

# Bahrain's banks must help finance economic recovery: Abdul Rahim

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Banks in Bahrain must play a major role in helping the national economy recover from the global Coronavirus (COVID-19) outbreak and, to do so effectively, will need the ongoing support of all stakeholders, particularly the Government said a senior Bahrain banker.

Ahmed Abdul Rahim, who is the Chief Executive Officer of Ithmaar Bank, a Bahrain-based Islamic retail bank, as well as the Deputy Chairman of the Bahrain Association of Banks (BAB), said this shared focus on economic recovery will help shape the Kingdom's new, post-COVID-19 reality and pave the way for continued economic growth and prosperity.

"The Kingdom of Bahrain has earned glowing international praise and recognition, including from the World Health Organization, for its handling of the global COVID-19 outbreak," said Abdul Rahim. "This was due, largely, to the quick and decisive leadership of the Government, as well as the full and prompt support of all aspects of the society," he said.

"The recent decision to focus government support on the most affected industries in the private sector is another step in the right direction and, with the focus now gradually shifting to addressing the economic impact of this outbreak, we must continue in this same spirit of decisive leadership and close collaboration," said Abdul Rahim. "We must aspire to maintain this internationally-celebrated approach and continue to set a standard for others to follow, he said.

"The decision to provide government-funded wage support exclusively to the twelve most affected private sector industries, for example, will direct aim where it is needed most," said Abdul Rahim. "Although all industries were affected by the global outbreak, some industries were very badly hit. If these industries, some of which have been completely shut for months, do not survive the extended slowdown, then the overall economy cannot ever fully recover. It is important, also, to remember that trying to provide support to all affected industries will risk spreading available resources too thin, effectively robbing everyone of any real support," he said.

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AHMED ABDUL RAHIM, CHIEF EXECUTIVE OFFICER OF ITHMAAR BANK, A SAUDI-BASED ISLAMIC RETAIL BANK, DEPUTY CHAIRMAN OF THE SAUDI ASSOCIATION OF BANKS



"The same logic is true for individuals," said Abdul Rahim. "We are all affected, but some of us a lot more than others. To fully recover, we will need to focus our efforts on trying to help those who are most impacted," he said.

## Support communities

"For our part, banks must recognize the important role we must play in helping ease the economy back to its earlier growth trajectory and, perhaps more importantly, to helping both individuals and businesses absorb and, ultimately, recover from the economic impact of COVID-19," said Abdul Rahim. "We must recognize the importance of actively supporting the communities in which we operate, and we must always remember that we are all in this together," he said.

"To play their role effectively, banks are, in turn, supported by the decisions taken by the government and the Central Bank of Bahrain (CBB), the Kingdom's banking and financial services regulatory, to protect the stability of the national economy," said

Abdul Rahim. "This included decisions to cut interest rates and to reduce reserve requirements. Together, these decisions provided banks with the flexibility necessary to support national efforts to absorb the economic impact of the pandemic," he said.

"Bahrain is widely recognized as one of the region's key banking and financial services hubs," said Abdul Rahim. "This was further reinforced by the Kingdom's handling of the economic aspects of the global COVID-19 outbreak, with the Government quickly announcing far-reaching initiatives and the banking and financial services industry complying immediately," he said.

"One such initiative was the six-month deferment of financing instalments," said Abdul Rahim. "This went a long way in helping both individual and corporate customers absorb the economic impact of the outbreak and, subsequently, avoid a dangerous economic downward spiral that would have had a catastrophic effect on the national economy," he said. "This same initiative however effectively eliminated liquidity from the

banking and financial services industry, potentially stopping banks from being able to service their own financial obligations or, at the very least, dramatically reducing their ability to provide new financing for their clients," said Abdul Rahim. "This would have had an equally catastrophic effect on the national economy if the Central Bank of Bahrain (CBB), the Kingdom's banking and financial services regulator, had not stepped in to provide the necessary liquidity. It is an example of the type of support and close cooperation necessary to help steer the economy back on track," he said.

"The banking and financial services industry is a key pillar of the national economy, accounting for 16.5 percent of the Kingdom's GDP," said Abdul Rahim. "In addition to creating more than 14,000 jobs, most of them for Bahrainis, the industry also plays a key role in supporting economic development by providing financing both to individuals and to businesses. The importance of this role cannot be overstated, and we must live up to our responsibilities," he said.

"For banks, the most immediate focus will be on preparing for the end of the instalment deferment period," said Abdul Rahim. "It is important to ensure that we do everything possible to ensure that both individuals and businesses can ease back into addressing their financial obligations. To do so, some banks in Bahrain are developing several programmes to help ease the transition, including restructur-

ing funds, reducing instalments and other initiatives that will help to improve the financial position," he said.

"At Ithmaar Bank, we closely monitor the financial conditions of our individual and corporate customers and, when necessary, we contact them to better understand how the current circumstances are affecting them and how they are addressing the challenging conditions," said Abdul Rahim. "We also study their future plans to ensure that we are ready to provide any necessary support both in meeting their requirements and in helping them meet their financial obligations, as well as to help further improve our products and services," he said.

"We also closely monitor general economic changes, as well as changes in the banking and finance industry, as these indirectly affect the financial strength of customers. Monitoring these changes also provides important insights that help us restructure and continuously improve our financing products," said Abdul Rahim. "As a result, we are prepared to respond quickly and efficiently to changing market requirements and we are well positioned to ensure we provide the products and services our customers require," he said.

## Risks, opportunities

"We must also recognize that many things have changed, some irreversibly," said Abdul Rahim. "This creates both dangerous risks and great opportunities and, as financial institutions, we have a responsibility to help the economy safely navigate through these challenging, uncharted waters. We also have a responsibility to help shape and define the new, post Covid-19 normal. This will include, for example, further increases in our already significant investments on digital infrastructures as well as enhancing our online offerings, improving our digital storefronts and reconsidering our entire retail model to ensure we cater to new lifestyle choices and customer demands. At Ithmaar Bank, for example, we continuously invested in developing our digital infrastructure and, years ago, began implementing far reaching, bank-wide initiatives. We have long tried to ensure that as many services as possible were available online and encouraged customers to bank online. As a result, as soon as the

pandemic started, we were able to actively encourage customers to help contain the spread by banking online, and stressed that almost all transactions can be completed without ever visiting a branch. This protect both customers and employees, as well as helping contain the virus," he said.

"With oil prices falling to unprecedented levels and the global Covid-19 pandemic slowing the world economy to a trickle, we must also work to find new opportunities," said Abdul Rahim. "Rating agencies are forecasting significant economic contraction across the world, with S&P Global Ratings, for example, predicting that Bahrain's economy will shrink a full five per cent in 2020 alone," he said.

## Focus on Fintech

"To counter this slowdown, we must look at alternative models and reconsider how we do things," said Abdul Rahim. "Financial technology (Fintech), for example, has been a recent buzzword, with everyone talking about how it will transform the banking industry and lead to dramatic changes in the way transactions are conducted. It is time to accelerate this transformation with a clear focus on implementing the technology necessary to ensure business continuity," he said.

"These are grave responsibilities that we must take very seriously, and I am confident that, with the support of our stakeholders, we will emerge stronger than ever," said Abdul Rahim. "Banks are an integral part of the national economy and, to effectively play our role in its recovery we will need to work closer than ever before with the Government, particularly the CBB, the Ministry of Financial and National Economy, the Ministry of Industry, Commerce and Tourism, Tamkeen (the Labour Fund) and the Bahrain Chamber of Commerce," he said.

## Long-term view

"Together, we must take a medium to long-term view of the economy and recognize that knee-jerk reactions and quick fix solutions will likely only hurt us all in the end," said Abdul Rahim. "Instead, we must work together to help the most vulnerable among us, both individuals and businesses, recover from the economic impact of this global pandemic," he said.

# 16.5pc

of the Kingdom's GDP is generated by the Banking and Financial services industry

# 14k

jobs are created by the banking and services industry, most of them are for Bahrainis

## GIG Bahrain covers COVID-19 during travel

● **Must take a COVID-19 test prior to travel**

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GIG Bahrain announced it has enhanced its travel policy to cover COVID-19 during your travel. The policy covers all travel policies, weekly,

monthly and annually.

The company said, "If an insured is diagnosed (God forbid) with COVID-19 during his/her travel, GIG Bahrain will cover all treatment and hospitalization costs for up to \$ 35,000. Moreover, if home quarantine is required, \$100 per day will be paid for a maximum of 14 days."

The insured must present a (negative) COVID-19 test 72 hours prior to the travel to get

## Moderna prices COVID-19 vaccine at \$32-\$37 per dose for smaller volume deals

Reuters

Moderna Inc said yesterday smaller volume agreements for its experimental coronavirus vaccine have been priced in the range of \$32 to \$37 per dose, higher than the price set by the US deal for Pfizer Inc's vaccine candidate.

"We will be responsible on price well below (its) value during the pandemic," Chief Exec-

utive Officer Stéphane Bancel said on a conference call, adding that larger volume agreements for its vaccine will be priced lower.

Last month, the US government struck a deal for an experiment vaccine being developed by Pfizer and partner BioNTech SE that secures enough vaccine to inoculate 50 million Americans for about \$40 a person. Moderna's two-dose vaccine



A sign marks the headquarters of Moderna Therapeutics

regimen would cost between \$64 and \$74 per person.

Moderna, which has no drugs on the market, has received nearly \$1 billion from the US government under a plan to speed up vaccine development. It has not struck a supply agreement with the United States. The company said on Wednesday it was in talks with several countries for supply agreements for its vaccine.