

How to evolve the IFA proposition in the Middle East

Imminent regulatory change in the UAE bodes well for the appeal – and development – of the wealth management industry and a broader range of products and services.

The financial services industry in Dubai is on the cusp of far-reaching change as the UAE appears to be preparing regulatory overhaul.

On the back of the success of UAE and Qatari stock markets (and their upgrade from Frontier to Emerging Market status), it seems fair to say that there is a whiff of modernisation and change in the air.

As the region ushers in global standards, the industry is drifting closer to a form of “twin-peaks model” in which “prudential” government (potentially the UAE Central Bank) co-exists with a body or bodies managing “conduct of business” matters.

Whether there is a drift that way or not, it is clear that the Securities and Commodities Authority (SCA) will play a major role.

SCA has already published efforts to protect consumers and regulate the system, including: first, the crafting of a definition of financial planning, which leads to expectations of the same for wealth management; secondly, the drafting of CPD guidelines; and thirdly, the definition of “fit and proper” for firms and individuals.

These publications represent the most significant changes in the region for many years. These developments will change wealth management.

Sharper segmentation [is needed], based not just on size of client portfolio but also on sophistication, life stage and generational needs

Panel speakers

- *Timothy Searle, Chairman, Globaleye*
- *Sean Kelleher, Chief Executive Officer, Mondial*
- *Chris Ferguson, Chief Executive Officer, Credence*



Timothy Searle,
Chairman - Globaleye

RAISING STANDARDS

The forces behind the changes include the willingness in the UAE to adopt global regulatory standards following the recognition of the UAE as an 'emerging market' in terms of stock market activities.

But an even bigger driver is the realisation within the UAE that it must reduce its economic dependence on oil and develop ancillary industries like financial services.

Wealth in the Gulf has traditionally been driven by the oil price, although Dubai's relative lack of reliance on oil enabled a diversification plan some time ago, and, as a result, it has been reasonably successful so far with current growth rates quite competitive with those worldwide.



Chris Ferguson,
Credence International

Sharper segmentation [is needed], based not just on size of client portfolio but also on sophistication, life stage and generational needs

The urgency which once applied to Dubai now applies to Saudi Arabia, for example, which continues to suffer from the low oil price.

Practitioners believe the region's financial services sector will expand even further to emerge as a financial hub, made possible via the development of global standards in all aspects of the industry.

MORE CLARITY

Going forward, industry players hope for greater clarity in the different types of financial adviser in the region.

Currently, some financial advisers work under Insurance Authority Licensing; some under SCA licensing; some under DIFC licensing, and so on. This continues to create an element of uncertainty. ■



Sean Kelleher, Mondial