class B' buildings in Riyadh (see Table 1). We believe that this premium, which indicates an undersupply in 'Class A', is not justified, as vacancy levels continue to be high. While the movement of 'Class B' to 'Class A' may stem the fall in rental levels in the latter, it will then result in 'Class B' rentals falling, resulting in overall rental slowdown or contraction.

Demand to remain subdued

The key driver for the office segment to remain attractive is a strong improvement in private sector economic activity. Saudi Arabia's non-oil GDP is expected to continue its positive growth trend at three per cent in 2009, up from 2.4 per cent in 2008, mainly due to enhanced fiscal expenditure. The Kingdom's non-oil private sector GDP is expected to slow down to 2.5 per cent in 2009, compared to 4.3 per cent in 2008, amidst credit woes. The real non-oil private sector has to return to its trend growth level of five per cent, experienced in the past five years, for office space demand to get a boost. This rate of growth is expected only after 2010, and we believe that until then, the attractiveness of the office segment will remain low.

Among the demand triggers, it is important to note that the Kingdom's fiscal spending is concentrated on education, healthcare and infrastructure. It does not help that these sectors are expected to create lesser administrative and executive-level jobs, a key driver for the office segment. As such, we believe that fiscal spending might only have a muted impact.

Also, contrary to some expert opinion, our estimate of demand that arises from the location of the GCC central bank in Riyadh stands at 6000-7000 square metres, which is not significant when compared to the overall market size that is around a few million square metres.

Supply scenario not attractive

Going forward, we believe that the current oversupply situation will be negatively impacted by a fresh supply of office space. We estimate approximately 300,000 square metres of 'Class A' office space to enter the market during 2009-2011 from projects worth US$2.5 billion that are currently under various stages of construction. As the demand prospects are softer, we expect the

tenants to have a higher bargaining power, which would result in further rental contractions.

It is also important to note that a recent relaxation in floor average ratio regulations by the Riyadh Municipality favours four- and five-star hotel developments, which act as a disincentive for office development. Looking further ahead, we expect supply to jump five times during the period from 2011-2014. The total value of fresh projects during this period is estimated at US$9 billion. This value is due to the commercialisation of mega projects like King Abdullah Financial District, which alone contributes to two-thirds of the total supply. On the whole, we have to say that the future supply pipeline is gushed up in the short term and adequate in the longer term.

Jeddah office market stable

Unlike Riyadh, office space rentals in Jeddah contracted around eight to 10 per cent on an average from their peak (mid-2008). The price correction has been at 15 per cent for the same period and the current vacancy levels are in the range of six per cent. Our estimates suggest that the size of demand for office space in Jeddah will be close to 60 per cent of Riyadh. Hence, the market is mostly characterised by mixed-use buildings and is not well developed in terms of quality of buildings and amenities. Development of high quality office space in Jeddah is thus not an attractive proposition. This circumstance leads to prolonged periods of stagnancy.

We expect office space supply in Jeddah to increase to c.150,000 square metres between 2009 and 2011, just about enough to cater to the demand, thus displaying a stable outlook at best with a possibility of a moderate rise in rentals and prices. This offers incentive for investment, albeit with high risk, given the uncertainties over demand.

Office space in the twin cities of Al Khobar and Dammam is driven mainly by the head offices of major industrial companies like SABIC and Saudi Aramco. Some of the common office space is occupied by finance, real estate and business services, and we estimate the size of the office market to be at 25 per cent of Riyadh. The market lacks modern office buildings and the demand for them is not significant. Rentals have corrected in the range of 15-18 per cent from their peak (mid-2008), but vacancies have remained stable at five per cent during this time. The markets in the twin cities are still nascent and are not attractive for investment as yet.

Rental levels and outlook

Average rental levels in the Kingdom are much lower compared to other GCC countries. The reasons for this fact include a lower cost of land triggered by higher availability of land suitable for office space relative to the size and the contribution of the service sector to the overall GDP. A comparison of factors that impact rents does not favour the Kingdom at the moment (see Table 4). Yields too are higher at levels of 10 per cent plus compared to the regional average of eight to nine per cent, signifying the relative poor fundamental strengths.

In terms of outlook, we expect a moderate rental growth in Jeddah, where supply balances demand. We expect rentals in Riyadh to contract between 10 and 15 per cent as vacancy increases in 'Class B' from 2009-2010. Al Khobar and Dammam should face sluggish supply trends until 2010, which will keep the rentals stable and growing during 2009-2010.

These conditions together do not warrant investment in office space in Saudi Arabia, especially at a time when the global economic climate continues to remain uncertain.

Table 1: **Office rentals in prime locations**

City	Prime location	Rent SAR/sq m/month
Riyadh-Class A	King Fahad Road	1500 to 2000
Riyadh-Class B	King Fahad Road	1000
Al-Khobar-Class A	Kabary	750 to 1000
Al-Khobar-Class B	Alwazer	600 to 700
Jeddah-Class A	Al Malek Road	750 to 1000
Jeddah-Class B	Al Malek Road	600 to 700

Source: Markaz Research

Table 2: **Major short-term office supply**

Project	GLA (sq.m) estimate	Expected completion
Akaria Plaza	60,000	2009
STC Headquarters	60,000	2009
Mobily Headquarters	NA	2010
Anoud Tower II	10,000	2011
Riyadh Business Gate	48,000	2011
Al-Yabes Towers	70,000	2011

Source: MEEDprojects, Markaz Analysis

Table 3: **Major short-term office supply**

Project	NLA estimate	Expected completion
Jeddah Towers	c.50,000 sq.m	2009
Lamar Development	c.20,000 sq.m	2011
Jeddah Mixed-Use Towers	c.36,000 sq.m	2011

Source: MEEDprojects, Markaz Analysis

Table 4: **Ranking key office rental drivers**

Factors	Abu Dhabi	Dubai	Doha	Kuwait	KSA
Per capita GDP (US$)	2	4	1	3	5
Service sector contribution to GDP	5	1	4	2	3
Current CBD land cost	1	4	2	3	5
Current oversupply	1	5	2	4	3
Overall	2	4	1	3	5

Source: Markaz Research

M. R. Raghu is senior vice president of research at Kuwait Financial Centre (Markaz). Ramadoss Venkateshwaran is senior analyst.

Conditions favour SAFCO

Saudi Fertilizer Company (SAFCO) is investing for the future. It has stable revenues, low costs and a strong balance sheet. And it's cheap. **Irfan Chaudry** analyses the company's prospects.

SAFCO is Saudi Arabia's largest fertiliser company by production volume, with capacity in excess of 4.5 million tonnes per annum of urea and ammonia. SAFCO was the first petrochemical company in Saudi Arabia and was established in 1965 as a joint venture between the government of Saudi Arabia and the private sector. The construction of its first plant in Dammam started in 1966, followed by commercial production of urea and ammonia three years later. In order to diversify its earnings, SAFCO later in 1979 added a sulphuric plant (annual capacity 20,000 MT) and in 1983 added a melamine plant (annual capacity of 20,000 MT). Between 1993 and 2008, SAFCO executed a massive expansion, constructing seven additional factories with an annual capacity of 2.3 million MT for urea and 2.1 million MT for ammonia.

Investment overview

SAFCO, like other GCC petrochemical players, is blessed with a supply of inexpensive and readily available natural gas for feedstock provided by Aramco. Thus, it has remained profitable despite the escalating natural gas prices over the past few years.

In fact, SAFCO's margin expanded during 2003-2008, thanks to higher selling prices amidst bullish demand for fertiliser around the world. Shrinking supply and rising demand for crops, due to urbanisation, led many planters to spend more on fertilisers to boost harvests. Going forward, the company's earnings will be driven by capacity expansion, higher sales, market share gains and steadily improving margins. As such, the company's net profit margin is above 50 per cent. On top of this compelling business case, the stock is now cheap, having been oversold in the stock market crash that swept the region in the second half of 2008 and lagging the stock market in the current rally.

The share price of stock closed at SAR114.50 on July 20, 2009, making it an attractive long-term investment opportunity. The company has already reported a profit for the second quarter of this year at SAR480 million in a difficult operating environment of demand collapse, value chain de-stocking, high cost inventory and bottom level urea price. This represents a trailing P/E ratio of about six. If we extrapolate first-half 2009 earnings into a full-year profit, it represents a P/E ratio below 13.7 and an estimated normalised P/E of 5.6 for 2010.

Industry fundamentals

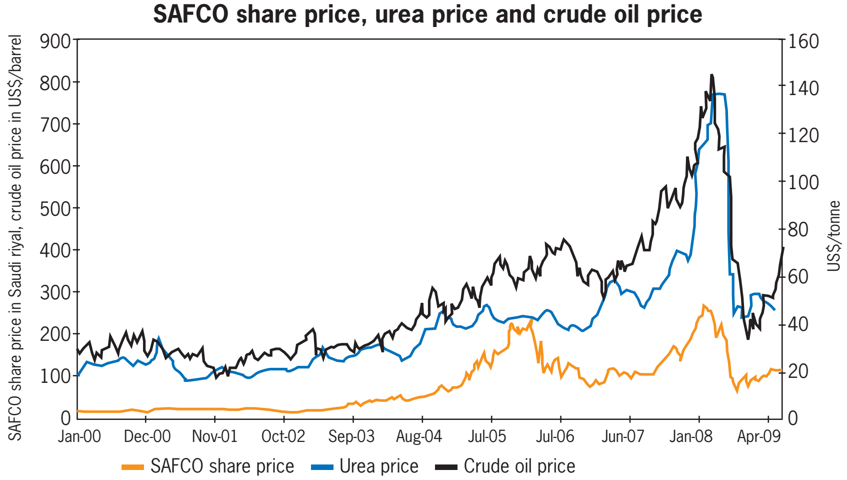
On the pricing side, soft commodity prices and energy prices are the two main drivers of the urea price (prices set by the marginal producers using Naphtha as feedstock). The prices of both the drivers have fallen sharply since the summer of 2008. Fertilisers/urea prices fell by more than 60 per cent in the first quarter of 2009 from the peak in June 2008 and have recovered marginally from the bottom. While urea prices remained depressed for much of the first half of 2009, it may start recovering to the equilibrium levels soon. Low-cost producers like SAFCO will be in a strong position once the urea price begins to recover.

On the demand side, there had been aggressive de-stocking of the value chain. The supply is estimated to have decreased by 25 per cent, mainly in Europe and North America (marginal producers), as marginal producers could not keep on producing below the cost. Current urea prices still dictate a negative margin for Naphtha-based producers, which may further pressure the supply side. On the demand side, consumption in the Americas is estimated to have declined by 35 per cent and in Asia by 15 per cent in the first half of 2009, as farmers were hurt by a credit squeeze and low grain prices, one of the reasons that the demand for potash and phosphate had been hurt more than nitrogen (which is mostly used by subsistence farmers in Asia and the Indian subcontinent, where demand is more defensive). We expect a strong nitrogen demand recovery in the second half of 2009, which may help increase the utilisation rates of urea producers to their historical rates. It may also affect the urea prices positively by increasing the urea spread to the crude oil price to the historical levels.

Crude oil price

SAFCO sells urea, which is a downstream energy product. In broad terms, the price of urea has followed the peaks and troughs of the oil price in recent years – peaking in June 2008 as oil reached US$147 a barrel and falling sharply since then, as oil retreated to US$34 a barrel before recovering in the second quarter of 2009. We believe that the current crude price rally is less about speculation than it is about a realisation that there is not going to be as much demand

SAFCO share price, urea price and crude oil price



Company name	Net margin %
Yara	10.66
Potash	21.08
Agrium	8.37
CF chemicals	13.52
Mosaic	7.27
SAFCO	52.01

destruction as was believed. Despite the evidence that speculators are moving back into the oil market in a major way, we are of the opinion that crude's rally is mainly being driven by the unwinding of unprecedented fears that dragged crude down from its peak near US$147 last July.

Higher prices, culminating in a price spike in early 2008, were the first level of demand destruction, followed by the demand effect of the recession in late 2008/early 2009. Now, we may stop discounting that second phase and talk about demand coming back in growth markets such as China and India. In sum, the fundamentals support oil in the US$70 range as crude may have reached a point of "loose equilibrium" between physical demand, financial speculation and what price the global economy can support. Crude price consolidation in this range may provide an impetus for urea prices, which we expect to recover in the second half of 2009.

Agriculture

The strong fundamentals behind soft commodities haven't changed. Agricultural supplies are at their lowest in decades. Grain inventories remain close to 30-year lows (at 44 days currently, against a high of 167 days in 1987). It has been reported that corn yield in Brazil has dropped by 20 per cent. Grain yield in Russia is expected to decrease by 15 per cent. This decrease in estimated yield may have taken place because farmers were unable to take advantage of financing from buyers because of credit problems in getting three months financing and were not able to invest in enhancers like fertilisers. Even farmers in the US, asking for short-term finances to finance their crops, have been turned back in the last six months, which may affect US yield too. As against that, there had been a warning of impending food crisis, as grain inventories are at the lowest in 35 years.

As the global population continues to grow and diets improve in fast-growing economies such as China and India, the outlook for fertiliser prices is robust in the medium to long term. Basic supply and demand fundamentals dictate that soft commodity prices are set to soar high enough to challenge records set in the summer of 2008. Soft commodities fundamentals may drive urea prices higher in the second half of 2009.

SAFCO's key strengths

SAFCO may be able to undercut global and regional competitors, partly due to the relatively cheap feedstock cost and market share gains. On the demand side, the company's major customers lie in Asia and the Indian subcontinent, where demand is expected to be resilient due to subsistence farming. SAFCO is well placed to benefit from this, through a combination of aggressive capacity expansion (estimated 46 per cent compounded annual growth rate for the next three years), fixed input costs and wide profit margins. SAFCO can replicate the strong earnings growth of 2008 in 2010 and beyond.

SAFCO is investing about SAR1.8 billion to increase fertiliser capacity by 56 per cent within three years. It also has a strong balance sheet, with a net cash position of more than SAR2.5 billion and a net gearing of -27 per cent. SAFCO sells urea at a discount to its international and local peers, which gives the company protection on the pricing side. Even in the current depressed price environment, the cash yield per tonne for SAFCO is at US$204 per tonne as against a negative spread for the marginal producers.

SAFCO has a feedstock cost advantage, as its main product, urea, uses natural gas as feedstock. ARAMCO supplies this to them through long-term contracts at a preferential rate, which translates into a discount of around 500 per cent from international gas prices and a more than 800 per cent discount to the Naphtha-based producers (on an energy equivalence basis). SAFCO is also close to major markets, as SAFCO fertiliser production is fed to clients in the GCC, India and Southeast Asia with whom SAFCO has long-term supply contracts.

SAFCO may take advantage of the favourable industry environment and expected improvement in the macro-economic environment over the coming months as the global economy emerges from the recession and energy and grain prices stage a recovery. The long-term prospects for the company are strong and it is an extremely cheap stock for a strong, fast-growing company with a robust competitive position.

	SAFCO	Natural gas-based producers	Naphtha-based producers
Feedstock cost US$/BOE	4.17	21.37	78.00
Yield US$ per tonne (2009)	207	11	(76)
Yield US$ per tonne (2008)	256	108	43
Expansion (estimated)	46%	20%	0%

Box 1: Major Industry Trends

- Grain inventories are at a historic low of 133 million tonnes. This situation may get further exacerbated because of a drop in 2009 yield per acre, a drought in Argentina and the weather effect in the US. For 2009, US corn acreage was 82 million acres, as against an estimated 88 million acres in 2008. Increase in grain production may only come from an increase in productivity, thus necessitating an increase in fertiliser use.
- An increased focus on bio-fuels because of rising oil prices, environmental awareness and substitution of land for corn productions for bio-fuels may help fertiliser demand and prices.
- An average profit of US$2.2/Bu and fertiliser costs of around US$0.91/Bu for corn (USDA) makes an economically profitable case for farmers to invest in increasing through use of fertilisers.
- There was a China-imposed tax of 35 per cent on urea export in 2008, which increased to 135 per cent in 2009. China exported five million tonnes of urea in 2007, 30 per cent world urea trade, which makes the global industry dynamics highly favourable.
- The ease on the credit squeeze in the second half of 2009 may give farmers the access to short-term credit, which may translate into higher fertiliser use.

Box 2: SAFCO's Enviable Industry Position

- SAFCO has high visibility (after completion of the Maaden project in 2012 it will be world's largest fertiliser company), reasonable market cap and good liquidity.
- SAFCO has the highest cost advantage compared to the industry.
- SAFCO's 2009-2011 increase in capacity (i.e. 1.8 million tonnes) will be one of the highest in the industry.
- SAFCO reported a 2007 profit of SAR2.2 billion, a 200 per cent increase YOY and declared a 94 per cent increase in net profit in 2008. Although first quarter 2009 numbers were down by 28 per cent YOY, it is expected to post much better numbers for the second half of 2009.
- SAFCO's margin may expand, as urea prices are expected to recover in the second half of 2009. SAFCO was not only able to realise higher yield (US$246 per tonne) in 2008 compared to international fertiliser stocks (average yield around US$110/tonne) and regional peers, but was also able to maintain the margins in the first quarter of 2009 (at US$204/tonne) against the negative margins for marginal producers.

The author is an equity analyst with EIS Asset Management

GCC, Regional and World Benchmarks - Conventional

As of July 15, 2009

All data courtesy of MSCI Barra, correct as of date indicated.

MSCI data on these pages have been selected to show comparative returns in the GCC for the financial/telecoms and real estate sectors against the overall GCC countries index.

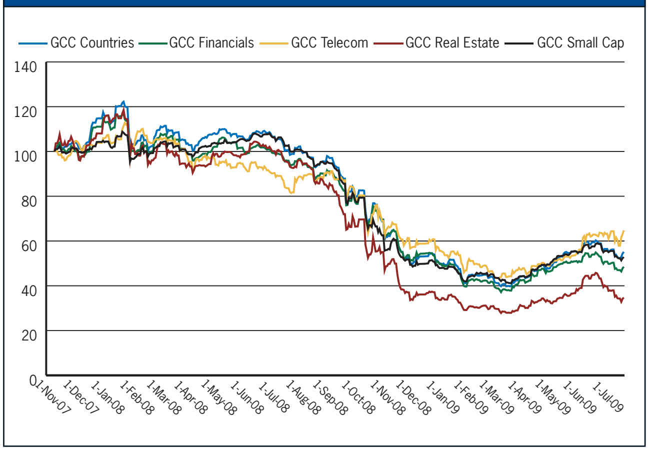
World Comparative Returns and Valuation Ratios contrast the MSCI World, the Emerging Markets, the GCC Countries, the Jordan+Egypt+Morocco and the Arabian Markets indices.

The Performance Values table takes into account eight regional/international and sector-specific indices to show month, quarter and year-to-date performance levels.

GCC: Comparative Returns

Comparative returns for four MSCI GCC indices

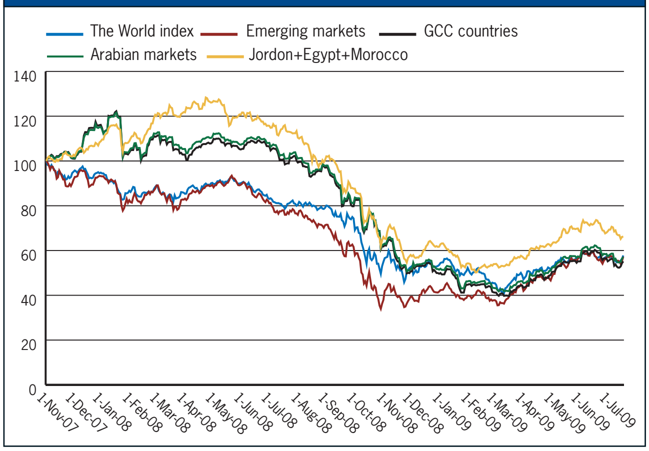
(Period: October 31, 2007 to July 15, 2009, rebased to 100)



WORLD: Comparative Returns

Comparative returns for five MSCI indices

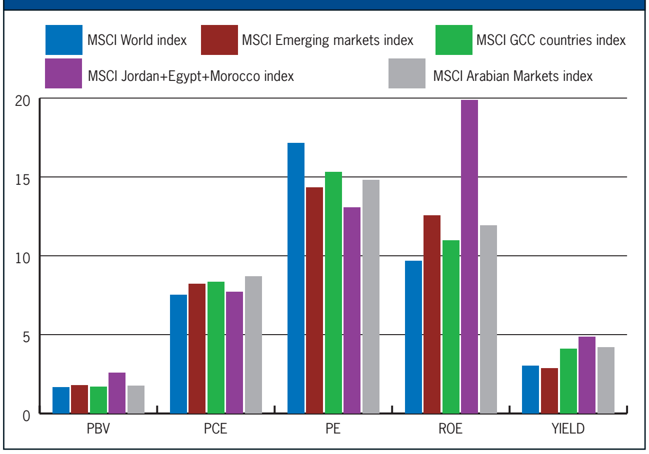
(Period: October 31, 2007 to July 15, 2009 rebased to 100 on October 31, 2007)



Valuation Ratios

November month-end valuation ratios

(Five MSCI indices PBV, PCE, PE, ROE and YIELD)



Performance Values

QTD, MTD, YTD performance in US$

(Eight indices as of July 15, 2009)

Index	Performance in % US$ (MTD) this month	3 month performance in % US$ (3M)	Performance in % US$ (YTD)
MSCI Arabian Markets Index	-1.338	25.258	11.070
MSCI Emerging Markets Index	0.625	34.403	35.096
MSCI GCC Countries Index	-0.748	26.362	11.822
MSCI GCC Financials Index	-2.566	16.122	-0.553
MSCI GCC Real Estate Index	-8.462	15.178	2.587
MSCI GCC Telecom Services Index	3.514	43.373	20.667
MSCI Jordan+ Egypt +Morocco Index	-4.464	17.719	4.840
MSCI World Index	0.850	20.743	5.652

This information is now available, updated daily, at www.moneyworks.ae

GCC, Regional and World Benchmarks - Islamic

As of July 15, 2009

All data courtesy of MSCI Barra, correct as of date indicated.

MSCI data on these pages have been selected to show comparative returns in the GCC for the financial/telecoms and real estate sectors against the overall GCC countries index.

World Comparative Returns and Valuation Ratios contrast the MSCI World, the Emerging Markets, the GCC Countries, the Jordan+Egypt+Morocco and the Arabian Markets indices.

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GCC: Comparative Returns

Comparative returns for four MSCI GCC indices

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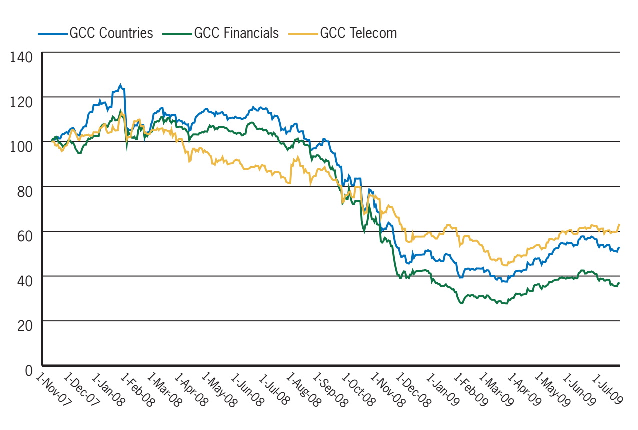
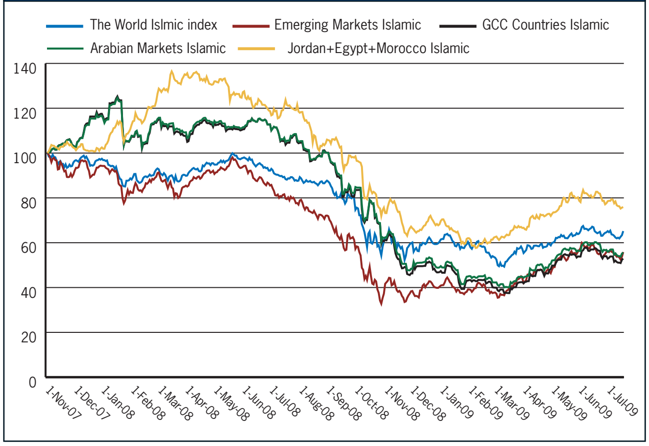


WORLD: Comparative Returns

Comparative returns for five MSCI indices

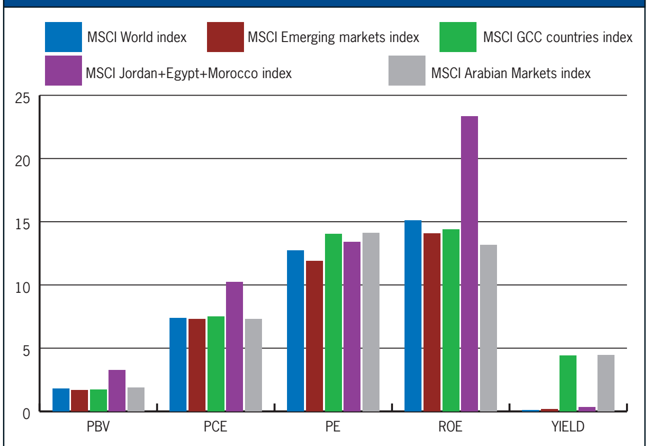
(Period: October 31, 2007 to July 15, 2008 rebased to 100 on October 31, 2007)



Valuation Ratios

November month-end valuation ratios

(Five MSCI indices PBV, PCE, PE, ROE and YIELD)



Performance Values

QTD, MTD, YTD performance in US$

(Eight indices as of July 15, 2009)

Index	*Performance in % US$ (MTD) this month*	*3 month performance in % US$ (3M)*	*Performance in % US$ (YTD)*
MSCI Arabian Markets Islamic Index	1.227	24.022	13.577
MSCI Emerging Markets Islamic Index	0.020	31.102	36.049
MSCI GCC Countries Islamic Index	-0.640	24.552	13.529
MSCI GCC Islamic Financials Index	-2.188	16.985	4.676
MSCI GCC Islamic Telecom Services Index	5.491	28.910	7.604
MSCI Jordan+ Egypt +Morocco Islamic Index	-3.588	14.956	7.772
MSCI World Islamic Index	0.762	16.281	5.708

This information is now available, updated daily, at www.moneyworks.ae

GCC reacts to default worries

Bad news from a couple of large Saudi business houses has affected stock market indices. Fortunately, the damage seems to be contained now, notes **Snehdeep Fulzele**.

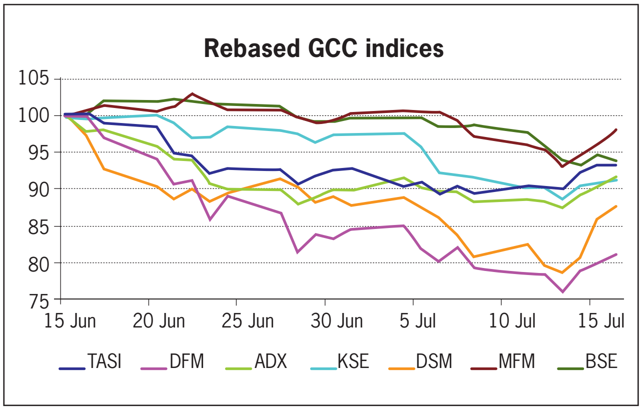
Worries over exposure of the GCC banking sector to the troubled business groups of Saudi Arabia, Maan Al Sanea and Al Gosaibi, have affected sentiments in the region. After a month, the exact quantum of assets available for creditors to settle their dues is still shrouded in mystery. Fortunately for the region, more disturbing revelations have not emerged.

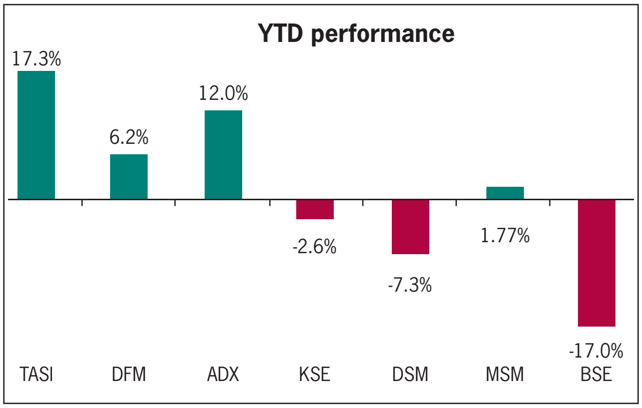
These developments brought the banking sector in Saudi Arabia under close scrutiny and investors were unnerved by the concerns of substantial provisions for bad debts from banks. As a result, capital took refuge in the safety of cash. The movements of GCC indices over the past month were mirror images of the previous month.

The Dubai Financial Market (DFM), which topped the gainers with a 30 per cent jump in our previous coverage, lost the maximum among its GCC peers over the past month. From June 15 to July 16, the DFM lost 19 per cent. All seven markets closed in the red.

The UAE economy is spearheaded by real estate and banking. Job losses show no signs of abating there. According to a survey, one in ten people have lost their job in the past six months. Many have taken salary cuts. Rentals continue to fall. There are a lot of similarities among GCC economies, including dependency on oil. However, the extent of damage varies according to the depth of the problem.

A recent report from FALCOM Research analysed the second quarter performance of GCC markets. It revealed that within the region, investors benefited from low correlation among the markets in the just concluded quarter. The Tadawul All Share Index (TASI) of the Saudi market had a negative return correlation with the Bahrain All Share Index, while a maximum correlation of 0.73 was noticed with the DFM and Abu Dhabi indices. The Saudi market ranked third in daily traded volume, despite it being the highest capitalised market in the region. Kuwait topped the liquidity chart with a volume of over 685 million shares, compared to 328 million shares traded in Saudi Arabia every day. The





Kuwaiti market provided the best risk/return trade-off with the lowest coefficient of variation at 3.1, as against Abu Dhabi, which had a coefficient of variation at 14.9 where the risk was highest per percentage return. In the second quarter, Bahrain was the only market that closed lower, although the drop was just one per cent.

The corporate results season is in full swing. All 11 banks in Saudi Arabia, as well as the largest listed regional company, SABIC, have announced their last quarter performance. The world's largest Islamic bank, Al Rajhi Bank, announced a net profit of SAR1.77 billion, which is slightly higher than the same quarter of the previous year. The Saudi banks have put up a commendable show by announcing a cumulative profit of SAR6.5 billion, as against SAR6.4 billion in the first quarter of 2009 and SAR6.9 billion in same quarter of 2008. As a bell-weather sector of the economy, good news from the banking sector augurs well for investors. SABIC posted a year-on-year drop of 76 per cent in the second quarter when it announced SAR1.8 billion in profits, down from SAR7.5 billion in the second quarter of 2008.

There is a lesson to be learnt from the crisis that engulfed the world. It is as real as the boom times that we enjoyed for so long until not so long ago. Although cyclical ups and downs will have a huge impact in the short term, businesses are not going to quit and governments are not going to close. Equities are long-term instruments of investment. Short-term fluctuations are inherent in every stock market. In the end, those who make the right decision now will reap big rewards later. For equity investors, the decision could be easy – enter in crisis and hang on with proven managements.

The writer is head of research at FALCOM Financial Services in Saudi Arabia.

Markets adjust to new order

The US economy continues to show signs of resilience. **Sachin Patki** hopes that this same resilience will help the economy recover in the next three quarters.

As the financial world reorganises itself post an event equivalent of the Ice Age, we see a potential change in the ranking order in the financial markets for the developing nations.

Emerging markets from Asia, South America, Eastern Europe and the sub-continent have substantial market capitalisation today. Governments of most of these emerging market countries have also set progressive economic policies into place with a focus on developing human capital, and the chances of economic recovery in these markets being sustained are high.

The key items that caused a global meltdown have been seen as outputs of markets that have been big on regulations but low on their implementation, along with structural deficiencies of not enough corporate governance and supervision. This has resulted in many voices arguing in favour of shifting away from the dollar-centric economies in the world, where most central banks maintain large amounts of reserves in US dollars. And a lot of these funds end up financing the US trade and budget deficit, leading to unrealistic risk-adjusted returns and interest rates in the US.

The US dollar also gets indirect support from overseas holders of its currency and in turn treasuries, corporate bond issuances and in some cases equities. If these holdings are diversified into other currencies, it is likely to provide the market with lower volatility and save corporations a lot of hedging costs.

The US economy continues to show signs of resilience, especially from consumers in the areas of spending and future outlook for the economy. This is happening at a time when the unemployment rate continues to rise and deflation remains a real risk in the economy. Hopefully, this same resilience will help the economy recover in the next three quarters, which will be decisive for the monetary policy of the Federal Reserve. Though the key Fed Funds rate may not rise much, the Fed may let the longer-term treasury yields rise to reduce the risk of longer-term inflation in the economy that can seriously derail any longer-term growth. Aside from this, the economic policies of the Obama administration will help decide how quickly the economy will return to normalcy.

The Eurozone lags behind the timelines for the US economy, although the European Central Bank (ECB) has hopes for the economy to improve faster with record low interest rates and billions of euros worth of intervention funding to corporations and local bodies. With consumer and industrial confidence still low and rising unemployment rates, the only area of hope comes from retail sales, which were not as bad as expected in May 2009. Consumer sentiment needs to seriously improve over the coming three quarters for any recovery to find deeper roots and provide the sustainability needed for longer-term growth to happen.

The key risk is that of inflation, and given the ECB's focus on this topic, we may see the euro interest rates rise ahead of those in the US. This may in turn give a floor to the euro as it looks to rally from its current levels near 1.4000, with a clear break above 1.4250 and giving it the momentum to test 1.4480, 1.4635 and 1.4850. Failure to break above 1.4250 will indicate lack of buying support and take the currency lower towards 1.3780, 1.3570 and 1.3100.

The euro/yen seems to have reached the near-term top as it looks to test the support at 130.10 and 126.75, which may provide it with the support area. A reversal back above 1.3500 indicates that the euro has some further upside possible against the yen.

Economic releases from the UK continue to show weakness in the employment market, but pockets of recovery in the manufacturing area. Retail sales continue to be negative, with property values still sliding lower. With the Labour government not being seen to do enough, the GDP is expected to fall by 4.3 per cent this year as per the OECD. This is compared to a fall of 4.8 per cent in the Eurozone and a drop of 2.8 per cent in the US. While growth may take root with government schemes

like 'scrappage' and intervention to replace private equity in corporations, this will come at a cost that may be too high and take too long to pay off by taxpayers. Inflation may derail longer-term real growth and the monetary policy may reverse ahead of the fiscal policy reversal.

The sterling looks to find a top near 1.6560 and may see the downside being tested at 1.5950, 1.5540, 1.5380 and 1.5270. If it holds on a weekly closing basis, it may attempt the range of 1.6200-1.5450. The dollar/yen looks very toppish and may see some deeper correction towards 94.35, 92.70, 91.10 and 89.45. A failure to break the downside level of 92.70 would indicate a test of up to 98.25 and 100.10.

The author is head of Mashreq Gold & Investments with Mashreq.

Views expressed are the author's and not necessarily those of Mashreq. Data and comments are as of July 7, 2009.

An optimism that's under threat

Will a slow US recovery overshadow the strength of emerging markets? **Stefan Hofer** tries to determine the best option for investors.

The June US labour market report, released in early July, has caused investors to reconsider the path of the US economic recovery. This action is poignant for emerging market equities, as the strong performance of the asset class year to date has been predicated, in part, on expectations of a robust US return to growth in the quarters ahead. Instead, the labour market report highlights the risk of a "double dip recession" and a bumpy road ahead for risky assets.

Beyond the headline of another 467,000 jobs lost, which disappointed expectations, the details of the report were sobering. The alarming development exposed is linked to hours worked, which have declined precipitously. Americans are working less or not working at all, driving the unemployment rate to levels not seen since the 1980s. By some measures, one in six Americans is either unemployed or underemployed. As the beneficial impacts of fiscal stimulus gradually fade, the weak labour market and corresponding consumption may drag economic performance lower again and force risk premia higher. This could, in turn, see investors re-think their exposure to high-beta emerging markets.

Yet, looking over the past three months, typical measures of risk used by market participants have improved. For example, the VIX indicator (volatility index based on traded derivatives) and a broad range of credit spreads all declined. Average emerging market bonds spreads of sovereign issuers in US dollars (based on JP Morgan's EMBI Index) have almost returned to pre-Lehman Brothers collapse levels. Even though we seem to be entering a new period for markets, the faint glow of optimism on global growth is under threat.

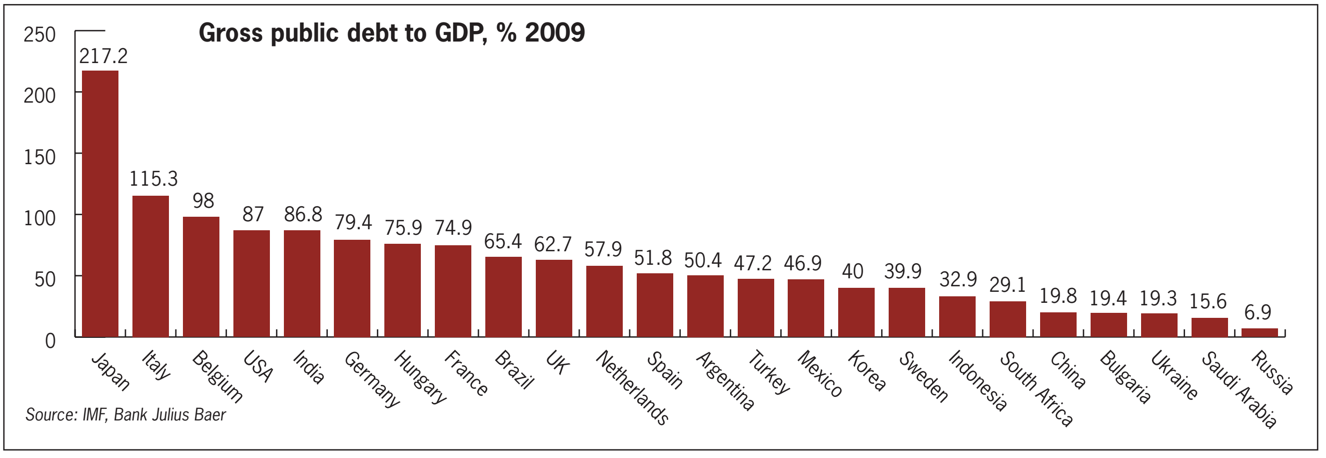
Economic signals

Against this backdrop, it is worthwhile to recognise what other non-US-driven factors have helped sustain the rally in emerging markets since January. Important economic signals such as the Purchasing Managers Indicator and export data across emerging markets (Asia in particular) continue their improving trend. In Brazil, the bellwether economy in Latin America, the sharp rebound car production and sales would suggest that a fairly strong recovery in GDP may already be underway. Interestingly, credit markets in both Brazil and China appear relatively unscathed, measured by loan growth in the latter and access to trade finance lines in the former. Broadly speaking, Asia and Latin America have underpinned investors' confidence in the asset class overall. On the other end of the spectrum remains emerging Europe, where sharp macroeconomic adjustments are ongoing, driven by the legacy of large increases in debt and the currency mismatch between assets and liabilities.

The stronger fundamentals in key emerging markets seem at odds with the pace of the US recovery. The question then becomes which of the two opposing factors will ultimately drive investment performance. Over the shorter term, we expect global and emerging equity markets to extend their consolidation phase as investors reassess economic risks. At the same time, the rally in Asian markets has pushed valuations (measured in consensus price-to-earnings multiples) above developed economy stock averages, which argues for caution vis-à-vis stocks in that region for now.

Over the medium term, however, investors will likely be paying increased attention to the health of government finances, which look strong for much of the emerging markets on a historical comparison. The cost of banking sector bailouts, tax revenue declines, automatic stabilisers and fiscal stimulus will likely push government debt levels in developed economies higher. Against this backdrop, buying emerging market equities with low leverage on price corrections may be a good longer-term strategy for out-performance. MW

The writer is a research analyst at Bank Julius Baer.



Global equity markets look up

Pursuing a very loose monetary policy for a long time may not be a good idea, as it feeds inflation and is not a sound base to start a strong economic cycle, argues **Peter Hensman**.

In a matter of weeks, the debate in markets has swung from concerns that the Federal Reserve would embark on a series of rate increases from the end of 2009, as sentiment swung toward believing in the possibility of a V-shaped economic recovery, to more recent concerns that a second fiscal stimulus package is required in the US because of increasing disappointment at the support to employment and the economy from the US$787 billion stimulus plan already enacted.

The policy statement from the US Federal Open Market Committee meeting on June 24 did make an apparently large shift. Where the prior meeting in April was concerned that "inflation could persist for a time below rates that best foster economic growth and price stability in the longer term", recent increases in commodity prices would only be prevented from feeding through into a more generalised increase in consumer prices by "substantial resource slack [that] is likely to dampen cost pressures".

Despite increasing criticism of Federal Reserve policy under former chairman Alan Greenspan, particularly maintaining interest rates at a low level for a prolonged period in the period following the NASDAQ collapse, the Fed still expects to maintain interest rates at "exceptionally low levels…for an extended period". Arguably this is because, unlike the European Central Bank (ECB) and the Bank of England that are mandated to meet an inflation target, the primary function for the Fed is influencing "monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates". With US unemployment at 9.5 per cent[1] and rising, it will be little surprise if rates are maintained at the current -0.25 per cent for at least another 12 months.

This bias toward maintaining loose monetary conditions extends beyond the US. In the Eurozone, the ECB conducted its longest ever "repo" operation. In this, the ECB offered to enter into an unlimited sale and repurchase of assets (by commercial banks). A total of 1100 banks "repo'd" EUR442 billion of assets on a one-year term. This means that the banks have exchanged a wide range of assets held on their balance sheets for cash for 12 months, the intention being that banks should feel more comfortable about the cash positions (liquidity) on their books and, as a result, be more willing to lend.

New developments

Another unusual development has been the introduction of a -0.25 per cent deposit rate by the Riksbank in Sweden. This means that bank deposits held at the central bank will be required to pay (not receive) interest for the privilege of holding the funds "safely" at the Riksbank. As with the repo operation at the ECB, the intention is clearly to encourage banks to put their balance sheets to work, rather than continuing to hoard cash.

One slight exception to this general policy stimulus is China. Having seen bank loans soar by some 34 per cent year on year in June, maintaining the rapid rate of increase evident in the first six months of the year, there are early indications that the aggressive push to grow lending is coming to an end. This is most apparent in the resumption of bill auctions by the People's Bank of China (PBoC) after an eight-month hiatus. By resuming bill sales, the PBoC is acting to "mop up" some of the excess funds in the system. As a result of this change, one-month inter-bank interest rates have risen from the steady one per cent level that has been relatively constant since the start of the year to 1.4 per cent. Despite this apparent shift, it is equally true that this rate remains at a historically low level.

It is likely to be true that these loose monetary policies aimed at encouraging savers out of cash and incentivising an increase in indebtedness are unlikely to create a sustainable reversal in the deleveraging process. Besides, a policy based on the piling more debt onto the apparently excessive amounts that contributed to the turmoil of the credit crunch is not a sound base on which to build a strong economic cycle. But for now, it seems that some of the concerns about the current policy stance are outweighed by the short-term policy sugar-rush.

With equity valuations undemanding and equities being a real asset (i.e. offering some protection against the consequences of inflation), current conditions should support stock market returns. While concerns have grown about the return of a valuation premium on emerging markets relative to the developed world, the greater traction that the reflation policy is likely to gain in these economies that are less encumbered by the legacy of the last cycle suggests that, as occurred in the early to mid 1990s, this premium can expand and support further outperformance.

The writer is director of investment management, global strategy, at Newton Investment Management.

Footnotes:*1 Bloomberg. This article is issued by BNY Mellon Asset Management International 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 BNY Mellon Asset Management International Limited 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:*** *BNY Mellon Asset Management International Limited, Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Newton Investment Management Ltd & BNY Mellon Asset Management International Limited are wholly owned subsidiaries of The Bank of New York Mellon Financial Corporation. Both are authorised and regulated by the Financial Services Authority. www.bnymellonam.com.*

Commodities look uncertain

The commodities market reflects the uncertainty in equities as doubts begin to emerge over economic recovery. An **MF Global** report.

Base metals were under pressure last month on concerns over a seasonal slowdown from China, which seems like the only source of strong demand. Crude oil also showed weakness due to regulatory worries over trading limits on futures.

Crude oil (NYMEX near-month futures contract) was down 14 per cent on month to US$61.70 per barrel. Global demand, including that from the US, remains weak. Crude was also weighed down by talks of increased regulation. The US Commodity Futures Trading Commission (CFTC) has decided to gather views from market participants on setting new limits on energy futures contracts. It will hold a series of hearings in July and August to decide how it can best use its authority to prevent speculation following complaints from Congress and market traders.

The CFTC decides the limits on agricultural commodities, but in the case of energy futures contracts, the decision rests with individual exchanges.

Another interesting development in the crude oil futures market was the reduction in the normally positive difference between WTI and Brent varieties of crude oil to zero and negative thereafter. Some attribute this change to a tighter supply on the European side due to maintenance work on oilrigs in the North Sea and a string of attacks on oil pipelines in Nigeria. Another reason being attributed is the possibility of a limit on WTI crude oil futures by the CFTC.

The natural gas near-month futures contract was down 15 per cent on month to US$3.27 mmBTU. Forecasts for milder weather across key consuming areas in the US, which includes the Midwest, the mid-Atlantic and the southeast region, have raised concerns over declining consumption. US natural gas reserves are trending over the five-year average, thus building up steady pressure.

On the European side, Romania, Bulgaria, Hungary and Austria signed an agreement with Turkey to construct the 3300-kilometer 'Nabucco' gas line. Iran, Iraq, Kazakhstan, Turkmenistan and Egypt are considered potential suppliers to the Nabucco project. This deal assumes importance for Europe, which has been trying to reduce its dependence on Russia. Russia supplies nearly 30 per cent of Europe's gas requirements.

Concerns

Gold (Comex near-month contract) remained mostly under pressure, tracking the higher trending US dollar and the decline in crude oil. Gold was down 0.19 per cent on month to US$939 per ounce after dropping to US$912 during the month. However, an increase in duty in India is unlikely to have any demand impact on gold and is expected to be easily absorbed.

Silver (Comex near-month contract) was down 11 per cent to US$13.20 per ounce and continued to remain under pressure tracking the weakness in gold as well as base metals. Base metals continued to remain under pressure through the month on concerns of a seasonal drop in China's demand. In the past few months, China's purchases have overwhelmingly supported the uptrend in base metals.

Bellwether copper continued to remain choppy through the month and gained about 0.5 per cent on month to US$5260 per tonne (LME three-month forward contract). Copper stocks on the LME have shown a continuous slide, albeit not a very strong one. Although China's June imports touched another record, copper remained rather choppy over concerns that China's state reserves bureau would stop buying copper in the third quarter.

Aluminum continues to stagger under a massive buildup of stocks at the LME. Reports of a planned strike in Venezuela, a planned 50 per cent reduction in output by Rusal at its Guinea alumina plant or an increase in production by Japanese companies following improved demand from beverage and car manufacturers there did not help. Aluminum nudged higher on month to US$1655 per tonne, up by 0.6 per cent.

Tin saw a sharp correction of 15 per cent on month to US$13,300 per tonne. Many heaved a sigh of relief, as prices had risen sharply over past two months. In reality, though, global demand remained weak and the LME inventories continued to climb to new 52-week highs.

On the whole, base metals have remained in surplus through the first half of 2009. The World Bureau of Metals Statistics reported that during January to May, copper was in surplus of 90,000 tonnes, nickel was in surplus of 86,100 tonnes, tin was in surplus of 4700 tonnes, lead was in surplus if 6000 tonnes and zinc was in surplus of 49,800 tonnes.

Going forward, the movement in base metals will be under the scanner on concerns of a steeper correction. Chinese demand remains questionable in the short term. Demand from European and North American economies is also seen as insipid, as the slump in housing and the auto industry is likely to last longer, with unemployment climbing. MW

*The information in this column is provided by MF Global. For further details, write to: customercaredubai@mfglobal.com or call +971 4 332 5052, +971 4 332 8894. **Source:** MF Global Commodities India Pvt Ltd, Bloomberg.*

OFFSHORE SAVERS SELECTION

Provider	Telephone Number	Account	Notice/Term	Deposit	% Gross	Interest Paid
No Notice US Dollar Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access	None	$5,000	1.50%	Yly
Skipton (Guernsey)	01481 727374	International US Dollar	None	$25,000	1.00%	Yly
Halifax International	Via website	International Web Server	None (W)	$25,000	0.90%	Yly
Irish Permanent International	01624 641641	Instant Access	None	$50,000	0.75%	Yly
Nationwide International	01624 696000	Tracker Premium	None	$50,000	0.50%*	Yly
No Notice Euro Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access	None	€5,000	2.50%	Yly
Skipton (Guernsey)	01481 727374	International Euro	None	€25,000	1.75%	fiYly
Halifax International	halifaxinternational.com	International Web Server	None (W)	€1,000	1.25%	Yly
Zurich Bank International	01624 671666	Euro Reward	None	€5,000	1.25%	Yly
Irish Permanent International	01624 696000	Instant Access	None	€5,00	1.15%	Yly
No Notice Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access II	None	£5,000	2.80%	fiYly
Alliance & Leicester International	www.alil.co.im	eSaver Offshore 2	None (w)	£15,000	2.76%	Yly
Bradford & Bingley International	01624 695000	Easy Saver	None	£5,000	2.50%	Yly
Alliance & Leicester International	01624 614188	Select International 1	None	£15,000	2.50%	Yly
Nationwide International	01624 696000	Tracker Premium	None	£25,000	2.50%*	Yly
Notice Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege 30 II	30 Day	£5,000	3.00%	Yly
Alliance & Leicester International	www.alil.co.im	eSaver Offshore Notice 50	50 Day (w)	£25,000	3.00%	Yly
Alliance & Leicester International	www.alil.co.im	eSaver Flexible Income 1	60 Day (w)	£25,000	2.97%	Qly
Bradford & Bingley International	01624 695000	Global Saver	60 Day	£5,000	2.75%	Yly
Alliance & Leicester International	www.alil.co.im	Select 50 International 1	50 Day	£25,000	2.75%	Yly
Monthly Interest						
Alliance & Leicester International	www.alil.co.im	eSaver Flexible Income 1	60 Day (w)	£25,000	2.96%	Mly
Bradford & Bingley International	01624 695000	Global Saver	60 Day	£5,000	2.72%	Mly
Alliance & Leicester International	01624 614888	Select Income International 1	60 Day	£25,000	2.72%	Mly
Yorkshire (Guernsey)	01481 724353	Global 90	90 Day	£100,000	2.57%	Mly
Bradford & Bingley International	01624 695000	Easy Saver	None	£5,000	2.47%	Mly
Fixed Rates						
Clydesdale Bank International	01481 711102	Term Deposit	60 month Bond	£10,000	5.00%	Yly
Clydesdale Bank International	01481 711102	Term Deposit	36 month Bond	£10,000	4.50%	Yly
Yorkshire (Guernsey)	01481 724353	5 year fixed rate	31-07-14	£10,000	4.25%	Yly
Halifax International	www.halifaxinternational.com	International Web Saver	36 month Bond (H)	£1,000	4.00% F	Yly
Northern Rock (Guernsey)	01481 714600	Fixed Rate Bond 242	01-08-12	£10,000	4.00% F	Yly
Current Accounts						
Abbey International	01534 885000	Offshore Gold	None	£100,000	0.30%	OM
Royal Bank of Scotland International	01534 724365	Royalties Cheque	Instant (A)	£5,000	0.25%	Mly
Royal Bank of Canadad (CI)	01534 283000	Executive Plus	None	£100,000	0.12%	Mly
Clydesdale Bank International	01481 711102	Current	None	£2,500	0.10%	Mly
Fairbrain Private Bank	01624 645000	Reserve	None	£5,000	0.10%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess 2	None (W)	£1,000	2.50%	Yly
Lloyds TSB Offshore Banking	01624 638000	International Bonus Saver	None	£5,000	2.50%*	Mly
Abbey International	01534 885000	Base Rate Tracker 10	05-05-10	£10,000	0.80%	OM
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	0.65%	Yly
Lloyds TSB Offshore Banking	01624 638000	International Savings A/C	None	£25,000	0.05%	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
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: July 16, 2009 Source: Moneyfacts

OFFSHORE CHEQUE ACCOUNT RATES

	Telephone	Account Name	£5K	£10K	£25K	£50K	£100K	£250K	£500K	£1m	Int paid	Cash card
Abbey International	01534 885100	Offshore Gold	0.00	0.00	0.00	0.30	0.30	0.50	0.50	0.50	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	0.00i 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Qly Qly	Yes Yes
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	0.00 0.00e	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	0.10 - 0.10	0.10 - 0.10	0.10 - 0.10	0.10 0.00 0.10	0.10 0.25 0.10	0.10 0.50 0.10	0.10 0.65 0.10	0.10 0.65 0.10	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	0.05	0.05	0.05	0.05	0.05	0.05	Qly	No
Isle of Man Bank	01624 63700	Gold Account	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	Mly	Yes
Lloyds TSB Offshore Banking	01624 638000	International Sterling	0.00	0.00	0.05	0.05	0.05	0.05	0.05	0.05	Mly	Yes
NatWest	01534282828	Advantage Cheque	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	Mly	Yes
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	0.06	0.12	0.305	0.305	0.305	Mly	Yes
Royal Bank of Scotland Intl. Ltd	01534724356	Royalties Cheque	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	Mly	Yes
Standard Bank	01534 881188 / 01624 643643	Optimum	0.05k	0.05	0.05	0.05	0.05	0.05	0.05	0.05	Qly	Yes

k = Rate applies from £3K. 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: July 03, 2009 Source: Moneyfacts

€URO ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	€5K	€10K	€25K	€50K	€100K	€250K	Int paid	Chq. Book
Abbey National	01534 885100	The Monthly Offshore Saver Offshore Euro Call Offshore Gold	10.00 0.00 -	10.00 0.00 0.00	10.00 0.00 0.00	- 0.00 0.00	- 0.00 0.00	- 0.00 0.30b	OM Yly Qly	No No Yes
Alliance & Leicester Intl. Ltd	01624 663566	Euro Savings	0.50	0.50	0.50	0.50	0.50	0.50	Yly	No
Anglo Irish Bank (Corporation) International	01624 698000	Private Access	2.75	2.75	2.75	2.75	2.75	2.75	Yly	No
Bank of Scotland International Ltd	01534 613500	Base Rate Tracker International Savings	- 0.01	- 0.01	- 0.01	1.25h 0.03	1.25 0.05	1.25 0.05	Yly Yly	No No
Barclays	01534 880550	International Bank International Tracker	0.00 -	0.00 -	0.00 0.10e	0.00 0.10	0.00 0.10	0.00 0.25b	Qly Qly	No No
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	- 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 0.00 -	0.90 0.00 0.90	0.90 0.00 0.90	0.90 0.00 0.90	0.90 0.00 0.90	0.90 0.00 0.90	Yly Mly Mly	No No No
Fairbairn Private Bank	 01624 645000	Accumulation High Interest Accumulation Reserve	- - -	0.10 - 0.10	0.10 - 0.10	0.10 - 0.10	0.10 1.00a 0.10	0.10 1.25b 0.10	On closure On closure Qly	Yes No Yes
Halifax International	01534 846501	International Web Saver	1.35	1.35	1.45	1.45	1.45	1.45	Yly	No
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	0.00 - - - - -	0.10 - 0.10 - 0.10 0.10	0.10 0.39j 0.10 0.83j 0.10 0.10	0.10 0.39 0.10 0.83 0.10 0.10	0.10 0.39 0.10 0.83 0.10 0.10	0.10 0.39 0.10 0.83 0.41 0.10	Mly Mly Mly Mly Mly Mly	No No No No No No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.10	Qly	No
Irish Permanent International	01624 641641	Instant Access Instant Access	1.15 1.14	1.15 1.14	1.15 1.14	1.15 1.14	1.50 1.49	1.50 1.49	Yly Mly	No No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only) International Bonus Saver	0.00 2.00	0.00 2.00	0.00 2.00	0.05 2.00	0.05 2.00	0.05 2.00	Half Yly Mly	No No
Nationwide International Ltd	01624 696000	Euro Savings Euro Tracker Premium	0.15 1.05	0.15 1.05	0.20 1.05	0.20 1.05	0.20 1.05	0.25 1.10	Yly Yly	No No
NatWest Offshore	01534 282300	Advantage International	0.10	0.10	0.10	0.15	0.35	0.50	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	0.03	0.08c	Mly	No
Royal Bank of Scotland Intl.Ltd	01534 286850	Royalties International	0.10	0.10	0.10	0.15	0.35	0.50	Qly	No
Skipton (Guensey)	01481 727374	International Euro	-	-	1.75	1.75	1.75	1.75	Yly	No
Standard Bank	01624 643643 01534 881188	Offshore Reserve Optimum Offshore Moneymarket Call	0.15 0.05 -	0.15 0.05 -	0.15 0.05 -	0.15 0.05 0.50	0.15 0.05 0.60	0.15 0.05 0.60	Half Yly Qly Mly	No No No
Woolwich Guernsey	01481 715735	Euro International Gross	-	-	0.10j	0.10	0.10	0.10	Qly	No
Zurich International Ltd	01624 671666	Zurich Euro Reward Call	1.25 0.00	1.25 0.00	1.25 0.00	1.25 0.00	1.25 0.00	1.25 0.00	Yly Qly	No No

a = Rate applies from €75K. b = Rate applies from €150K. c = Rate applies from €200K. e = Rate applies from €15K. h = Rate applies from €35K. j = Rate applies from €20K.

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US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	The monthly Offshore Saver Offshore US$ Call Offshore Gold	6.00 0.00 -	6.00 0.00 0.00	6.00 0.00 0.00	6.00 0.00 0.00	- 0.00 0.00	- 0.00 0.10x	OM Yly Qly	No No Yes
Alliance & Leicester International Ltd	01624 663566	US$ Savings	0.25	0.25	0.25	0.25	0.25	0.25	Yly	No
Anglo Irish Bank Corporation (International)	01624 641888	Privilege Access	1.50	1.50	1.50	1.50	1.50	1.50	Half Yly	No
Bank of Scotland International Ltd	01534 613500	Base Rate Tracker International Savings	- 0.00	- 0.00	- 0.00	0.25 0.00	0.25 0.01	0.25 0.01	Yly Yly	No No
Barclays	01534 880550	International Cheque International Tracker	0.00 -	0.00 -	0.00 0.00u	0.00 0.00	0.00 0.10	0.00 0.10	Qly Qly	No No
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	- 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 0.00 -	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	Yly Mly Mly	Yes Yes Yes
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	- - -	0.00 - 0.00	0.00 - 0.00	0.00 - 0.00	0.00 0.00 0.00	0.00 0.00 0.00	On Closure On Closure Qly	Yes No Yes
Halifax International	01534 846501	International Web Saver	0.00	0.00	0.90	0.90	0.90	0.90	Yly	No
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	- - - - - -	0.00 - 0.00 - 0.00 0.00	0.00 0.00u 0.00 0.00u 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	Mly Mly Mly Mly Mly Mly	No No No No No No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.05	0.05	Qly	No
Irish Permanent International	01624 641641	Instant Access Instant Access	0.25 0.25	0.25 0.25	0.25 0.25	0.75 0.75	0.75 0.75	0.75 0.75	Yly Mly	No No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.00	0.05	0.05	0.05	0.05	0.05	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings US Dollar Tracker Premium	0.10h 0.30	0.10 0.30	0.15 0.30	0.20 0.50	0.25 0.50	0.25 0.50	Yly Yly	No No
NatWest Offshore	01534 282300	Advantage International	0.05	0.05	0.05	0.05	0.05	0.05	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	0.07	0.09x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	0.05	0.05	0.05	0.05	0.05	0.05	Qly	No
Skipton (Guernsey)	01481 727374	International US Dollar	-	-	1.00	1.00	1.00	1.00	Yly	No
Standard Bank	01534 881188 / 01624 643643	Offshore Reserve Optimum Offshore Moneymarket Call	0.10 0.05 -	0.10 0.05 -	0.10 0.05 -	0.10 0.05 0.15	0.10 0.05 0.15	0.10 0.05 0.15	Half Yly Qly Mly	No No No
Woolwich Guernsey)	01481 715735	US$ International Gross	-	-	0.00u	0.00	0.00	0.00	Qly	No
Zurich Bank International Ltd	01624 671666	Zurich US Dollar Reward Easy Access Deposit	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	Qly	No

h = Rate applies from $1K. u = Rate applies from $20K. v = Rate applies from $75K. x = Rate applies from $200K.

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EXPATRIATE MORTGAGE TERMS - AUGUST 2009

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland Intl.	Bank base +2.89%	70	1%	GBP100,000 minimum. Early Redemption Charge 3% - 36 months
BM Solutions	4.25% 2 year tracker 5.40% 3 year fixed	60 60	3.00% 2.5%	Applicant must work for Govt Agency or Multi National Company. Rental calculation 125% at payrate.
Cheltenham & Gloucester	4.29% 2 year fix 4.69% 3 year fix 5.29% 5 year fix 3.79% 3 year tracker	75 75 75 75	995 895 995 995	Limited offers via IMP Every case has to be agreed with an underwriter before submission. Will not lend to Self employed expat applicants. Employed applicants need to work for large companies. Available for main UK residence only. Free property valuation and low cost legal fees for remortgages. Different terms available for loans between £1 million and £5 million No other UK mortgaged properties permitted.
Dresdner Kleinwort Benson	Cost of funds +1-1.5%	Purchase 60 Remortgage 50	Up to 0.75%	Minimum loan GBP500,00 Minimum income GBP150,000
Fortis Bank Group	Sterling mortgage LIBOR + 1% Foreign currency mortgage Cost of funds +1.25%	70 70	GBP500 GBP500	Minimum Loan £150,000 - 75% owner/family occupation. Loans to offshore companies and trusts.
Halifax PLC	5.29% 2 Year Fix Max GBP500K 3.79% 5 Year tracker Max GBP500K	Purchase 75 Purchase 75	GBP999 GBP999	Very restrictive terms. No capital raising allowed. Must be returning to the UK within 2 year period. 6 months bank statements required. Redemption Penalties Fixed rate 2% in first 3 years
HSBC	Under review	70 Repayment basis only 65% Interest only	Varies	Many existing expat HSBC bank customers come to us after being told that they will not have a problem obtaining an expat mortgage for a UK property with the bank and then find that the bank is unable to lend to them. The London office can only deal with "FSA regulated loans" where a family member will be resident in the property. Applicants need to be in salaried employment or professional occupations such as Dr's, Dentists, Solicitors or Accountants
Ipswich Building Society	4.49% two year discounted rate	75	GBP695	IMP exclusive expatriate buy to let scheme No early repayment penalties at anytime Will only lend on houses including new build
Irish Permanent (Isle of Man)	Temporarily withdrawn	75	1%	Loans to offshore companies and trusts.
Natwest Bank	Base rate + 2.79	60	1%	New build flats maximum 55% loan to value.
Royal Bank of Scotland International	Base + 2.79% 2 year tracker Base + 2.99% 2 year tracker	60 65	1% 1%	Minimum GBP100,000

This table is supplied by IMP, 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 six months interest in the first five 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 0.25 per cent subject to a minimum of GBP250 and a maximum of £700 but this can be waived where associated financial products, such as mortgage protection, are effected through the company's agencies. Most lenders have now settled on a base variable rate of circa 4/4.5%. Bank rate @ 04/06/09 - 0.50% 3 month LIBOR 1.252%, 15/06/09. IMP are authorised and regulated by the Financial Services Authority (302775) for mortgage advice and hold Consumer Credit Licence No: 592583.
www.international-mortgage-plans.com

Credit Cards — SAUDI ARABIA

PROVIDER	CARDS OFFERED	ANNUAL FEE (SAR)	INTEREST/PROFIT RATE	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Al Rajhi Bank	Visa/MasterCard (Silver, Gold) Laki for Women Qassit Mini Visa Internet card	Silver/Gold/Laki for Women/Qassit - 275 Mini Visa - 100 Internet card - Free	Nil for purchases 18.5% on cash withdrawals from the bank, otherwise 27.5%	45 days for Visa/ MasterCard (Silver, Gold) Laki for Women and Internet card. Qassit card - 5% or SAR100 whichever is higher then the amount due with no increse or profit.	Shari'ah compliant, photo-sign card, customer privilege booklet, Al Rajhi rewards programme, supplementary cards for dependents.	800 124 1222 www.alrajhibank.com.sa
AMEX	Blue/Gold/Platinum	Blue – 200, Gold – 400, Platinum – 900	2.25% on purchases, 3.5% or SAR40 on cash withdrawals	25 days	Free supplementary cards, 1% cash back on purchases, worldwide emergency assistance, travel accident insurance, security chip	800 124 2229 www.americanexpress.com.sa
Arab National Bank	Visa/MasterCard (Al Mubarak Silver, Al Mubarak Gold, ANB Silver, ANB Gold, ANB Internet Card), ANB Platinum (SAR and GBP)	Al Mubarak Classic Option 1 SAR 75 Al Mubarak Classic Option 2 SAR 130 Al Mubarak Gold SAR 180	Al Mubarak cards: N/A on purchases and cash withdrawals ANB cards: 1.97% on purchases, 3.5% or SAR45 on cash withdrawals	51 days	Cash on demand, ongoing merchant discounts, free supplementary cards Payment Holiday Program and Credit Shield. Al Mubarak cards are Shari'ah compliant.	800 124 4141 www.anb.com.sa
Bank Aljazira	Visa Islamic Gold Card	N/A	N/A on purchases, SAR30 for cash withdrawals	45 days	Free supplementary cards, cash advances available.	www.baj.com.sa
Banque Saudi Fransi	Visa/MasterCard (Silver, Gold) MasterCard Platinum	Silver – 150 Gold – 300 Platinum – Invitation only	1.99% on purchases, 3% on cash withdrawals	25 days	Free emergency medical and legal referral services, purchase protection, lost luggage insurance, 1% cash back.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Tayseer AlAhli (Classic, Gold), Tayseer AlAhli Titanium, AlFursan Credit Card, Internet Card	Free for the first year	SAR30-50 per transaction	50 days	Purchase protection, travel protection, credit shield, exclusive offers and discounts. 2% cash back on purchases with AlAhli Titanium. Earn Saudi Airlines miles with AlFursan card.	800 244 1005 www.ncb.com.sa
Riyad Bank	Visa/MasterCard (Silver, Gold) MasterCard Platinum Islamic Card	Classic – 115, Gold – 215, Platinum – 700, Islamic - 900	Silver, Gold and Platinum cards: 1.95% on purchases, 3.0% on cash withdrawals Islamic card: N/A on purchases, SAR75 for cash withdrawals	45 days	Signature card, emergency card replacement. For Platinum cardholders, airport lounge access, concierge services, travel services, emergency medical and legal referrals.	800 124 2020 www.riyadbank.com
SABB	Visa/MasterCard (Silver, Gold, Amanah and Conventional), Visa (Platinum), MasterCard - Premier,	Silver – 225, Gold – 350, Amanah Silver - 225, Amanah Gold - 350, Visa Platinum - 475, MasterCard Premier complimentary for SABB Premier customers	Silver and Gold cards: 2.22% on cash and retail purchases, 2% on purchases and cash withdrawals for Platinum and Premier	25 days	ICSABB rewards, Premier privileges and discounts at over 19,000 outlets in over 160 countries, complimentary road side assistance, air port pick and drop and priority pass for Platinum, local KSA discounts on all cards, cash advance up to 50% of credit limit, free supplementary cards, purchase protection, travel insurance & optional credit shield	800 124 8888 www.sabb.com
SAMBA	Visa (Silver, Gold), MasterCard (Silver, Gold, Platinum, Titanium), Samba Co-branded Credit Card (Silver, Gold), Samba Al Khair Credit Card (Silver, Gold)	Silver cards – 150 Gold cards - 300	Al Khair card: N/A on purchases and cash withdrawals Other cards: 1.95% on purchases, SAR45 for cash withdrawals	21 days	Up to four free supplementary cards, credit shield, credit limit increase, emergency card replacement, Bonanza programme for exclusive deals and services, special hotel and car rental rates for gold members. Al Khair card is Shari'ah compliant.	800 124 1010 www.samba.com
Saudi Hollandi Bank	SHB Smart Credit Card (Classic, Gold)	Free for life	Classic: N/A on purchases, 4.5% on cash withdrawals Gold: N/A on purchases, 3.5% on cash withdrawals	21 days	Daily draws to win free trip to Dubai, airline discounts (up to 18% on Emirates Airlines tickets), up to 100% cash advance limit, Smart Reward Points Programme.	800 124 2525 www.shb.com.sa

Personal Loans — SAUDI ARABIA

PROVIDER	PRODUCT	MAX. LOAN AMOUNT (SAR)	MIN. SALARY	PAYMENT TERMS	VALUE ADDED	CONTACT
Al Rajhi Bank	National Programme for Personal Finance	Up to 16 times of salary	5,000	Up to 60 months for Nationals, 48 months for expats		800 124 1222 www.alrajhibank.com.sa
Arab National Bank	Personal Finance Al Arabi Mubarak Finance Al Tawaruq Finance	Up to 16 times of salary for Nationals Up to 50,000 for expats	2,300	Up to 60 months	Personal Finance: Free credit card for one year, top-up option, cash assist credit facility available. No penalty on early pay-offs. Al Arabi Mubarak and Al Tawaruq schemes are Shari'ah compliant.	800 124 4141 www.anb.com.sa
Banque Saudi Fransi	Personal Loan Murabaha or Tawarruq	Up to 16-17 times of salary	3,000 for Nationals 5,000 foe expats	Up to 60 months	Murabaha and Tawarruq schemes are Shari'ah compliant.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Tayseer Al Ahli (Cash) Murhaba Al Ahli (Goods)	Up to 15-17 times of salary	3,000 for nationals, 4,000 for expatriates	Up to 60 months	Both schemes are Shari'ah approved. Possible top-up finance. Supplier price discounts for goods.	800 244 1005 www.ncb.com.sa
Riyad Bank	Murabaha or Tawaruq	Up to 15 times of salary	2,500	Up to 60 months	Murabaha and Tawaruq schemes are Shari'ah compliant. Remaining installments waived in case of death.	800 124 2020 www.riyadbank.com
SABB	MAL (Islamic Personal Finance)	1,500,000 for Nationals, 350,000 for expats	2,500 for nationals, 5,000 for expatriates. At least 3-5 months service	Up to 60 months	Shari'ah compliant (based on Tawarruq concept). No guarantor required. Outstanding loan waived in case of death.	800 124 5557 www.sabb.com.sa
SAMBA	Personal Finance Al Khair Personal Finance	Up to 15 times monthly salary	3,000 for Nationals 4,000 for expats	Up to 60 months	Al Khair scheme is Shari'ah compliant. No guarantor required. Outstanding loan waived in case of death.	800 124 1010 www.samba.com
Saudi Hollandi Bank	Loanlink Morabaha Installment Sales	Up to 15-16 times of salary	5,000	Up to 48 months	No guarantor required. New finance after 25% repayment of existing finance. Outstanding loan waived in case of death.	800 124 2525 www.shb.com.sa

Car Loans — SAUDI ARABIA

PROVIDER	PRODUCT	INTEREST RATE	LOAN TENOR	DOWN PAYMENT	CONDITIONS/RESTRICTIONS	CONTACT
Al Rajhi	Car Finance Car Lease	3.99 - 5.49% 10.5%	Up to 60 months Up to 60 months	10% None	Approved companies only. Must have been with current employer for six months. Minimum salary SAR3,000.	800 124 4141 www.alrajhibank.com.sa
Arab National Bank	Auto Lease	7-9.30%	Up to 60 months	10%	Minimum salary SAR3,000. At least three months service with the current employer and minimum 20 years old.	800 124 4141 www.anb.com.sa
Banque Saudi Fransi	Murabaha or Tawarruq	9-11%	Up to 60 months	15%	Minimum salary: 3,500. Must have been with current employer for six months.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Murabaha	9.15% 6% for Murabaha 3.15% for Insurance	Up to 60 months	10%	Minimum salary: 3,000 for Nationals. Three months service with current employer.	800 244 1004 www.ncb.com.sa
Riyad Bank	Murabaha Finance	Starts at 5.5% yearly	Up to 60 months	10%	Minimum salary: 2,500 At least three months with current employer	800 124 2020 www.riyadbank.com
Saudi Hollandi Bank	Murabaha	4.99% for Nationals in public sector; 6.49% for expats; 5.99-6.49% for companies	Up to 48 months	None	Must be 21 years old. Minimum salary: SAR3000 Minimum of three months with current employer	800 124 3000 www.shb.com.sa

Personal Loans — OMAN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (OMR)	PAYMENT TERMS	MIN. SALARY (OMR)	CONTACT
Bank Dhofar	Consumer Loan	8%	Up to 68 times salary for nationals, 75% of end of service benefits for expats (depends on salary)	Up to 120-180 months for nationals, up to 24 months for expats	250	800 766 66 www.bankdhofar.com
Bank Muscat	Consumer Loan	8%	Up to 75,000 for nationals, up to 50,000 for expats	Up to 72 months for nationals, up to 24 months for expats	300	800 795 555 www.bankmuscat.com
HSBC	Personal Loan	8%	Up to 40,000 for nationals, up to 20,000 for expats	Up to 84 months for nationals, up to 60 months for expats	500 for Nationals 700 for expats	800 7 4722 www.oman.hsbc.com
National Bank of Oman	Personal Loan	8%	Up to 68 times salary for public sector Up to 54 times for private sector	Up to 180 months for public sector and 120 months for private	200 for public 300 for private	800 77077 www.nbo.co.om
Oman Arab Bank	Personal Loan	8%	Up to 50 times salary for nationals, depends on end of service benefits for expats	Up to 108 months for nationals, up to 36 months for expats	150 for public 200 for private	247 06 265 www.omanab.com
Oman International Bank	Basma Personal Loan Scheme	8%	Up to 50 times salary for nationals, depends on salary for expats, up to 24 months salary	Up to 72 months	200	246 85252 (Head office) www.oiboman.com

Credit Cards — OMAN

PROVIDER	CARDS OFFERED	ANNUAL FEE (OMR)	MIN. SALARY (OMR)	INTEREST RATE	INTEREST FREE CREDIT	CONTACT
Bank Dhofar	Visa (Classic, Gold) MasterCard (Standard, Gold, Platinum) Al Noor Interest Free Credit Card Ecomcard	Visa: Classic - 30, Gold - 50 MasterCard: Standard - 30, Gold - 50, Platinum - 70	Classic/Standard: 250, Gold: 500, Platinum: 1,500	Nil on purchases, 3%+OMR1 on cash withdrawals	52 days	800 766 66 www.bankdhofar.com
Bank Muscat	Visa/MasterCard (Classic, Gold, Platinum)	Classic: Free for life Gold: 15	Classic: 200-300 Gold: 500 Platinum: Invitation only	Nil on purchases, 3%+OMR1 on cash withdrawals	52 days	2479 5555 www.bankmuscat.com
HSBC	Visa/MasterCard (Classic, Gold, Platinum) In-Site Virtual Card	Classic: 30, Gold: 50 In-Site: 10	Classic/Gold: 700	Purchases: Classic - 2.2%, Gold - 2%, 3%+OMR1 on cash withdrawals	56 days	800 7 4722 www.oman.hsbc.com
National Bank of Oman	NBO Visa/MasterCard (Silver, Gold); Al Amiyal MasterCard (Silver, Gold); NBO-Oman Air Card (Silver, Gold); NBO Webshopper Card	NBO Visa/MasterCard (Silver: 30, Gold: 50) Al Amiyal (Silver: 35, Gold: 55) NBO-Oman Air card (Silver: 15, Gold: 30) NBO Webshopper card: 10	Silver cards: 200 Gold cards: 350 for nationals, 500 for expats	1.5% on purchases, 3%+OMR1 on cash withdrawals	52 days	800 77077 www.nbo.co.om
Oman Arab Bank	Visa (Classic, Gold, Platinum)	Classic: 30, Gold and Platinum: 50	Classic: 200, Gold: 700, Platinum: 1,500	1.5% on purchases, 3%+OMR1 on cash withdrawals	40 days	797 432 www.omanab.com
Oman International Bank	MasterCard (Classic, Gold) Visa (Classic, Gold, Platinum, Business Card, Cyber Card)	Classic: 30 Gold: 50 Platinum: 70 (By invitation only) Business: 25 Cyber: 10	Classic/Cyber cards: 300 Gold cards: 700 Platinum: 1,400	1.5% on purchases, 3%+OMR1 on cash withdrawals	45 days Business - 37 days	246 85252 (Head office) www.oiboman.com

Personal Loans — QATAR

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (QAR)	MIN. SALARY (QAR)	PAYMENT TERMS	CONTACT
Ahli Bank	Personal Loan	Fixed rate: 10.00%	Up to 200,000	5,000 for Nationals 10,000 for expats	36-84 months	4324327 www.ahlibank.com.qa
Arab Bank *Note: Temporarily suspended all new loans*	Personal Loan	10.99% fixed rate	Up to 18 times monthly salary	20,000	Up to 84 months for national Up to 48 months for expats	4387777 www.arabbank.com.qa
Commercial Bank of Qatar	Personal Loan	Starting from 9.75% Depends on salary	Up to 200,000	7,000	Up to 84 months for nationals Up to 60 months for expats	4490000 www.cbq.com.qa
Doha Bank	Personal Loan	Fixed rate: 8.99% for Nationals 9.49% for expats	Depends on salary	Nationals : 3,000 Expats : 7,500	Up to 84 months for nationals Up to 60 months for expats	4456000 www.dohabank.com.qa
HSBC Bank Middle East	Personal Loan	9.99-10.49%, depends on the loan tenor	Up to 20,000	10,000 for Nationals 20,000 for expats	Up to 60 months for nationals, up to 48 months for expats	4382100 www.qatar.hsbc.com
Mashreqbank	Al Hal Loan for nationals Personal Loan for expats	8.5 - 11.5% for Nationals 9.74% for expats	Up to 1 million for Nationals Up to 350,000 for expats	5,000	12-72 months	4418880 www.mashreqbank.com
Qatar National Bank	Personal loan	Fixed rate: 11.50%	Up to 2.5 million for Nationals Up to 250,000 for expats	2,000 for Nationals 10,000 for expats	Up to 84 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	2,000	Up to 84 months for nationals, up to 48 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, thereafter Classic - 200, Gold - 400	5,000	1.75% on purchases, 4.5% on cash withdrawals	45 days	4324327
Arab Bank *Note: Temporarily suspended all new cards.*	Visa (Silver, Gold), Internet Shopping Card	Silver – 200, Gold – 300	Silver - 20,000, Gold - 35,000	0.25% on purchases, 2.49% on cash withdrawals	45 days	4387878
Commercial Bank of Qatar	Visa/MasterCard Classic, Visa/MasterCard Diners Club (Gold Plus, Platinum), Q-miles	Classic - 200, Diners - 500, Platinum - 500, Gold Plus - 400	Classic - 5,000, Gold Plus 8,000 Platinum - 15,000 Diners club - 7,500	Nil on purchases, 4.0% on cash withdrawals	45 days	4490000
Doha Bank	Visa/MasterCard (Dream, Platinum)	Dream - Free for life, Platinum - 500	Dream - 3,500, Platinum - 35,000	1.75% on purchases, 4.5% on cash withdrawals	55 days	4456000
HSBC Bank Middle East	Visa/MasterCard (Classic, Gold) Visa Platinum In-site Virtual MasterCard	Classic – 200, Gold – 350, Platinum – 450, In-site – 50	Classic and In-site - 10,000, Gold - 15,000, Platinum - 20,000	Classic 2.5%, Gold 2.25%, Platinum 1.9%, in-site 1.75% on purchases and 4.5% on cash withdrawals	56 days	4382100
Mashreqbank	MasterCard/Visa (Classic, Gold)	Classic – 50, Gold - 100	Classic/Gold - 2,500	2.25%, on purchases, 2.5% on cash withdrawals	55 days	4418880
Qatar National Bank	Visa (Classic, Gold), MasterCard (Standard, Gold, Platinum), Qatar Airways Co-branded MasterCard, e-card	Silver - 300, Gold - 400, Platinum - 500,Qatar Airways Co-branded MasterCard Silver - 300, Gold - 400, Platinum - 500, e-card - 50	2,000 for Nationals, 10,000 for expats	2% on purchases, 4.5% on cash withdrawals	45 days	4407777
Standard Chartered	Visa (Classic, Gold) MasterCard (Standard, Gold)	Visa: Classic - 200, Gold - 400 MasterCard Standard – 250, Gold – 500	3,000 (Salary must be transferred)	2.25% on purchases, 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	250	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 QAR5,000	+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 July 2009. 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. These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during July 2009. Information contained in these tables is subject to confirmation and is provided for information only.

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: 8.5-9%	Depends on salary	350 for Nationals, 1,000 for expats	Up to 84 months	17221999
Bahrain Credit	Personal Loan for nationals only	Reducing balance rate: 12%	Up to 30 times monthly salary (maximum 30,000, minimum 1,000)	350	Up to 84 months	8000 8000
Bahraini Saudi Bank	Personal Loan	Reducing balance rate starts at 9.90% (depends on salary) Fixed rate: 5.5%	Up to 40,000	1,000	Up to 36 months	17578888
Bank of Bahrain and Kuwait	Consumer Loan	Reducing balance rate: 9-10%	Up to 50,000	200	Up to 84 months	17207777
Citibank	Personal Loan Personal Installment Loan (PIL) - without salary transfer	Reducing balance rate: 10% for Nationals 11% for expats	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: 7.25-15%. Depends on company status	Up to 60,000 for nationals, up to 20,000 for expats	500	Up to 84 months for nationals Up to 60 months for expats	1756999
National Bank of Bahrain	Personal Loan	7.85%	Up to 30 times monthly salary	200 for Nationals 300 for expats	Up to 84 months	17214433
Shamil Bank	Personal Finance (Tamweel Al-Shamil)	Fixed rate: starts at 3.99% (Depends on the salary and the loan amount)	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, Platinum)	Standard - 10, Gold/Platinum - 25	Standard - 500 for expats, 300 Nationals Gold - 1,000 for Nationals and expats Platinum - 2,500 for Nationals and expats	Standard - 2.5% and Gold – 1.75%, Platinum - 1.5% on purchases, 4% on cash withdrawals	52 days	17221999
Bahrain Islamic Bank	Classic, Gold, Platinum	Free for life	Classic-300, Gold-2,000, Platinum-3,000	Nil on purchases, 4% on cash withdrawals	25 days	17515151
Bahraini Saudi Bank	Visa (Silver, Gold)	Free for life	1,000	1.62% on purchases, 4% on cash withdrawals	52 days	17578999
Bank of Bahrain and Kuwait	CrediMax Visa/MasterCard/ JCB (Classic, Gold, Platinum)	Free for life	Classic - 300, Gold - 800, Platinum - 2,000	Nil on purchases, 4% on cash withdrawals	25 days	17207777
Citibank	Visa/MasterCard (Silver, Gold, Platinum) Emirates-Citibank card (Silver, Gold)	Visa/MasterCard: Silver – 25, Gold – 50, Platinum - 200, Emirates-Citibank card: Silver – 30, Gold - 55	Silver - 300, Gold - 800, Platinum - 1,500, Emirates-Citibank card - 800	Silver/Gold/Platinum 2.59% 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 300, Gold- 1,500, In-site - 50-300	Classic – 2.25%; Gold – 2%; In-site – 2%; 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 for Nationals 350 for expats	1.84% 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
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
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
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
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
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
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
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

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 July 2009. 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 — 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 *Note: Temporarily stopped Personal loans*	Consumer Loan	6.75%	Up to 70,000 for Nationals Depends on salary and years of service for expats.	300 Nationals 1,000 for expats	60 to 72 months	1812000
Burgan Bank	Consumer Loan	6.00%	Up to 70,000 for Nationals Up to 1.5 times monthly salary for expats	400	Up to 60 months	1804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	6.00%	Up to 70,000 for Nationals Up to 15 times salary for expats	350	Up to 180 months	1888225 www.cbk.com
Gulf Bank	Al Afdal Loan for Nationals Consumer Loan	6.00%	Up to 70,000 for Nationals Up to 22,000 for expats	350 for nationals 1,000 for expats	Up to 180 months Up to 12-36 months	1805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	6.00%	Up to 70,000 for Nationals Up to 50,000 for expats (Depends on salary)	400	Up to 84 months Up to 60 months	1801801 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 20, Gold 40, Platinum 75, CyberSmart 5	250	1% 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	1812000
Burgan Bank	Visa/MasterCard (Classic, Gold, Platinum)	Classic 20, Gold 30, Platinum 100	Classic/Gold - 400 Platinum - 1,200	Nil on purchases, 4% on cash withdrawals	35 days	Photo-sign card, online banking, can earn rewards, discounts and promotions every time card is used	1804080
Commercial Bank of Kuwait	Visa Classic, MasterCard (Classic, Gold, Platinum), StarNet Card	Classic - 20, Gold - 40, Platinum - 60, Infinite card - 100, StarNet Card - 10	350	Nil on purchases, 4% on cash withdrawals, 5% on other banks card	35 days	Emergency funds if card is lost or stolen, ongoing promotions for prizes, travel benefits, STAR assist insurance coverage	1888225
Gulf Bank	Visa/MasterCard (Classic, Gold) MasterCard Platinum, Visa Infinite, Visa Internet	Free for the first year, thereafter, Classic - 25, Gold - 40, Platinum - 100, Visa Infinite - 100 Visa Internet - 5	350 for Nationals 400 for expats	Nil 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	1805805
National Bank of Kuwait	MasterCard/Visa (Classic, Gold, Platinum, Titanium), Visa Internet Shopping card, DinersClub card, Visa pre-paid, Master Lucky Titanum, Black Visa	Free for first year. Classic - 30, Gold - 40, Platinum - 100 Internet Shopping Card - 5, DinersClub - 40, Visa pre-paid - 5, Master Lucky Titanum - 50, Black Visa (By inviation)	Classic - 250 Gold - 750 Platinum - 1,000 DinersClub - 600 Master Lucky Titanum and Black Visa (Up on request)	Less than 1% on purchases, 5% 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	1801801

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 July 2009 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)	**Global Area 1:** From 14,869 (0-10) to 50,576 up to ages 61-65, **Global Area 2:** From 4815 (ages 0-10) to 14,789 up to ages 61-65, **Regional 1:** From 3962 (ages 0-10) to 10,866 up to ages 61-65, **Regional 2:** From 2905 (ages 0-10) to 7878 up to ages 61-65, **Local:** From 2,177 (0-10), 6,309 (61-65)		**Global Area1:** AED5million **Global Area2:** AED2.5 million **Regional 1:** AED1 million **Regional 2:** AED500,000 **Local:** AED300,000	**Global Area 1 & 2:** Worldwide excluding US **Regional 1:** Middle East, Indian subcontinent, North Africa and South Asia **Regional 2:** Middle East, Indian subcontinent, North Africa and South Asia **Local:** Any of the GCC countries * Additional benefits for Global and Regional Plans	Toll free: 800 4845 www.axa-gulf.com
Alliance Insurance (P.S.C.)	*With deductibles **Universal Plan:** From 3,704 (ages 0-17) to 13,806 up to age 65 **Universal Plus Plan:** From 5,501 (0-17) to 21,578 up to ages 61-65 **International Plan:** From 2,469 (0-17) to 7,317 up to ages 61-65 **Basic Plan:** From 2,151 (0-17) to 6,273 up to ages 61-65 **Local Plan:** From 2,114 (0-17) to 6,017 up to ages 61-65	Deductibles of: **Universal Plan:** AED200/150/100, **Universal Plus Plan:** AED200/150, **International Plan:** AED150/100/75, **Basic & Local Plan:** AED150/100/75/50	**Universal Plan, Universal Plus Plan and International Plan:** AED1 million **Basic:** AED500,000, **Local:** AED150,000	**Universal Plus Plan:** Worldwide **Universal Plan:** Worldwide exc. USA and Canada **International Plan:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Basic:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Local:** 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
Expat Services GmBH	**Individual Policies** **Expat Executive:** From 1,530 (ages 0-18 years) to 5,210 up to age 65, **Expat Superior:** From 1,750 (ages 0-18) to 8,490 up to age 65 **Group Policies** - Standard, Executive and Superior: Subject to individual quotation	Standard Excess Standard and Executive: AED50 or AED75 Superior: No excess	**Standard:** AED100,000 p.a. **Executive:** AED1,835,000 p.a. Superior: Unlimited	**Standard Group:** Covers Arab countries, Indian subcontinent, Philippines **Executive and Superior (Group and Individual):** Covers worldwide excluding USA and Canada. Cover may be extended to worldwide including USA and Canada at additional premium. Policies cover out and inpatient treatment, prescribed medicaments, dental treatment/replacement, pregnancy and childbirth, preventive check-ups, etc.	04 341 5580 info@expatservices.ae www.expatservice.ae
Aetna Global Benefits (ME) LLC	**Major Medical:** From 1,696 (ages 0-17) to 9,965 up to age 64 **Foundation:** From 1,741 (ages 0-17) to 10,219 up to age 64 **Lifestyle:** From 3,680 (ages 0-17) to 23,383 up to age 64 **Lifestyle Plus:** From 5,126 (ages 0-17) to 30,084 up to age 64	**Major**: Nil, US$1,000/5,000 **Foundation**: Nil, US$50/100/250/ 500/1,000/2,000/ 5,000 **Lifestyle**: Nil, US$50/100/250 **Lifestyle Plus**: Nil, US$50/100/250	**Major Medical:** US$1.6 million **Foundation:** US$1.6 million **Lifestyle:** US$1.6 million **Lifestyle Plus:** US$1.6 million	**Major Medical:** Treatment as an in patient and day patient, oncology treatment, CT and MRI scans, out-patient surgery and organ transplants **Foundation:** Includes all coverage provided by Major Medical, with the addition of full out-patient benefits, including primary care consultations, alternative medicines and out-patient psychiatric treatment **Lifestyle:** Includes all coverage provided by Foundation with the additional of routine management of a chronic condition and evacuation extension to the country of your choice **Lifestyle Plus:** Includes all coverage provided by Lifestyle with the addition of routine pregnancy and childbirth, routine and major restorative dental	04 04 438 7500 MiddleEastSales@aetna.com 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 US, Australia and New Zealand **Plus:** From 1,331 (Child) to 14,768 up to ages 70-74 **Comprehensive:** From 1,036 (Child) to 12,007 up to ages 70-74 **Select:** From 945 (Child) to 10,897 up to ages 70-74 **Standard:** From 653 (Child) to 7,571 up to ages 70-74	**Standard:** US$850, US$1,700, US$4,250, US$8,500 **Plus/ Comprehensive/ Select:** 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	Area 1: Europe, Area 2: Worldwide excluding US, Area 3: Worldwide including US, Area 4: Australia and New Zealand	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 90 days per annum in Middle East, India, Bangladesh, Pakistan, Sri Lanka, Singapore, Philippines and Malaysia **International Plan:** Worldwide exc. USA, Canada and the Caribbean **Global Plan:** 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:** AED1 million **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 1,765 (14 days-17 years) to 3,575 (56 - 60 years) **Plan 2:** From 2,600 (14 days-17 years) to 5,250 (56 - 60 years) **Plan 3:** From 2,820 (14 days-17 years) to 5,672 (56 - 60 years) **Plan 4:** From 4,350 (14 days-17 years) to 8,750 (56 - 60 years) **Plan 5:** From 5,020 (14 days-17 years) to 10,100 (56 - 60 years) **Plan 6:** From 4,560 (14 days-17 years) to 9,200 (56 - 60 years) **Plan 7:** From 5,270 (14 days-17 years) to 10,575 (56 - 60 years)	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, South East Asia excluding Singapore and Hongkong **Plan 4:** UAE, Arab countries, South East Asia excl. Singapore and Hongkong, extended to worldwide exc. US, Canada **Plan 5:** UAE, Arab countries, South East Asia excl. Singapore and Hongkong, extended to worldwide incl. US, Canada **Plan 6:** UAE, Arab countries, South East Asia excl. Singapore and Hongkong, extended to worldwide exc. US, Canada **Plan 7:** UAE, Arab countries, South East Asia excl. Singapore and Hongkong, extended to worldwide incl. US, 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 800 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 July 2009. All information included tables is subject to confirmation and is provided as an overview only. As with all financial decisions MONEYworks 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 and 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	200	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 July 2009. 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 and Gold), World MasterCard e-Tijari Web Card, MasterCard (Gold), INFINITY	Classic-200, Gold-400, e-Tijari Web Card-200, MasterCard Gold - 400, World MasterCard - 600, INFINITY - 900	2% on purchases, 3% on cash withdrawals and 2.0% for e-Tijari Web Card for both	55 days	Toll-free: 800 223 www.cbd.ae
Commercial Bank International. *Note: Temporarily stopped credit cards*	MasterCard (Silver,Gold) (Card issuance stopped temporarily)	Silver-150, Gold-250	2.99% on purchases, 3.0% on cash withdrawals	45 days	Toll-free: 800 224 www.cbiuae.com
Dubai Bank	Visa Covered Cards (Gold, Platinum)	Free for life	2.5% on purchases and on cash withdrawals	21 days	Toll-free: 800 5555 www.dubaibank.ae
Dubai Islamic Bank	Visa Islamic cards (Classic, Gold, Gold Premium and Platinum, Platinum Plus) Charge cards (Classic, Gold, Platinum)	Fixed monthly fee: Classic-75, Gold-150, Gold Premium-300, Platinum/ Platinum Plus-500 Classic - 300, Gold - 400, Platinum - upon request	N/A on purchases and AED60 for cash withdrawals	45 days	04 609 2222 www.alislami.ae
Emirates Islamic Bank	Visa Islamic Credit Cards (Gold, Gold Plus, Platinum, Platinum Plus) Skyward Credit Card (Gold, Gold Plus, Platinum, Platinum Plus)	Gold-200, Gold Plus - 250 Platinum-300, Platinum Plus-350, Skyward Credit Card Gold - 300, Gold Plus - 375, Platinum - 400, Platinum Plus - 450	N/A on purchases, AED90 for cash withdrawals of AED100 - 3,000	25 days	04 316 0234 www.emiratesislamicbank.ae
LloydsTSB	Visa (Classic, Gold)	Free for life	1.25% per month on purchases and cash withdrawals	50 days	04 342 2000, www.lloydstsb.ae
RAKBANK	Visa (Classic, Gold)) MasterCard (Standard, NMC, Titanium) Géant Hypermarket co-branded card	Free for life	2.15% on purchases for MasterCard cards, 2.15% for Visa cards; 2.15% on cash withdrawals for all cards; Géant card - 0% interest for first three months	25 days	04 213 0000 www.rakbank.ae
SAMBA	Visa-Master card (Silver, Gold, Platinum, Titanium)	Silver: free for life; Gold and Titanium - 300, Platinum - 500	0% on purchases, 3% on cash withdrawals	21 days	Toll-free: 800 SAMBA
Union National Bank	Visa (Classic, Gold, Platinum), MasterCard (Classic, Gold), International Travel card, Egypt Air Visa co-branded card, Extra Credit Card, Cash Back card (Classic, Gold)	Visa Classic - 250, Gold - 350, Platinum - 1,000 MasterCard Classic - 250, Gold - 350, International Travel card - free for first two years for new customers otherwise free for life , Egypt Air Visa co-branded card are free for first year, Extra Credit card - free for life, Cash Back card - Classic, Gold - 250	2.39% on purchases and 3.00% on cash withdrawals	50 days	Toll-free: 800 2600 www.unb.co.ae

Credit cards — BY VALUE ADDED FEATURES — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	VALUE ADDED	CONTACT
Abu Dhabi Commercial Bank	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold, Platinum)	Free for life	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' collected. 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, UAEGold, Dollar Credit Card, Gold Rainbow, Charge Cards: Green, Gold, Platinum and Black Centurian	DDF-175, AMEX Blue -250, AMEX Gold-395, UAEGold-395, Dollar Credit Card - US$60, Gold Rainbow - US$395, Charge Cards: Green-US$95, Gold-US$175, Platinum-US$750, Black Centurian - up on invitation only.	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. Emergency card replacement and membership rewards programme.	Toll-free - 800 4931 www.americanexpress.co.ae
Barclays Bank	Barclaycard (Gold, Titanium, Platinum) British Airways Barclaycard (Priority & Prestige)	Priority option (available on all cards): 400; Prestige option (available on platinum cards): 650 Gold/Titanium-300, Platinum-550 Depends on bundle	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 22725297 www.barclaycard.ae
Citibank	Emirates-Citibank Credit Cards (Ultima/ Ultimate/ Gold/ Silver) Citi Travel Pass, Citibank Credit Cards (Ultimate/ Gold/ Silver), Basic Silver	Emirates-Citibank Credit Cards - 3,000/ 1,000/550/300, Basic Silver - 50 Citi Travel Pass - 400, Citibank Credit Cards - 1,000/ 500/300; 5 Supplementary Cards - Free, (Special promotional rates also apply)	Unlimited Skywards Miles/Citi Travel Pass points/CitiDollar rewards.Double miles with Miles Accelerator.Upto 15% airticket discounts.Special offers across UAE and Citibank World Privileges worldwide at over 40,000 establishments.Loans as low as 0.91%. Exclusively for Ultima/Ultimate customers-25000 signup Skywards Miles(Ultima), free Priority Pass Membership,International Concierge, upto 3 Free nights stay in Marriott Paris/ME&A, Travel insurance for Ultima cardholders.	04-311 4000 www.citibank.ae
Dubai First ***NOTE* Temporarily suspended credit cards.*	Visa (Silver, Gold) MasterCard (Classic, Gold) Royale MasterCard	Visa: Silver – 200, Gold – 400 MasterCard: Classic – 200, Gold – 400 Royale MasterCard – Invitation only	Free travel accident and inconvenience insurance on baggage loss, baggage/flight delay, personal liability, emergency hospitalisation and assistance. Free life insurance up to AED20,000 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. One year purchase protection, special price of AED100 for UAE-GATE Card, free supplementary cards, 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. MasterCard: Can get up to 2.5% cash back with classic cards and up to 4% cash back with gold cards.	04 506 8888 www.dubaifirst.com
Dunia Finance	Silver, Gold, Platinum	From 150-300	1% cash back on Silver card, 1.5% on Gold and 2% on Platinum. 15-20% discount on dining promotion, 15% discount at Aramex for Gold and Platinum cardholders. 5% discount at MMI travel for all cardholders. Reward points can be exchanged at Jumbo Electronics. 15-20% discount on health and leisure promotion.	04-423 8642 www.dunia.ae
Emirates-NBD	**EBI cards:** Visa, MasterCard (Silver, Gold), MasterCard Infinite Credit card and MasterCard Platinum for Shaheen customers	**EBI cards:** Silver - 150, Gold-400, Silver and Gold cards are free for first year, Infinite - 2,500	**EBI cards:** 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.	04-3160316 www.me.ae
	NBD cards: Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold), NBD-Dnata MasterCard (Silver, Gold), WebShopper MasterCard	**NBD cards**: All cards are free for first year. Thereafter, Classic - 150, Gold - 400, Platinum - 700, NBD-Dnata MasterCard - Silver-250, Gold-500, WebShopper MasterCard - 50	**NBD cards**: 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, 1% cash back on all retail purchases.	Toll-free: 800 4444 www.nbd.com
HSBC Bank Middle East	Visa (Classic, Gold, Platinum), MasterCard (Classic, Gold, Premier), MasterCard Etihad co-branded card (Classic, Privilege, Exclusive), Amanah Islamic Card (Classic, Gold)	Visa Classic-150, Gold-400, Platinum-600 MasterCard Classic -150, Gold-400, Premier - free for account holders, Etihad Classic-150, Privilege-400, Exclusive-750, Amanah Islamic Card Classic - 75, Gold -175	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, Visa Dubai E-government Prepaid Card	Classic and Gold are free for life, Platinum -1,000, nbad@surfer card - 25 for accountholders, otherwise 50, Dubai E-government Prepaid Card - 50	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 Prepaid Card can be used for government transactions.	Toll-free: 800 2211 www.nbad.com
RBS	Visa (Classic, Gold), MasterCard Smart Traveller (Classic, Gold), MasterCard Al Ameera Ladies Card, MasterCard Jumbo co-branded card, MasterCard Non-resident Indian Card, Platinum MasterCard, RBS Weekend Card & RBS Williams Platinum Card	Free for life	All cards: Free Wild Wadi, Ski Dubai and Cinema; chip card for enhanced security; purchase protection; access to utility bill payment, smart cash loan. Visa Classic & Gold: dining discounts; reward points redeemable in many outlets. MasterCard Smart Traveler Gold: 10% cashback on travel. Jumbo Card: discounts and extra reward points at all Jumbo stores; easy payment plan 36 equal instalments at 0.99%. NRI card: points redeemable for domestic flights in India, 5% cash back on flights to India, discounts domestically; Al Ameera: dining discounts; reward points redeemable in many outlets. Weekend Card: 2% cashback on all spend Thurs-Sat, 1% all other times; discounts in many outlets; Williams Platinum monthly prize draw to win a weekend at one of the 2009 Grand Prix.	04 4266000 www.rbsbank.ae

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Car Loans — Some of the deals available now

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	DOWNPAYMENT	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Car Loan	New cars: 5.5% Used cars: 5.95%	Up to AED500,000	Depends on type of car	60 months	5,000	No
Al Hilal Bank	Murabaha	News cars: 4.99% Used cars: 6.5%	Up to AED500,000	Used cars: 30% New cars: 10%	60 months	8,000	No
Arab Bank	Car Loan	News cars: 4.5% Used cars: 5.5%	Up to AED150,000	Nil for new cars Used cars: 10%	60 months	20,000	Yes
Dubai Bank	Markaba Auto Finance	5.25% for new cars (Depends on the dealer) Used cars: 5.95%	Up to AED250,000 for Nationals Up to AED125,000 for expats	Nil for new cars Used cars: 10 - 15%	New cars: 72 months Used cars: 48 months	8,000+	No
Commercial Bank International	Car Loan	News cars only. 4.75% with salary transfer otherwise 5.00%	Up to AED300,000 (Depends on the car)	5%	Up to 72 months	15,000	No
Emirates Islamic Bank	Intaleq	New cars: with salary transfer 4.8%, otherwise 5.35% Used cars: with salary transfer 5.5%, otherwise 5.75%	Up to 250,000	25%	Up to 48 months	7,500	No
Emirates-NBD							
Emirates Bank Int.	Car Loan	New cars: 5.25% with salary transfer, otherwise 5.50% Used cars: 5.60% with salary transfer, otherwise 6%	Up to 10 times of monthly salary	10%	New cars: 72 months Used cars : 48 months	With salary transfer - 7,000 otherwise 10,000	No
National Bank of Dubai	Car Loan	New cars: 4.75% with salary transfer, otherwise 5.50% Used cars: 5.60% with salary transfer, otherwise 6.0%	Up to 12 times of monthly salary	10%	New cars: 60 months Used cars : 48 months		
National Bank of Abu Dhabi	Motori	New cars: 5.25% Used cars: 6%	Up to AED350,000 for account holders, otherwise AED200,000	New cars: Nil with salary transfer, otherwise 10% Used cars: 15%	New cars: up to 60 months Used cars: up to 48 months	7,000 for account holders, otherwise 10,000	No
Noor Islamic Bank	Noor Drive	News cars: 5.5% Used cars: 6%	Up to AED400,000	New cars - Nil Used cars 10%	Up to 60 months	5,000	No
RAKBANK	Auto Loan	New cars: 5.25% Used cars: 6.25%	Up to AED250,000	New cars - 10% Used cars - 20%	Up to 60 months	5,000 for new cars 15,000 for used cars	No

Personal Loans — Some of the deals available now

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	ACCOUNT NECESSARY	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Personal Loan	9.25% - 10.25%	Up to AED250,000	No	Up to 72 months	5,000	No
Abu Dhabi Islamic Bank	Goods Finance	Profit rate: 6.25% fixed rate	Up to 20 times monthly salary, maximum 250,000 (Depends on salary)	Yes	Up to 60 months	3,000	Yes
Al Hilal Bank	Goods Finance	Profit rate: 8.99%	Up to AED250,000	No	Up to 96 months	8,000	No
Arab Bank	Personal Loan	10.5% on reducing balance basis	Up to AED250,000	Yes	Up to 36 - 60 months	20,000	Yes
Dubai Bank	Sanad Personal Finance	5.50%	Up to AED250,000 for Nationals Up to AED125,000 for expats	Yes	48 - 60 months	8,000	Yes
Dubai Islamic Bank	Goods Finance	Profit rate: 5%	Up to 125,000	No	84 months with salary transfer, otherwise 6 - 60 months	6,000	No
Emirates Islamic Bank	Imtalik Goods Finance	Profit rate: 7.0%	Up to AED150,000	Yes	Up to 36 - 60 months Up to 60 months	5,500	Yes
HSBC Amanah	Amanah Personal Finance	Profit rate: 7.35% for listed (different packages) 10% for not listed companies (subject to bank approval)	Up to AED250,000	Yes	Up to 60 months	20,000	Yes
Noor Islamic Bank	Goods Finance	Profit rate: 6.75%	Up to AED250,000	No	Up to 60 months	5,000 for account holders, otherwise 7,000	No
Sharjah Islamic Bank	Goods Murabaha	Profit rate: 8%	Up to AED250,000	Yes	Up to 48 months	12,000	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 2002 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 AED500 charged as processing fee	Toll-free: 800 2030 www.adcb.com
Used cars must not be older than 10 years.	No	Nil			Toll-free: 800 666666 www.alhilalbank.ae
Used cars must be 2005 model or newer	Yes	1% of outstanding loan, 5% for bank buyout	Free credit card for the first year	No processing fee	Toll-free: 800 27224 www.arabbank.ae
Along with the usual documents, copy of ID freezone and quotation of the vehicle. Used cars must be less than 8 years old. Subject to bank approval	No	Nil	Islamic Takaful insurance offered	No processing fee	Toll-free: 800 5555 www.dubaibank.ae
	No	2% of total outstanding loan		No processing fee	Toll-free: 800 224 www.www.cbiuae.com
Post dated cheques required along with usual documents. Used cars must be 10 years old or newer	No	Nil	Free EIB account	AED500 charged as processing fee, if salary is not tranfered, otherwise no fees	04 316 0101 www.emiratesislamicbank.ae
Depends on the model of the car and the company should be listed. Used car must be at least 4 years old	No	4% of total outstanding loan		Processing fee: for news cars AED300, used cars: AED500 AED300 charged as processing fee	04-3160316 www.ebi.ae Toll-free: 800-4444 www.nbd.com
Used cars must not be older than 4 years. Loan only applies to Japanese cars	No	3% outstanding value of the loan		No processing fee for new cars. For used cars 1% of loan amount or minimum AED250 charged as processing fee	Toll-free: 800-2211 www.nbad.com
Used cars must not be older than 4 years.	No	None			Toll-free: 800 NOOR www.noorbank.com
Used cars must not be older than 5 years.	No	5% of the outstanding loan amount.	Free RAKBANK credit card, insurance	No processing fee	

Criteria: Interest/profit rate less than 5.5% on new cars

UAE

CONDITIONS/RESTRICTIONS	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Need to provide security cheque, salary certificate, bank statement and original passport.			1.5% processing fee	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 original passport. The applicant should be atleast 21 years old.	None		No processing fee	Toll-free: 800 666666 www.alhilalbank.ae
Approved companies only. Need to provide security cheque, salary certificate, bank statement and original passport.	2% of outstanding loan, 5% for bank buyout	Free credit card for the first year	1% processing fee	Toll-free: 800 27224 www.arabbank.ae
Approved companies only. Need to provide salary certificate, bank statement and passport copy with valid residence visa. Minimum age - 25 years	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. Need to provide salary certificate, bank statement, quotation, cheque book and original passport.	None		No processing fee	04 609 2424 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	AED500 as 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 AED2,500	Toll-free: 800 4792 www.hsbcamanah.com
Approved companies only. Need to provide salary certificate, bank statement and original passport.	None		1% processing fee	Toll-free: 800 6667 www.noorbank.com
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			Toll-free: 800 742 www.sib.ae

Criteria: Interest/profit rate less than 10.5%

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 July 2009 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	7.75% On reducing balance basis	Minimum AED10 million Loan-to-value (LTV): Up to 90% with salary transfer otherwise 85%	Up to 65% for all	15% with salary transfer, 20% without
Abu Dhabi Finance	UAE nationals and UAE residents	Up to 30 years	70 years	For Sorouh properties - 7.24% to 7.9% Other developers - 8.25% to 9%	Up to AED250,000	Up to 55% for salaried applicants - Up to 50% for Self Employed applicants.	Minimum 15% for salaried applicants and minimum 20% for self-employed applicants
Amlak (Shari'ah compliant) *****NOTE***** ***On November 20, 2008 Amlak froze all new mortgage lending.***	UAE residents (nationals and expats), GCC residents and non-residents	30 years for UAE nationals 25 years for expats 15 years for non-residents	60 for salaried employees, 65 for self-employed	8.75% reducing balance rate	Up to 80% LTV: up to 90% - depending on eligibity and criteria	10-20%	Minimum 10%
According to recent newspaper reports (April 18th 2009), the Amlak/Tamweel merger is going ahead and the merged entity will be trading soon.							
Arab Bank	UAE and GCC nationals, expats and non-residents	25 years for villas and apartments. Depends on age of the person	60 years	8% fixed rate	Up to AED5 million LTV: up to 85%	65% for salaried employees with salary transfer, 60% for salaried employees without salary transfer, 55% for self-employed	75-80%
Bank of Baroda *****NOTE***** ***Temporarily stopped new mortgage lending.***	UAE nationals, expats	Up to 15 years	65 years	7.5% on reducing balance rate	Up to AED3 million	Up to 50% of gross monthly income	50%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	8.50%	Minimum is AED500,000 and maximum is AED10 million LTV: up to 90% of market value for villas and 80% for apartments	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 25 years	65 years for nationals 60 years for expats	9.5%	Up to AED6 million for Nationals Up to AED4 million for expats	Depends on the salary	30% for ready properties, 40% for properties under construction
Dubai Islamic Bank (Al Islami Home Finance)	UAE nationals, expats	Up to 25 years	70 years for nationals 60 years for expats	7.75%	Up to AED5 million	Depends on the loan amount and salary	15%
Emirates-NBD	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	5.75 - 6%	Up to AED5 milliion	Residents: Up to 60% Non-residents: Up to 50%	20% for ready properties, otherwise 25%
Emirates Islamic Bank	UAE and GCC nationals, expats	Up to 10 years for Murabaha Up to 25 years for Ijara	65 years for nationals 60 years for expats	7% for salaried, otherwise 8%	Up to AED4.5 million	Not more than 50% of the salary	15%
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	8.5% on reducing balance basis	Up to AED5 million	Maximum 60%	10%
Habib Bank AG Zurich	UAE nationals and expats	Up to 15 years	60 years	9.5%	Up to 70%	Max. 60% of income including all loans	30%
HSBC Bank Middle East Limited	UAE residents and non-residents	25 year period or up to the age of 65 years, whichever comes first	65 years	7.5 - 8.5%	Up to 75% for ready villas, Up to 70% for ready apartments 50% for properties under construction	60% overall debt on all regular commitments	25% for ready villas 30% for ready apartments
Lloyds TSB	UAE nationals, expats	Up to 20 years	60-65 years, depends on company	Financing available for VILLAS ONLY 8.5%	50%		50%
Mashreq	UAE residents and non-residents	Up to 20 years	65 years for salaried 70 years for self-employed	7.69 - 8.25%	Up to 75%	55% including all loans	30% - completed properties, 35% - Incomplete properties
Mawarid Finance	UAE residents and non-residents	Up to 15-20 years	60-65 years	8.5%	AED5 million LTV: 80%	Depends on salary	5-20% (Only for completed properties)
National Bank of Abu Dhabi	UAE nationals, expats only in Abu Dhabi/Dubai	Up to 20 years for expats and 25 for Nationals; Up to 50 years for investors in Abu Dhabi	65 years	7.5 - 9%	Up to AED8 million	Up to 50% of monthly salary for expats	50% for Dubai properties and 70% for other emirates
RAKBANK	UAE nationals, expats and non-residents	25 years	60 years unless specified	10% Abu Dhabi properties: 10%	Up to AED8 million LTV: Upto 85% Abu Dhabi properties: Up to 90%	60% of monthly salary for salaried individuals	10%
Sharjah Islamic Bank	UAE and GCC nationals, expats from other Arab countries	Up to 15 years	65 years for UAE nationals, 60 years for others	Profit rate: 11% on reducing balance basis	Up to AED2 million	50%	50%
Standard Chartered	UAE nationals, expats	25 years	65 years	6.5% on reducing balance basis	Up to AED10 million In Asset Back Lending (ABL) scheme: upto 40%; Standard Mortgage Product (SMP) scheme: 75%. *ABL and SMP are offered just for Emaar Properties that are to be delivered in nine months*	Depends on the salary	25%
Tamweel (Shari'ah compliant)	UAE nationals, expats and non-residents	15 years for fixed rate financing and 25 years for flexible rate financing	65 years for nationals, 60 years for expats	8.9%	Up to AED5 million LTV: Up to 90%	55% of salary	10%
Union National Bank	UAE nationals, expats	Up to 25 years	65 years for UAE nationals, 60 years for expats	8.5 - 9.5%	Up to AED4 million for villas Up to AED3 million for apartments	Up to 65% of monthly salary	20%
United Bank Limited 'Baitna' *****NOTE***** ***Temporarily suspended all new mortgage lending.***	UAE residents and non-residents	Up to 20 years	65 years	8%	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.

UAE

INSURANCE REQUIREMENTS	MINIMUM SALARY (AED)	BANK ACCOUNT NECESSARY	SALARY TRANSFER	CHARGES	PROPERTIES FINANCED	PREMIUM FINANCE	BUY-TO-LET	CONTACT
Life and Property insurance	10,000	No	No, but necessary to obtain maximum loan amount	Processing fee of 1% of the loan amount with minimum AED5,000. 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.	**Abu Dhabi:** ALDAR, Al Fara'a, Al Nasser, Al Madar, Al Mazaya **Dubai:** 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
Life cover for the full amount and term. Buildings insurance on completed villas	10,000	No	No	Application fee: AED 3,000 (non refundable, but offset against your processing fee) Processing fee: 1% of original loan amount (maximum of AED 100,000) if fee is added to loan amount; 0.75% of original loan amount (maximum AED 50,000) if fee is paid upfront Early repayment charges (ERC): For buy out: 4% of outstanding loan amount; On sale of mortgaged property or where early repayment is made from borrower's own resources: 2% of any amount repaid, if repayment is made in the first 3 years of the loan term. No ERC payable if early repayment is made at any time thereafter. Valuation: AED3,000	ALDAR, Sorouh, TDIC, Capitala and many more to come	Yes	Yes	Toll-free: 800 ADF (233) www.adf.ae
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	**Abu Dhabi:** Sourouh, ETS, Manazel, Emirates Financial Towers **Dubai:** 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	20,000	Yes	Yes	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	Yes	Yes	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	04 313 6666 www.bankofbarodauae.ae
Life and building insurance	15,000	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, ETA	Yes	Yes	Toll-free: 800BARCLAYS (22725297) www.barclays.ae
Life and property insurance	20,000	Yes	Yes	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	15,000	No	No	Info not available	No Abu Dhabi properties financed **Dubai:** 'Real Estate' - Villas and apartments anywhere in the UAE. 'Freehold' - Emaar, Deyaar, Dubai Properties, Nakheel and selected properties in Dubai only	Yes	Yes	04 609 2424 www.alislami.ae
Life and property insurance	National - 15,000 Expats - 25,000	Yes	Yes	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	**Abu Dhabi:** ALDAR, Sorouh **Dubai:** Emaar, Nakheel and Dubai Properties	No	Yes	04 316 0316 www.nbd.com
Life and property insurance	12,000	No	No	Processing fee is 1% of financed amount, minimum AED5,000. Evaluation fee: AED1,500	**Abu Dhabi:** Manazel, Al Reef **Dubai:** Emaar, Nakheel, Tameer, Deyaar, Falcon City, Union Properties	Yes	Yes	04 316 0101 www.emiratesislamicbank.ae
Life and property insurance	12,000	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: 600 525500 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	Yes	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	04 366 9052 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; AED5,000 mortgage registration; AED2,500 valuation fee; AED1,000 non-refundable commitment fee; AED1,000 discharge fee	Emaar, Dubai Properties (Jumeirah Beach Residence), Union Properties (The Green Community & UPTOWN Mirdif), Nakheel	No	Yes	04 342 2000 www.lloydstsb.ae
Life and property insurance (Approved companies only)	9,000	Yes	Yes	Processing fee: 1% of maximum of AED25,000 (Nil early redemption and buy-out options available)	Emaar, Dubai Properties, Nakheel, Damac, Deyaar, ETA Star, GIGA, JPIL and a lot more	Yes	Yes	04 424 4444 www.mashreqbank.com
Property and life insurance	15,000	No	No	1% processing fee for residents, 1.25% for non-residents. AED5,000 pre-approval fee, AED3,000 valuation fee.	Emaar, Nakheel, Dubai Properties	Yes	Yes	Toll-free: 800-Mawarid www.mawarid.ae
Property and life insurance	20,000	Yes	Yes, For expats, salary transferred atleast for 2 months	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	ALDAR, Sorouh, RAK Properties, Union Properties and more	Yes	Yes	Toll-free: 800 2211 www.nbad.com
Life and property insurance	10,000	No	No	Loan processing fee of 1% on loan amount. 1-5% early settlement fee	**Abu Dhabi:** Al Raha Beach, Yas Island, Shams **Dubai:** Nationals-open, Expats-Emaar properties, Dubai Properties, Nakheel	Yes	Yes	04 213 0000 www.rakbank.ae
Life and property insurance	30,000	Yes	Yes	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: 800 742 www.sib.ae
Life and property insurance	10,000	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
Life and property insurance	15,000	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)	**Abu Dhabi:** Suruoh (Golf Gardens), Manazel (Al Reef Downtown) **Dubai:** Nakheel (Marina Residence, Jumeirah Village), Tamweel (Tamweel Tower)	Yes	Yes	Toll-free: 800 4354 www.tamweel.ae
Life and property insurance	20,000 - 40,000	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	04 608 5302

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 July 2009 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.

Independent Financial Advisers

UAE

Licence: The UAE Central Bank

Name	Address	Telephone	Fax	E-mail	Website
Acuma Wealth Management	H.O: P O Box 23940, Dubai Abu Dhabi office: DHL Building, 2nd Street Airport Road	+971-4-3328582 +971-2-6327462	+971-4-3317572 +971-2 631-2325	info@acuma.ae	www.acuma.ae
Continental Financial Services	P O Box 62817, Dubai	+971-4-3353433	+971-4-3352553		www.continental-intl.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 58032, Dubai	+971-2-6221121 +971-4-3431300	+971-2-6221120 +971-4-3431373	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.ae	www.acuma.ae
Continental Financial Services	P O Box 62817, Dubai.	+971-4-3353433	+971-4-3352553		www.continental-intl.com
Globaleye	P O Box 24592, Dubai	+971-4-3489330	+971-4-3489331	admin@globaleye.com	www.globaleye.com
Holborn Assets	P O Box 333851, Dubai	+971-4-3369880	+971-4-3369961	rubina@holbornassets.com	www.holbornassets.com
Joie De Vivre International Insurance Brokerage LLC	M 03, Al Abbas Building, Khalid bin Waleed road, Dubai, UAE	+971 4 352 3351	+971 4 352 7884	mgmt1@jdvinsurance.ae	www.jdvinsurance.ae
LifeCare International	P O Box 71208, Dubai	+971-4-3318688	+971-4-3318001	information@lifecareinternational.com	www.lifecareinternational.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
Pioneer Insurance Brokers LLC	P O BOX 922, Dubai	+971-4-3599004	+971-4-3595535	info@pioneerwealth.a	www.pioneer-wealth.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
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 July 2009. 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	+971-4-3328810	mohammad@just-wills.net	www.just-wills.net

Letter of the Month

Write to MONEYworks - Reader's letters. All correspondence MUST carry a daytime telephone number (a mobile phone number will not suffice), there must be an address and the letter should be signed by the author. We cannot publish every letter, and those that are may be edited or excerpted.
Post to: *PO Box 10656, Dubai, UAE, Fax to: 00971 4 391 2173.* ***Email to:*** *editor@moneyworks.ae.*
Make the subject 'Readers' and don't forget that telephone number. Letter of the month wins a complimentary annual subscription to MONEYworks.

Dear Editor,

I took a car loan from a bank in the UAE. At the time, the sales executive was very keen to sell me the loan. He promised the best rate and the best of service. I, of course, agreed when I got a good deal, or I thought so. Last month I paid off everything and went to the bank to collect the letter, the proof that I paid them off. And to my surprise, the lady at the counter claimed that I still owed the bank money. She said these were accumulated late payment fees. I argued that I had given them 24 post-dated cheques. There was no record of any of these cheques bouncing. But she insisted that my bank was always late in clearing those cheques, and the bank that loaned me the money was getting paid later than the due date. This struck be dumb. I asked her how was I to blame for that. This was an issue between two banks. Why was I penalized? So, I went to see the manager. Same arguments followed. In fact, I was advised to see my bank. When I went to my bank, the manager there said this was a common practice followed by some banks "to skim a bit more cream out of their non-customers". I haven't yet got the letter, and I don't know what to do.

AS, Dubai

The only thing I can think of is that you are not at fault. Try and go higher up at the bank that sold you the loan and sort out the problem. If you are still unable to sort it out, take legal advice.

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.*

Cash purchase is always the best option

Purchasing assets with cash is always the best option if one has the surplus to do so. **James Thomas** explains why.

"I have always wondered what is the best thing to do in terms of payment when it comes to purchasing a car, a home or even home appliances. How much equity should I look at putting as a down payment? Some of my friends have advised me to make these purchases with debt rather than putting my own money. What's the best thing to do when I have enough cash at hand to pay at least 50 per cent down payment? Should I still go for debt, or use my own cash instead?"

Very simply, if you can afford to buy with cash, then that is the best and most straightforward option for any purchase. In an ideal world, it avoids any delay in the purchase of the item and you can buy it when you want and at a price that you are happy to pay. It also avoids any costs related to arranging the debt and then the servicing of the debt. And, if you ever wish to sell, you can do so very easily without any complications.

However, very few of us have access to unlimited reserves of capital to fund whatever we wish to purchase. This is where debt can come in and provide a shortcut to allow us to buy the things we want now. But there is no such thing as a free lunch. Debt very rarely comes for free, and this is where problems can arise.

If you are buying a property, I always recommend putting down the largest deposit that you can afford. Most people will find that this amount will be dictated by their lender, as they will stipulate how much deposit you have to put down. But if you do have excess funds at hand, then it is worthwhile putting down more. If you have 50 per cent available as a deposit, then this will give you a lot more options with regard to who you can borrow from and will enable you to obtain a more competitive rate of borrowing.

Debt can be classed as good debt and bad debt. Good debt is usually long-term debt that is used to purchase very large items such as properties. These are purchases that most people would struggle to buy without the help of debt, often referred to as mortgages. This debt is usually offered at a low rate of interest but over a long period of time. Therefore, this makes it affordable to the borrower, while the lender makes their profit over the long term of the contract. Such terms are normally offered, as property is traditionally seen as financially secure over the long term, and there is a physical asset that the lender will take effective ownership of until the debt is repaid.

What I would categorise as bad debt is debt that is used for smaller purchases that you may not really need, or that you use to fund a certain lifestyle that you cannot afford on your salary alone. This type of debt would normally consist of personal loans and credit cards. This debt is generally designed to be of a much shorter term and so normally has a much higher interest rate attached to it.

By way of comparison, I looked through the MONEY*works* best buy tables, and the best mortgage rates are currently around eight per cent per annum, while credit card interest rates are around two to three per cent per month, which equates to over 40 per cent per annum.

Having said everything above, as always, it is not necessarily cut and dry as to whether debt is good or bad and what fits into each category. A mortgage can prove to be a terrible burden if you overstretch yourself, and as we are seeing at the moment, the issue of negative equity appears. For the past 10 years or so, property had only gone one way, and it had largely been forgotten that property generally behaves like any other asset and can fall as well as rise. Following a huge rise, then followed the almost inevitable fall, and a lot of property owners are now in the position that they owe more than the property is actually worth.

The flip side is also true in that managed in the right way, credit cards can actually be an asset. Credit cards allow the purchase of goods without having to carry around large amounts of cash, and some offer attractive points/reward schemes. But the key point is to make sure you repay the entire amount every month. That way you will not have to pay any interest at all.

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. This article is provided for information purposes only and should not be regarded as financial advice. Always remember that investments can go down as well as up.

CMA is setting an example

Sultan Sooud Al Qassemi on why Saudi Arabia's Capital Market Authority (CMA) inspires confidence among the GCC's small shareholders.

In the midst of the doom and gloom of the past 12 months, one market seemed to have bucked the trend and carried on with business as usual. Saudi Arabia, a member of the World Trade Organisation and an invitee to the G20 summits in Europe and North America, has an active stock market with millions upon millions of investors and is probably reliant on exports even more than many other emerging and developed economies. In fact, its very primary source of earning foreign currency has taken a beating recently and has crashed by over 60 per cent. Oil prices tumbled from over US$147 recorded in July 2008 to US$34 earlier this year. What then can explain the fact that the Saudi stock market has outperformed all the region's indices?

Considering the global financial crisis, it will be challenging to pinpoint one specific reason for the superb performance of the Saudi stock market, which rallied by over 36 per cent from March to June and had recoded a 16 per cent year-to-date performance at the time of writing this article. Rather, it is a combination of forces, events and legislation that have allowed what many perceive to be a closed economy to flourish when first-rate capitalist economies are floundering.

Exactly 12 months ago, the CMA, the country's stock market regulator, allowed greater access to foreign investors by allowing swap agreements for the first time[1]. Still, foreign investors only account for 0.2 per cent of investments in the Kingdom's stock market[2], although it is likely that the figure would be higher if expat residents in the Kingdom and GCC citizens were included. Also, a survey conducted by Dubai-based bank Shuaa Capital last May showed that 60 per cent of the investors polled believed that the bottom of the cycle for the Saudi stock market had been reached already[3]. Finally, last June, the CMA agreed to set up a market for debt securities[4], effectively creating a bond and Islamic sukuk market in the Kingdom.

Another reason for the surge in the stock market was the fervent IPO activity. A total of ten IPOs have been conducted in the past few months, including several insurance companies such as Al Rajhi Insurance and chemical firms such as Petrochem, which has yet to list. The pipeline for IPOs is the longest and the most significant of any market in the region. More than a dozen other firms are expected to go through an IPO, including giants such as Sahara Petrochemicals and Sabb Takaful. Other IPOs that have been given the green light include Saudi Airlines, which, regardless of the fact that it is less glamorous than its sister airlines in the GCC, carries hundreds of the thousands of pilgrims to the holy city of Mecca. An IPO will only mean that it will have to streamline its corporate governance and close the loopholes that have caused it to lose money in the past.

A close look at the Saudi stock market performance graph will indicate that it greatly resembles the movement of the Brent crude oil index in the past few months. This is a two-edged sword, of course, since oil has been one of the most volatile commodities available. However, a McKinsey report found that the Saudi Arabian Monetary Agency increased its assets to US$390 billion in 2008 from US$350 billion in 2007, due to fixed-income investments. These funds will help cushion the economy that is weathering the oil price volatility[5].

One of the most important factors that have contributed to the surge in the Saudi stock market index could probably be attributed to the stock market regulator. Unlike other regulators in the region that promise more than they deliver, Saudi Arabia's CMA has surprised many with its courage and transparency in dealing with market manipulators.

In June, the CMA fined, named and shamed a major local investor and shareholder in several listed companies for insider trading. Mohammed bin Ibrahim Al-Issa was ordered to pay SAR100,000 (US$26,667) for "insider trading in shares of Saudi Hotels Co. based on his membership of the company's board". Al Issa was also ordered to pay back all the profits generated as a result of insider trading that amounted to SAR3.37 million. The Saudi Economic Associated think tank estimated that he is the third-largest investor in the Kingdom's stock market after Prince Al Waleed Bin Talal and Suleiman Al Rajhi[6]. That, and a further 92 similar cases being probed by the CMA, have doubtless sent a clear message to all other investors that insider trading will not be tolerated further, boosting retail investors' confidence.

If only the CMA could regulate other markets in the Gulf.

(Footnotes)
1 http://www.zawya.com/story.cfm/sidZW20080820000164
2 http://www.zawya.com/story.cfm/sidZW20090216000089
3 http://www.zawya.com/story.cfm/sidZAWYA20090527043820
4 http://www.zawya.com/story.cfm/sidZAWYA20090607054238
5 http://www.forexyard.com/en/reuters_inner.tpl?action=2009-07-14T161521Z_01_LE587025_RTRIDST_0_GULF-INVESTMENT-ANALYSIS
6 http://www.zawya.com/story.cfm/sidZAWYA20090626060723

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