



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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NUSACC EXPERT ROUNDTABLE: BAHRAIN POSITIONS ITSELF TO BE TOP FINTECH DESTINATION IN THE MENA REGION

Bahrain FinTech Bay, FinTech Consortium Bahrain, and Silicon FinTech Bay Create Opportunities for Bahraini and American Talent

"The future of finance revolves around fintech innovation, and Bahrain provides an ideal environment for a healthy fintech ecosystem."

-- Ambassador Abdulla AlKhalifa

Washington, DC – The National U.S. – Arab Chamber of Commerce (NUSACC), in partnership with the Embassy of the Kingdom of Bahrain, recently hosted an Expert Roundtable on financial technology (fintech) opportunities in Bahrain. Keynote speakers included H.E. Shaikh Abdulla Bin Rashid AlKhalifa, Bahrain's Ambassador to the United States, and Mr. Maissan Almaskati, Chairman of FinTech Consortium Bahrain and a Board Member of Bahrain FinTech Bay.

More than 30 U.S. companies attended the Roundtable, from start-ups to multinational corporations, including NUSACC Platinum Plus members like Boeing and Raytheon. A [video](#) about Bahrain's role as a gateway to the region helped to set the stage for the one-and-a-half hour Roundtable.



From right to left: Mr. Maissan Almaskati, Chairman of FinTech Consortium Bahrain and a Board Member of Bahrain FinTech Bay; H.E. Shaikh Abdulla Bin Rashid AlKhalifa, Bahrain's Ambassador to the United States; David Hamod, NUSACC President & CEO; Mr. Yousif Ahmed, Counselor at the Embassy of the Kingdom of Bahrain.

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“Bahrain is not the biggest country in the region, and it does not possess the most powerful economy in the region, but Bahrain is exceptionally important to the United States,” said David Hamod, NUSACC’s President & CEO. “Bahrain has been a strategic crossroads for a very long time, and steps that the Kingdom has been making in recent years are unparalleled in their sophistication.”

As if to underscore that point, the U.S. Census Bureau just announced that American goods exports to Bahrain rose 126.75 percent from 2017 to 2018, from \$898.16 million to \$2.037 billion. This is the largest single-year increase among all Arab nations (with the exception of war-torn Syria, to which U.S. exports grew 627 percent from 2017 to 2018).



H.E. Shaikh Abdulla Bin Rashid AlKhalifa, Bahrain’s Ambassador to the United States.

Bahrain’s role in shaping the region’s financial industry has been 40 years in the making, noted Ambassador AlKhalifa. “Our early endeavors in reforming an oil-dependent economy to become a regional financial hub show us that Bahrain’s forward-thinking policies and regulatory expertise resulted in more licensed financial institutions and registered funds than anywhere else in the region,” he said.

He continued: “Today, there are over 400 financial institutions operating in Bahrain, offering about 3,000 authorized funds. Bahrain’s early endeavors resulted in a comparatively diversified economy,

which today includes a financial sector that is second only to oil and gas in contributions to Bahrain’s real GDP. At around 16 percent, Bahrain’s financial sector contribution is comparable to such markets as Singapore and Hong Kong.”

Following Fintech Into the Future

One Roundtable participant – Jackson Mueller, Associate Director of the FinTech Program at the Milken Institute – noted that Bahrain has taken a number of steps in recent years to bolster its position in financial technology. “Since coming onto our FinTech radar in 2017,” he said, “Bahrain has made a concerted effort to become the leading FinTech hub in the region. The Central Bank is actively engaged in offering policies that foster a conducive ecosystem, one that supports both international and domestic FinTech companies.”

Mueller went on to say, “With the Gulf region becoming a hotbed for FinTech policy and regulatory development, what has set Bahrain apart is the country’s recent focus on developing its local talent through such efforts as the FinTech Talent Program, among other initiatives.” And because Bahrain operates as one economic free zone, Mueller concluded, then “the whole country acts as a launchpad for FinTechs seeking to build a presence in the region under a flexible and coherent regulatory framework.”



Executives from more than 30 U.S. companies attended the Roundtable, including NUSACC Platinum Plus members like Boeing and Raytheon.

Ambassador AlKhalifa concurred: “The Government of Bahrain has made economic diversification the cornerstone of its Vision 2030 goals, with SMEs expected to play a significant role. I believe that fintech will eventually bridge any funding gap that might have hindered SME growth in the past.”

“The future of the financial industry revolves around fintech innovation, and Bahrain is at the forefront of providing an ideal environment for a healthy fintech ecosystem,” AlKhalifa continued. “While Bahrain is progressive in supporting public and private sector funding to drive fintech development, we still maintain strong regulatory and oversight standards.”

The Central Bank of Bahrain (CBB) has created a regulatory “sandbox” that provides a secure, virtual space that allows fintech companies to test and develop digital banking products. In this spirit, the CBB announced on February 25 the most comprehensive cryptocurrency regulations in the Middle East.

“There is no doubt that this gives Bahrain the lead in regulating this industry,” said AlKhalifa. “One major takeaway from the new regulations is that cryptocurrency wallets, run on blockchain technology, are covered by insurance to protect against unlikely incidents of hacking or theft.”

Bahrain as a Destination for Fintech

For decades, Bahrain has been a global financial hub, and fintech fits neatly into that strategy. “Bahrain’s financial market is quickly approaching maturity, with fintech services’ most notable applications spanning such sectors as banking, insurance, and wealth management,” said AlKhalifa. “But fintech solutions will also have a profound impact on other sectors, like telecommunications, manufacturing, government services, and beyond.”

Maissan Almaskati, Chairman of FinTech Consortium Bahrain, echoed AlKhalifa's outlook. "The strong regulatory framework is essential for Bahrain to compete around the world," said Almaskati. "The Central Bank of Bahrain partnered with the FinTech Consortium to create a regulatory sandbox that allows testing and innovation to happen in a controlled environment." This is the first onshore fintech entity of its kind in the Gulf Cooperation Council nations, he suggested.

The next step in the framework, Almaskati said, came when the country created [Bahrain Fintech Bay](#), "a partnership platform that involves every financial institution and technology firm that operates in the country, as well as government stakeholders."

That ecosystem will play an instrumental role in offering finance for supply chains, trade, and lines of credit for aspiring businesses, Almaskati suggested. "Fintech will lower the barriers to entry for entrepreneurs and startups," he said, "and this includes such cutting-edge sectors as healthcare."



Mr. Maissan Almaskati, Chairman of FinTech Consortium Bahrain and a Board Member of Bahrain FinTech Bay.

In that spirit, the NUSACC Expert Roundtable served as a platform to announce two important developments in Bahrain's outreach efforts to America. First, Bahrain's Economic Development Board (EDB) will establish a beachhead in the United States that will be led by Maissan Almaskati, the EDB's new representative in the USA.

Second, beginning in April, Bahrain and Singapore will inaugurate [Silicon FinTech Bay](#) in Redwood City, California. That facility will offer a dedicated fintech co-working environment with state-of-the-art meeting rooms, innovation labs, acceleration programs, curated activities, and educational opportunities.

Workforce Development and Finance

Talent development is at the heart of Bahrain's new platforms in the United States and in Bahrain. "Several weeks ago, we launched the National Fintech Development Program," Almaskati stated. "This initiative takes fresh college graduates through a series of internships and training programs in Bahrain, the United States, and Singapore. It also includes a certification program with Georgetown University, the first [fintech certification program](#) in Bahrain."

Said Almaskati, "The idea is to strengthen and retain the workforce to a point where Bahrain has the infrastructure and the human capital needed to support fintech innovation."

Workforce development goes hand-in-hand with Bahrain's new [Al Waha Fund of Funds](#), which recently closed a \$100 million fundraising round. Al Waha characterizes itself as a "huge leap forward for Bahrain and the MENA region as it eases the way for the allocation of alternative funds to promising tech-driven startups across the region."



The Fund of Funds ecosystem is expected to benefit Bahrain in three ways:

- Start-ups will gain access to funding through venture capital expertise, thereby supporting Bahrain's goal to become the start-up technology hub for the region.
- Venture capitalists (VCs) will gain access to start-ups, providing VCs with a "pipeline" of fresh talent and strengthening Bahrain's position as a destination for venture capital.
- Entrepreneurs will have the added bonus of accessing Bahrain's incubators, accelerators, and mentors in Bahrain's pro-business environment.

U.S. – Bahrain Free Trade Agreement

Later this year, Bahrain will celebrate an important milestone in its commercial relations with the United States: It has been 15 years since the two nations agreed to a Free Trade Agreement (FTA), signed on September 14, 2004. (The Congressional testimony of NUSACC's David Hamod, who testified before the Senate Finance Committee, may be found [here](#).)

Fintech as we know it today did not exist 15 years ago, so the signatories of the FTA did not envision that the agreement would strengthen Bahrain's position as a fintech destination. But the FTA has accomplished that, and then some. In addition to breaking down barriers to trade, this "gold standard" FTA has served to promote Bahrain as an investment destination for U.S. companies and others around the world.

Safeguarding intellectual property rights is enshrined in the FTA, which is increasingly important for U.S. and Bahraini fintech companies. Moreover, Bahrain's unparalleled access to the MENA market is enhanced by the Kingdom's strong technical infrastructure, which bolsters Bahrain's reputation as a fintech hub.

For U.S. citizens wishing to visit Bahrain, ease of access to the Kingdom is "icing on the cake" because on-arrival visas are available to Americans at all of Bahrain's ports of entry.

Closing Remarks

Ambassador AlKhalifa provided closing remarks. “There is no shortage of reasons why business investors should choose Bahrain as a fintech destination,” he suggested. “The Kingdom offers a business-friendly environment, with access to deep, diverse, and talented human capital. Bahrain is proud of its young, educated, bilingual, and tech savvy talent.”

He continued: “Bahrain’s continued development of the fintech sector provides an opportunity for our country to strengthen its wider financial services by capitalizing on our solid banking foundations. While fintech might appear as a complementary side note to today’s banking and financial systems, I believe that it is only a matter of time before fintech companies switch roles as facilitators and, eventually, become industry trailblazers.”

He concluded, “Thank you to the National U.S. – Arab Chamber of Commerce for co-hosting today’s excellent Roundtable. NUSACC and Bahrain have been partners for decades, and we look forward to NUSACC’s continued support as Bahrain establishes itself as the region’s premier fintech hub.”



(Photo: bahrainfintechbay.com)

The new Bahrain FinTech Bay.

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NUSACC’s Expert Roundtable Series provides the Chamber’s members and guests with an exclusive opportunity to hear senior officials and other experts provide candid insights in an off-the record setting. Please click [HERE](#) to read more about the benefits that NUSACC members enjoy.

The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.

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