SUMMARY OF FINTECH SECTOR STRATEGY IN STATE OF QATAR

QATAR CENTRAL BANK

MARCH 2023
Qatar Central Bank is Embarking on a FinTech Journey to Support Diversification and Innovation within Financial services and Enable Qatar National Vision 2030

**Diversification and Innovation of the Financial Services Industry as a Main Pillar of the Qatari Economy**

- Improved efficiency and reduced costs across the financial services industry
- Improved Customer Experience & Financial Inclusion in Qatar
- Gross Domestic Product (GDP) Impact and Job Creation
- Maintaining Competitiveness with other markets

**Position the Country as an Attractive Hub for Foreign Direct Investment and Talent**

- Aligns to QNV-2030 aspirations to diversify Qatar’s economy
- Increasing Foreign Direct Investment into the Country
- Attraction of International Talent in specific technologies
- Additional financing options available to SMEs and consumers

**Build out a Knowledge-Based Economy**

- Build local Technology-Related Skillsets and Talent Attraction in the Country
- Increase in locally generated innovation with Sandboxes & Innovation Labs
- Alignment to Qatar’s focus on education and STEM
- Potential to increase technology-related jobs
The Strategy has been Designed considering Several Key Principles

**Leverage Investments the Country has Made**
Leverage the various investments that Qatar has made to fund start-ups, incubation programs and acceleration programs.

**Leverage Qatar’s Geographical & Global Reach**
Leverage Qatar’s formidable geographical and global reach to establish cross-border collaborations on Technology & Innovation.

**Leadership in Islamic Banking and Insurance**
Leverage Qatar’s leadership position in Islamic Banking and Insurance to build out focus areas in FinTech.

**Qatar’s Focus and Leadership on Education**
Leverage Qatar’s position as an educational hub in the region to build out Qatar’s position as a Thought Leader on FinTech.
Leveraging Qatar’s Strengths and its Wide Network of Existing Ecosystem Participants

QCB’s Vision

“To enable the growth, diversification, and competitiveness of Qatar’s FinTech and Financial Services Sector by fostering market infrastructure development, FinTech Talent, FinTouch, and a focus on specific Fields of Play”

Qatar’s Strengths

Global Footprint of the Qatari Financial Sector across 50+ countries

Robust Financial Sector

Strong University System with Focus on STEM

Strong Education System

Existing biometric database to enable digital KYC

Market Infrastructure

Leveraging on Existing FinTech Incubation and Acceleration Centers

Multiple talent and capability building programs in the country

Regulatory Sandbox to support Testing Innovations

Ecosystem members

Regulators and Licensors

FinTechs & Tech Vendors

Telecom & Other Industries

Financial Institutions (Banks, Insurance & Capital Market Firms)

VC Community

Government Entities

Accelerators and Incubators

Universities and Research Centers

Leveraging Qatar’s Strengths and its Wide Network of Existing Ecosystem Participants

SUMMARY OF FINTECH SECTOR STRATEGY IN STATE OF QATAR
Qatar’s FinTech Strategy is Centered Around Four Strategic Pillars that Strive to Achieve Leadership for Qatar Across Four Areas

01 FinTech Foundation & Infrastructure

Build-out world-class infrastructure to promote Qatar as a launchpad for FinTechs seeking to leverage Qatar’s infrastructure

- Establishment of all leading foundational regulations to drive clarity & attractiveness
- Development of leading market infrastructure to support innovation & collaboration
- Enhancing the overall environment to increase attractiveness

02 Growth Drivers / Focus Areas

Leverage Qatar’s leadership across its core competencies to build out a niche role that Qatar will be known for

- Corporate Enablement Tools, including DLT, Payments, eKYC etc
- Ethical and Green FinTech, whereby Qatar can leverage its Islamic banking leadership position and focus on ESG
- InsurTech, given the region’s low insurance penetration rates and Qatar’s insurance leadership
03 FinTalent and Capability Excellence

Build out a FinTech Talent Center of Excellence and become the leader in FinTech knowledge, training, and immersive learning experiences

- Establish world-class FinTech curriculum together with universities
- Develop leading capability-building programs for entrepreneurial talent (incubation & acceleration)
- Develop a nationwide FinTech Internship Program to drive immersive learning

04 FinTouch

Enable FinTech to touch the citizen and Corporate life and improve the overall well-being of the community

- Evolving payment and identity to enable seamless and cashless banking
- Enhancement of financial inclusion through the introduction of crowdfunding and embedded finance concepts
- Digital Financial Services Adoption across Sectors
Our Strategy Encompasses Several Initiatives that Require Collaboration Across Ecosystem Players, with Qatar Central Bank Acting as the Orchestrator

<table>
<thead>
<tr>
<th>Strategic Pillars</th>
<th>Years of Implementation</th>
<th>Ecosystem Collaboration Players</th>
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<tr>
<td>4</td>
<td>5</td>
<td>+10</td>
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**Key Highlights of the Strategy for the next 5 years**

**Quick Wins**
- Support Banks & Insurers to engage with FinTechs on Digital Solutions
- Expand Sandbox Participants
- Integration between MOCI and QCB
- Initiate International Collaborations

**Key Outcome Desired**
- Improve Growth of FinTech Ecosystem
- Enable growth of Foreign Investments
- Foster Innovation
- Building out a Knowledge-Based Economy

**Key FinTech Regulations**
- Updated Payment Service Requirements
- InsurTech (Price comparison website etc)
- Crowd Funding
- Emerging Technology (Cloud computing, AI, and DLT)

**Market Infrastructure**
- Innovation Lab
- Regulatory Sandbox to test emerging technologies
- Digital Identity (e-KYC)
- Open Banking Architecture / API Platform
With a set of initiatives aiming at implementing the FinTech Strategy around the strategic pillars

### Strategic Positioning Themes

- **Growth Drivers**
  - **FinTouch**
  - **Demand**
    - Drive Collaboration between FinTechs and the Financial Sector
  - **Orchestrate growth of the local FinTech Ecosystem**

- **FinTalent and Capability Excellence**
  - **Talent**
    - Enhance Availability of Talent for the FS Ecosystem
    - Launch Capability Building Programs
  - **Capital**
    - Consolidate channeling of capital to FinTechs
    - Enhance Investor and FinTech Connectivity

- **FinTech Foundation and Infrastructure**
  - **Policy & Regs.**
    - Launch Comprehensive FinTech Regulatory Framework
    - Address Laws to Enhance Regulatory Attractiveness
  - **Tech & Innovation**
    - Drive market infrastructure enablement
    - Foster innovation in the Qatar FS Ecosystem

### Key Strategic Initiatives

- QCB to assume Centralized Orchestration Role
- Cross-Border Collaboration for Talent
- Programs to attract VCs & Investors
- Review of having a Specialized Talent Visa Program
- Capital programs to support FinTechs
- Government-funded grants to support FinTechs
- Vertical Regulatory Framework
- Innovation Center
- Horizontal Regulatory Framework
- Enhanced Regulatory Sandbox to test Innovative Technologies
- Dedicated and Specialized FinTech Unit
- Global Collaboration on FinTech Ecosystem
- Centralized Talent & Capability Building for FinTechs
- Government-funded grants to support FinTechs
- Global Collaboration on Innovation
- Shared Market Infrastructure
- Vertical Regulatory Framework
- Innovation Center
- Horizontal Regulatory Framework
- Enhanced Regulatory Sandbox to test Innovative Technologies
- Dedicated and Specialized FinTech Unit
- Global Collaboration on Innovation
- Shared Market Infrastructure
- Vertical Regulatory Framework
- Innovation Center
- Horizontal Regulatory Framework
- Enhanced Regulatory Sandbox to test Innovative Technologies
- Dedicated and Specialized FinTech Unit
- Global Collaboration on Innovation
- Shared Market Infrastructure
...Along with the preparation & issuance of KEY FinTech Regulations

NON-EXHAUSTIVE

Crowdfunding  InsurTech  Buy Now Pay Later (BNPL)  Digital Banking  WealthTech

e-KYC  Distributed Ledger Technology (DLT)  Open Banking & Standards  Artificial Intelligence  Cloud Computing
It is Anticipated that the FinTech Strategy Will Provide Tangible Benefits Over the Next 5 Years, as the Number of FinTechs Proliferate and Grow in the State of Qatar

<table>
<thead>
<tr>
<th>Prior to Feb '23</th>
<th>Projections</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027 Growth Range</th>
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<tbody>
<tr>
<td>Targeted no. of FinTechs to be Licensed</td>
<td>6</td>
<td>12</td>
<td>3X to 5X</td>
<td></td>
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<td>Direct Economic Value Add (in million QAR)</td>
<td>40X to 50X</td>
<td></td>
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<td>Total # of Jobs Created</td>
<td>48</td>
<td>20X to 25X</td>
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<tr>
<td>No. of FinTechs Licensed</td>
<td>Financial Inclusion</td>
<td>Through Implementation of various strategic initiatives, enhancement of regulatory framework, establishment of required market infrastructure, orchestration of ecosystem collaboration, programs aimed at attracting VCs and fostering local talent growth, we aspire to create an impact across these dimensions</td>
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<td>Emerging Technology Adoption</td>
<td>Additional benefits on broader economic indicators and enhancing Qatar’s Financial Services industry digital maturity index</td>
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In summary, our ambition is to enable the digital transformation of the State of Qatar’s Financial Services ecosystem, promote economic diversification & attract FDI and build Financial Services skillsets of the future.

*BASE: Over the last few months we have recently licensed 6 Fintechs. We expect this no. to grow and benefits realization across the 5 dimensions to follow from 2023 onwards.