Monday, November 18, 2024
Jumada I 16, 1446 AH

GULF TIMES
BUSINESS

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Qatar's debt servicing costs to average below 5% by 2027, says S&P

Digital infrastructure seen bedrock of Qatar's economic and social development

By Peter Alagos
Business Reporter

Aligned with Qatar's National Vision 2030, Vodafone Qatar aims to leverage its robust 5G network and emerging technologies to drive human and economic development, an official has said.

"We're committed to connecting today's ideas with the technologies of tomorrow so that we can help play a major role in shaping Qatar's digital infrastructure, which forms the bedrock of the nation's economic and social development," said Simon O'Rourke, Consumer Business Unit director, Vodafone Qatar, in an exclusive interview with *Gulf Times*.

Asked how Vodafone Qatar's newly launched UNLIMITED+ plans reflect its efforts to contribute to Qatar's digital landscape, he said the company has been dedicated to driving the country's digital transformation and connecting its citizens to a brighter future for the last 15 years, with its operations underpinned by the ethos, 'Together We Can'.

"With the landmark launch of our new range of postpaid plans, we're aiming to enhance every aspect of our customers' lives through innovative technology and tailored solutions.

"Customers will not have had access to many of these products before in Qatar and so, we're opening up the digital landscape even further with cutting-edge solutions such as dedicated social media data, which allows customers to enjoy using platforms such as Instagram and TikTok without using up their regular data allowance," O'Rourke explained.

He further said Vodafone Qatar's new multi-SIM capability, which allows up to four additional SIMs to be linked to a customer's main plan, means one number can be used across multiple devices setting a new bar in data sharing and convenience.

"And let's not forget that in this increasingly connected world, customers need absolute control over who can contact them. With our new Mute Service we're empowering our customers, making it even easier for them to manage unwanted calls," he noted.

According to O'Rourke, Vodafone Qatar's own strategies are always carefully aligned with Qatar National Vision 2030 and its four central development goals, recognising that technology has an enormous role to play in delivering its success.

"With the advent of our new Postpaid+ and Unlimited+ plans, we are ensuring that consumers in Qatar can take advantage of Vodafone Qatar's world-class, award-winning 5G network.

"Our 5G network is at its most robust and extensive and as part of our work to develop Qatar's national

Simon O'Rourke, Consumer Business Unit director, Vodafone Qatar. **PICTURE:** Shaji Kayamkulam

digital infrastructure, we are continuously opening up opportunities to embrace and deploy other emerging technologies," he pointed out.

Having built an ecosystem that underpins a digital-first lifestyle, O'Rourke said Vodafone Qatar is intent on delivering cutting-edge digital experiences to its customers and enriching their lives by enabling them to connect, listen, watch, and engage. He said the company is also bringing the world to people's fingertips, and empowering them in all areas of their lives, through Vodafone Qatar's technology.

"Furthermore, we understand the critical role the digital economy will play in shaping the future and digital enablement is a key part of developing human and economic capabilities in Qatar into 2030 and beyond," he emphasised.

O'Rourke said Vodafone Qatar is committed to digital inclusivity, offering a wide range of products and services, promoting digital awareness, and expanding access to best-in-class services for all communities.

"Qatar has worked tirelessly to become one of the most digitally advanced nations in the world and ensuring that all of its citizens are included in this digital revolution is something that we take very seriously. I'm also aware that it's something the country has been looking into through a recent survey, to evaluate levels of inclusivity in Qatar.

"We aim to ensure we have the widest possible range of products and services on the market today, to ensure that we are satisfying the needs of as many consumers as possible. We also continue to promote digital inclusion and expand access to best-in-class services for all communities. We pioneer several programmes that focus on digital awareness and wellbeing, so as many people as possible are empowered to make their own choices when it comes to connectivity," he said.

Al-Kaabi meets Sudan's minister of energy and oil

HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi met Dr Mohieldien Naiem Mohamed Saied, Minister of Energy and Oil of Sudan, yesterday. Discussions during the meeting dealt with energy relations and co-operation between Qatar and Sudan and means to enhance them.

QIIB launches 'green car financing' for electric and hybrid vehicles

QIIB has launched its new 'green car financing' product, tailored for customers seeking to purchase electric and hybrid vehicles.

This product, QIIB noted, highlights its commitment to delivering innovative financial solutions that align with Qatar's National Vision 2030, emphasising environmental preservation, public health, and sustainable development.

With a competitive profit rate of 3.7% (APR) – the lowest QIIB financing rate currently available – and a grace period of up to 12 months, QIIB's green car financing offers unmatched benefits for customers looking to invest in eco-friendly vehicles of any brand.

Khalid Abdulrahman al-Shaibei, Head of Business Development at QIIB, stated, "We are excited to introduce this exceptional, permanent addition to our portfolio. Our green car financing offers a unique experience for customers who wish to own electric or hybrid vehicles, reflecting the latest advancements in environmentally-friendly technology."

Al-Shaibei emphasised that the product is part of QIIB's commitment to sustainability and corporate social responsibility, aligning closely with Qatar National Vision 2030 and the country's Third Financial Sector Strategy, which prioritise ESG principles.

He noted that QIIB's green car financing represents an ideal opportunity for both current customers and those wishing to transfer existing financing commitments.

"Electric and hybrid vehicles symbolise the future, and this product gives our customers a practical pathway to embrace these advancements," al-Shaibei added.

The product covers all types of electric and hybrid vehicles, offering customers a wide selection among best models available on the market, particularly as Qatar's infrastructure for these vehicles expands.

Al-Shaibei encouraged customers to take advantage of QIIB's green financing product, designed to make ownership of an electric or hybrid vehicle both accessible and rewarding, with terms that meet diverse needs and exceed expectations.

Khalid Abdulrahman al-Shaibei, Head of Business Development at QIIB.

With a competitive profit rate of 3.7% (APR) – the lowest QIIB financing rate currently available – and a grace period of up to 12 months, QIIB's green car financing offers unmatched benefits for customers

Natural gas set to see 34% increase in global demand by 2050: GECF secretary-general

By Pratap John
Business Editor

Natural gas provides a cleaner, affordable, versatile, and reliable energy source as a Gas Exporting Countries Forum (GECF) forecast shows primary energy demand is set to expand by 20% by 2050, according to the forum's Secretary-General Mohamed Hamel.

The Doha-headquartered GECF forecasts a 34% increase in global natural gas demand by 2050.

In his opening remarks at the Ministerial Panel on Natural Gas for Sustainable Development at the COP29 in Baku, Hamel noted, "The global energy system is vast and complex, having evolved and optimised over more than two centuries. It delivers the energy equivalent of 3,500 barrels of oil every second, in the blink of an eye.

"Yet, despite this scale, 2.3bn people still lack access to clean cooking fuels, and 700mn are without reliable electricity. Transforming such an extensive system will require considerable time and enormous

GECF Secretary-General Mohamed Hamel (***second left***) during the Ministerial Panel on Natural Gas for Sustainable Development at the COP29 in Baku recently.

financial resources. This task is made even more challenging by the reality that global energy demand will only continue to grow."

According to GECF forecasts, primary energy demand is set to expand by 20% by 2050, driven by rising population, expanding urbanisation, growing economy, and the pursuit of improved living standards. This, he noted, raises a central question: How can we meet growing energy needs while safeguarding our environment?

There is no one-size-fits-all model; energy pathways must be tailored to each nation's unique circumstances, capacities, and priorities, with international cooperation as a vital enabler. However, a compelling answer lies in natural gas.

As the least carbon-intensive hydrocarbon, natural gas provides a cleaner, affordable, versatile, and reliable energy source.

Natural gas supports sustainable development through multiple avenues: replacing coal in power generation, transitioning from wood and charcoal to LPG for cooking and heating, stabilising renewable-based power systems, offering low-cost blue hydrogen to decarbonise hard-to-abate industries, and serving as an essential feedstock for chemicals and fertilisers, being thus at the heart of food security.

Together, these contributions affirm natural gas's indispensable role in a sustainable energy future.

While natural gas may serve as a transitional fuel in Europe, where demand is projected to decline due to policy shifts and deindustrialisation, it remains a destination fuel across other world regions—especially in developing countries where demand continues to grow well after 2050.

The GECF member countries have heavily invested in the development of their natural gas resources to satisfy world growing energy needs, taking geological and economic risks, as this industry is capital-intensive with long lead times and payback period.

"Security of demand is critical," Hamel said and noted a stable and predictable demand over the long term enables producers to plan their operations and investments effectively. This security also entails continued access to markets and financing, as well as economic, regulatory, trade and contractual stability.

In this connection, the Algiers Declaration adopted by the 7th GECF Summit of Heads of State and Government, expressed their rejection of unilateral economic restrictions, trade distortive measures, and politically driven interventions in price discovery and risk management functions of markets.

While natural gas is already a cleaner energy, technological advancements are further reducing its environmental impact. Carbon capture, utilisation, and storage—or CCUS—along with gas flaring reduction and methane abatement, make it possible to minimise emissions throughout its lifecycle.

Recognising the importance of technological collaboration, GECF member countries have established the Gas Research Institute (GRI) in Algiers, Hamel said.

Qatar's debt servicing costs to average below 5% by 2027, says S&P

By Santhosh V Perumal
Business Reporter

Qatar's average debt-servicing costs are expected to be below 5% of general government revenues by 2027, aided by debt reduction strategies and higher expected earnings related to the North Field Expansion or NFE, according to Standard and Poor's (S&P).

Highlighting that in the recent years, Qatar's authorities have aimed to reduce the level of external debt; S&P said "we expect this to remain the case, with only partial refinancing of foreign debt coming due."

In 2023, the government repaid about QR27bn (about 3.4% of GDP or gross domestic product) of its debt. This year, it expects further debt reduction of about 2% of GDP, partially offset by new debt issuance equivalent of $2.5bn (1.2% of GDP) in May 2024, S&P said in its recent report. Adding the borrowings of the country's sovereign wealth fund, QIA or Qatar Investment Authority, equivalent to 6% of GDP to the direct government debt, the rating agency said it estimates general government debt to be 48% of GDP at year-end 2024 (versus 50% of GDP in 2023).

S&P also expect this will fall to about 33% by 2027 in line with the government's debt-repayment strategy and significant increase in the nominal GDP.

"Continued debt reduction and an expected increase in revenue from higher gas production related to the NFE will keep average debt-servicing costs below 5% of general government revenue," it said.

The country's strong general government net asset position (which it forecasts will average 125% of GDP over 2024-27) remains a credit strength, supported by investment returns on QIA's investments.

Sizeable assets accumulated within the QIA will also continue to support Qatar's strong aggregate external net asset position in 2024-27, it said, adding despite this, Qatar stands out in the Gulf Cooperation Council (GCC) as having a "significant" amount of net external banking sector liabilities, which keep external financing needs high and pose a potential funding risk for the system.

Regulatory directives introduced by the Qatar Central Bank in 2022 initially prompted a substantial ($23bn) reduction in potentially riskier non-resident deposit funding from year-end 2021 to August 2024. However, a jump in interbank liabilities ($8bn in the same period) partially offset the decline in non-resident deposits.

"Despite the increase in recent months, we expect the banking sector's external debt to broadly stabilize because we expect domestic funding sources should be able to fund the credit growth, which we believe will slow to average 5% over 2024-27 versus 11% on average during 2019-22," S&P said.

Qatar's average debt-servicing costs are expected to be below 5% of general government revenues by 2027, aided by debt reduction strategies and higher expected earnings related to the North Field Expansion, according to Standard and Poor's

'11th Gulf Quality Conference' to kick off on Wednesday

Qatar Chamber announced yesterday the launch of the 11th edition of the 'Gulf Quality Conference', organised by the Gulf Consultant and Quality Centre, in co-operation with the chamber, on November 20 at the Sharq Hotel.

The announcement was made in the presence of Qatar Chamber acting general manager Ali Bu Sherbak al-Mansouri and Gulf Consultant and Quality Centre president Mohamed bin Saleh al-Kuwari.

Al-Mansouri said Qatar Chamber is always committed to supporting conferences that enhance economic development. He noted that the conference serves as a vital platform for the exchange of experiences and knowledge among various sectors and specialists, not only within Gulf countries but also globally.

He also said the conference focuses on the topic of quality, which has become a necessity in a rapidly evolving world amidst increasing economic challenges and accelerating global demands. Al-Mansouri said quality is the cornerstone for the success and sustainability of companies, while innovation acts as the driving force for achieving excellence and sustainable growth.

Qatar Chamber acting general manager Ali Bu Sherbak al-Mansouri and Gulf Consultant and Quality Centre president Mohamed bin Saleh al-Kuwari during the press conference held yesterday to announce the staging of the 11th edition of the 'Gulf Quality Conference' slated on November 20 at the Sharq Hotel.

Al-Mansouri emphasised the private sector's adherence to quality and sustainability standards as a key pillar for achieving sustainable economic development and fostering innovation across various sectors.

He said the conference offers a valuable opportunity to raise awareness about the importance of adopting quality standards in all aspects of business, not only to boost efficiency and productivity but also to ensure business continuity and competitiveness.

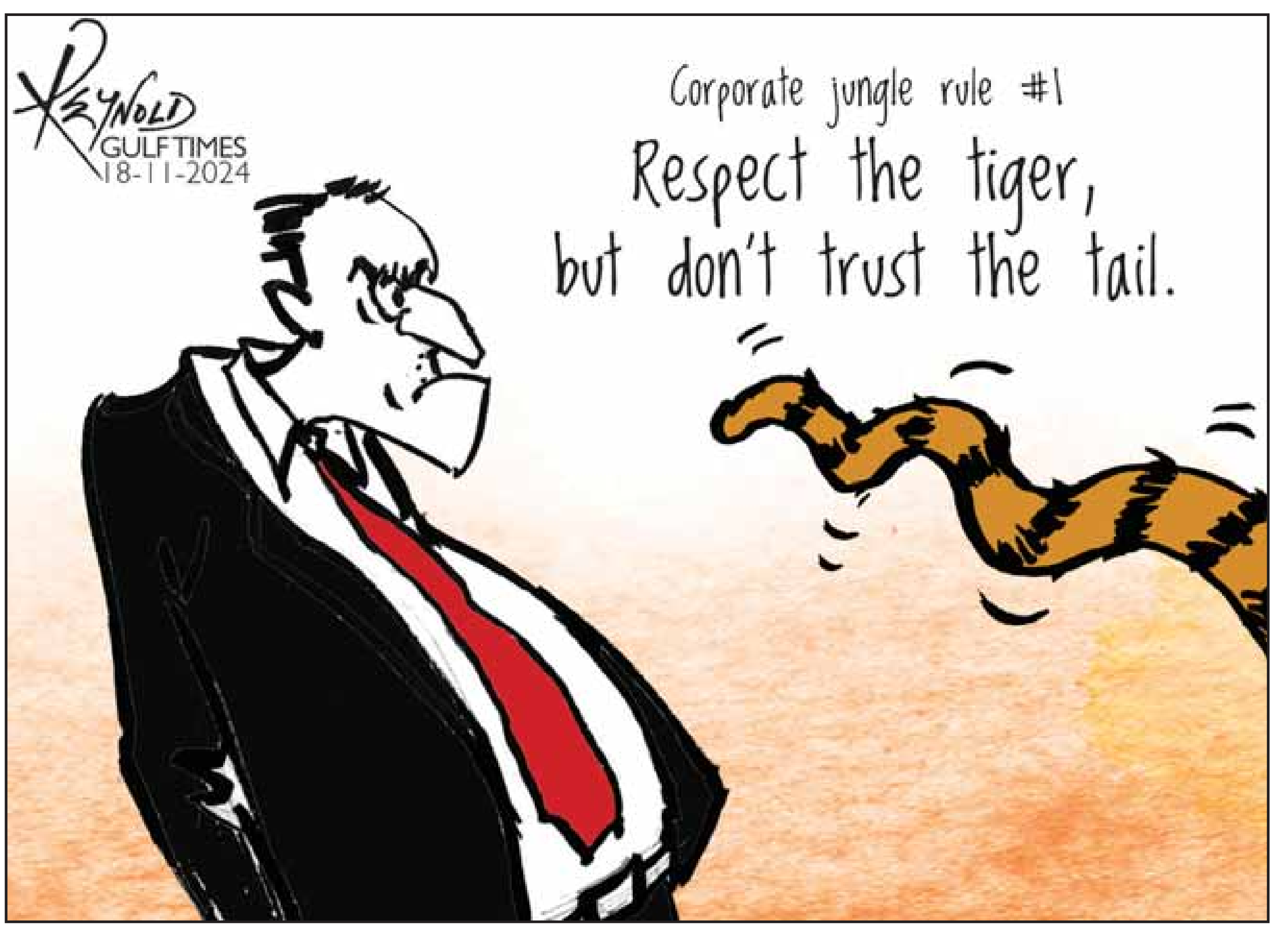
Al-Kuwari said the event will be held under the theme 'Quality and Innovation' and coincides with 'World Quality Day'. He said the conference will cover four main themes: the application of international quality systems, event sustainability standards, the role of the business continuity system in sustainable development, and the adoption of innovation management systems to enhance performance.

He said the conference will review key government quality and excellence awards in the GCC, focusing on their role in overcoming administrative challenges and achieving sustainability.

The conference will also address several key topics, including the role of quality and excellence awards in enhancing performance levels in both the public and private sectors.

It also explores the importance of the business continuity system (ISO 22301:2019) in achieving sustainable development, adopting risk management, and mitigating negative impacts.

Furthermore, it discusses the role of the event sustainability system (ISO 20121:2024) in promoting community and environmental care, preserving assets, and ensuring the seamless execution of events. It also highlights the quality system (ISO 56002:2019) as an effective tool for managing and fostering innovation.



Buy now, pain later?

By Fahad Badar

There can be a fine line between a user-friendly provider of credit and loan sharks. As 'buy now, pay later' apps proliferate, regulators have a crucial role to get the balance right

Buy now, pay later (BNPL) apps, which make it easy to make large purchases, free of interest if you make repayments on time, have been dubbed 'buy now, pain later', given the ease of use and lack of restrictions on an individual using multiple BNPL services and getting into debt.

Is the concern overblown, and do BNPL services help with financial inclusion? Findings are surprisingly mixed.

The concept behind the modern apps is not new. For many decades it has been possible to take out an interest-free loan for large purchases – in furniture retail, for example. What digital technology offers is ease and swiftness of transaction. Regulators are concerned that the frictionless nature of the exchanges, and the freedom to borrow from multiple providers, risk serious indebtedness for financially vulnerable citizens.

With a BNPL service, typically you put down 25% of a purchase immediately, with three remaining 25% tranches due at monthly intervals – free of interest if you make the payments punctually, but with fees if you do not. The provider makes money from merchant commissions as well as late-payment fees.

The US is the most mature market for BNPL services. The BNPL market grew tenfold between 2019 and 2021, accelerated by the Covid-19 pandemic, to $24.2bn from just $2bn.

There isn't a provider in Qatar, but Tabby is a provider focused on the Gulf region, which has reached 'unicorn' status with a valuation of over $1bn. Others are Tamara and Postpay.

Should regulators be concerned about the impact of BNPL? Data on use and delinquency reveal a complex picture. In 2022 a report by the Consumer Financial Protection Bureau, indicated that a large majority of borrowers do not default, but also that the rate of default was increasing – from 7.8% of borrowers charged at least one late fee, to 10.5% in the period 2020-2021.

Klarna, one of the biggest providers of BNPL services, reported a credit loss rate of 0.41% in 2023, this compares with the national (for USA) credit card delinquency rate of 2.58%. This indicates that an established provider such as Klarna uses an established risk management framework, and has checks in place to prevent individuals becoming over-extended.

A Federal survey found that high-income households were the single biggest category of users of BNPL services, and confirmed that the largest providers, such as Klarna and Afterpay, have robust lending standards and low default rates. Such providers argue that their products offer cheaper alternatives to credit cards and bank loans, and are therefore fairer for low-income consumers.

While provision has been dominated by fintechs, more established firms including Apple and American Express are moving into the market.

Another survey by the consumer Financial Protection Bureau, however, found that users of BNPL were more likely to use other credit products such as credit cards, personal loans and student loans, and exhibit symptoms of financial distress. A study by the Bank for International Settlements found that the overall credit delinquency rate in the US for BNPL users was 18%, more than twice the rate of non-BNPL users (7%).

Unaffordable levels of debt can have lifelong effects, including on credit rating, ability to secure a mortgage to buy a house, and so on.

So while the vast majority of BNPL users do not end up in problematic debt, the small minority who do may build up significant levels of debt spread across multiple platforms, including traditional providers of credit.

Younger adults are heavy users of BNPL, and the most common purchases are furniture, electronics and apparel. BNPL services can be positive for financial inclusion as you do not need to have a bank account or take out a credit card.

Retailers are attracted to BNPL for this reason, and because ease of use can boost sales, and also because use of the service can reduce what is known as 'cart abandonment', when shoppers fill up an online basket but abandon before payment, something that is more common if you have to complete credit card details.

Regulators need to ensure that retailers do not pass on the cost of their commissions to the BNPL provider to customers, as this could affect the inflation rate.

These findings indicate that there are diverse demographic and economic segments within the customer base of BNPL providers, and that regulators need to look at the picture as a whole, not just individual providers.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

Mena M&A deals to exceed 700 this year; close to five-year high, says EY

By Santhosh V Perumal
Business Reporter

The Middle East and North Africa or Mena region witnessed a total of 522 merger and acquisition (M&A) deals valued at $71bn in the first nine months (9M) of 2024 and is expected to close the year with more than 700 deals, close to five-year high of 750 deals, according to EY. The deal volume this year grew by 9%, while deal value saw a 7% rise on an annualised basis, EY said in its latest report.

"The Mena M&A market is extremely buoyant and we expect to end the year with more than 700 deals, which will be very close to the historic five-year high of 750 deals.

This is a remarkable achievement in the context of uncertain geopolitics and higher cost of capital," said Anil Menon, EY Mena Head of M&A and Equity Capital Markets Leader.

Cross-border M&As played a significant role, contributing 52% of the overall volume and 73% of the value in 9M-2024, it said, adding meanwhile, domestic M&A value increased year-on-year (y-o-y) by 44% to $19.3bn, primarily driven by government-related entities transactions in the oil and gas, metals and mining and chemicals sectors. Domestic M&A activity accounted for 48% of the total number of deals.

The US remained the preferred target destination for Mena investors with 32 deals amounting to $18.3bn. With the US-UAE Business Council playing an active role in promoting partnerships, prominent US companies are collaborating with the UAE public and private sector stakeholders on various initiatives.

The UAE and Saudi Arabia were the preferred destinations for investors due to their favourable business policies, with 239 deals with a combined value of $24.5bn. They were also among the top Mena bidder countries in terms of deal volume and value, representing 52% and 81% of the total respectively.

Sovereign wealth funds (SWFs), such as Abu Dhabi Investment Authority (ADIA) and Mubadala from the UAE and the Public Investment Fund (PIF) from Saudi Arabia, continued to lead the deal activity in the region to support their countries' economic strategies.

Anil Menon, EY Mena Head of M&A and Equity Capital Markets Leader.

"Deal activity in the Mena region has seen a notable improvement this year, driven by strategic policy shifts, the liberalisation of investment regulations and robust capital inflows from investors. With companies actively seeking opportunities to grow and diversify their operations, we have observed a surge in cross-border M&A volume and value," said Brad Watson, EY Mena Strategy and Transactions Leader.

Ten of the Mena region's highest-valued M&As during 9M-2024 were concentrated in the GCC, it said, adding insurance and oil and gas were the most attractive sectors for investors in the review period, representing 34% of total deal value.

With Mena emerging as one of the most attractive destinations for foreign direct investment, inbound deals rose by 20% y-o-y in volume.

Meanwhile, deal value surged by 47% y-o-y during 9M-2024. The first three quarters of 2024 saw 127 inbound deals valued at $10.4bn.

The US and the UK together accounted for 42% of total inbound M&A activity.

The technology and professional firms and services sectors reported the highest deal volume and value, contributing 48% and 39% respectively. The US contributed 33% of the total deal volume in these sectors, with 80% of these deals being partnerships with the UAE.