

# Transforming the Middle East with a higher bar

*Sean Kelleher of Mondial explains why 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*
- *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*
- *It also realises the need to diversify away from oil by developing the financial services sector*
- *These changes will change – and drive – the look-and-feel of wealth management in the region*
- *Firms like Mondial are gearing up to address the market within the new environment*

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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, Sean Kelleher, chairman and chief executive officer of Mondial, sees the industry 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.



**SEAN KELLEHER**  
Mondial

According to Kelleher, SCA has already published efforts to protect consumers and regulate the system, including: first, the crafting of a definition of fi-

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],” he says. “These [developments] will change wealth management.”

example, which continues to suffer from the low oil price.

Kelleher believes that the region’s financial services sector will expand even further to emerge as a financial hub.

This is made possible via the development of global standards in all aspects of the industry.

This will be followed by changes to the firm’s investment proposition and to its business model, (including the move away from commission-only to a salary and bonus remuneration model) plus, improving service by taking a closer look at the potential for technology.

These strategies, explains Kelleher, are driven by the way that the industry is changing.

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Changes which mean a greater focus on risk management. “Some of our competitors have got a lot of advisers out there selling to clients, so we have got to make our small compact team competitive on the sales side,” he explains. “We can’t and will not outnumber their sales guys, so we need to make intelligent changes which add-up to competitive success.”

#### **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.

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The urgency which once applied to Dubai now applies to Saudi Arabia, for

#### **RIDING THE WAVE**

In line with these developments, Mondial has penned a three-pronged growth strategy going forward. Foremost among its goals it growing its AUM from its current level of just under USD2 billion.

#### **MORE CLARITY**

Going forward, Kelleher hopes 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

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DIFC licensing, and so on. This continues to create an element of uncertainty. “We hope that these initial SCA rules represent the beginning of defining exactly what a financial adviser can and can’t do” says Kelleher. ■