Big tech firms agree on 'data portability'

AFP| San Francisco

Facebook, Google, Microsoft and Twitter unveiled plans Friday to make it easier for users to take their personal data and leave one online service for another.

The "Data Transfer Project" revealed by the companies responds to concerns about the growing influence of internet platforms and internet user concerns about control of their personal information shared online.

"Users should be in control of their data on the web, part of this is the ability to move their data," the companies said on the project website.

Turkish bizman to face UK extradition hearing

Reuters| Ankara

Exiled Turkish businessman Akin Ipek will face an extradition hearing in Britain in September, the British interior ministry has said, following his arrest in relation to a Turkish request to extradite him.

Ipek built a multi-billion-dollar fortune in Turkey based on gold mining but left the country in 2015 after relations between the government and followers of US-based Islamic cleric Fethullah Gulen soured. Ankara now accuses Gulen, a former ally, of orchestrating a 2016 failed coup attempt and has carried out a widespread crackdown targeting his alleged followers.

Dubai hits rough patch as markets slump

- **Residential property prices have dropped by more than 15pc since late 2014 and are still falling**
- **The stock market is down 13pc this year, the worst performance in the region**

Reuters| Dubai

The property market falls may be temporary, the result of an economic slowdown in the Gulf caused by low oil prices

In Dubai's posh Jumeirah Beach Residence district, luxury apartment rents are down about 15 percent from a year ago - a sign, some fear, that the wealthy emirate's recipe for economic success is getting stale.

For over two decades, Dubai prospered as one of the world's most international cities, attracting people and capital from across the globe.

Nine years ago, it needed a $20 billion bailout from Abu Dhabi to escape a debt crisis caused by collapsing property prices. Dubai's economy roared back and has grown by a third since then, buoyed by foreign trade, tourism and its status as the main regional hub for business services.

Now, however, Dubai is hitting another rough patch. Residential property prices have dropped by more than 15 percent since late 2014 and are still falling. The stock market is down 13 percent this year, the worst performance in the region. Dubai issued 4,722 new business licenses in the second quarter of 2018, down 26 percent from the same period in 2016, the year when new licenses peaked.

The falls may be temporary, the result of an economic slowdown in the Gulf caused by low oil prices. But other figures suggest some of Dubai's traditional growth engines are losing steam, which could mean a long-term slump.

Growth in passenger traffic through Dubai's international airport has fallen to near zero this year, after 15 years of strong increases. Increasingly long-range aircraft may loosen Dubai's dominance as a travel hub connecting Asia and Europe.

Official data shows Dubai's population continuing to expand, by 3.5 percent to 3.08 million in the first half of 2018. But most growth in recent years has been in lower-paid construction and services jobs, not in higher-paid white-collar posts.

"Perhaps the era when one could move to Dubai to make one's wealth is passing," said Hasnain Malik, Dubai-based global head of equity research and strategy at Exotix Capital.

He said the city was increasingly attractive as a base for rich people from around the world who wished to enjoy their wealth.

But it is not clear that Dubai's transport industries and business zones can continue growing fast enough to attract, and retain, the number of foreign white-collar workers needed to support demand in its real estate market, Malik said.

Challenges

Economists see little risk of another financial crisis; after restructuring billions of dollars of debt, Dubai's state-linked companies are less leveraged than they were a decade ago.

Nor has headline economic growth slowed greatly. International Monetary Fund officials have estimated gross domestic product will expand over 3 percent this year.

"The emirate continues to attract businesses and investors as a competitive hub for sustainable business development," Dubai's Department of Economic Development said in a statement this week, adding that licensing figures showed "continued investment in all vital economic sectors in Dubai".

But much of this year's growth is due to a big rise in state spending as Dubai builds infrastructure to host the Expo 2020 world's fair; its 2018 budget soared 19.5 percent from 2017 to a record 56.6 billion dirhams ($15.4 billion). The government cannot keep boosting spending at that speed indefinitely.

Jim Krane, energy fellow at Rice University in Texas and author of "City of Gold: Dubai and the Dream of Capitalism", said the emirate faced structural challenges including an increasingly tough geopolitical environment.

YOU KNOW WHAT

For over two decades, Dubai prospered as one of the world's most international cities, attracting people and capital from across the globe

Islamic insurers net income falls but sector will stay profitable

TDT| Manama

Thought the net income of listed companies in the Islamic (takaful and Islamic cooperative tawuni) insurance sector in the Gulf Corporation Council (GCC), has nearly halved in 2017 to $375 million, from $674 million in 2016, the sector will stay profitable in 2018, S&P Global said in a report yesterday.

The decline in 2017 net income was mainly driven by weaker results in the Saudi Arabian insurance sector and follows an increase in earnings by about 151 per cent in 2016, indicating some considerable earnings volatility in the sector, the report said.

"The Islamic insurance sector continues to face sector challenges around relatively concentrated and undifferentiated business models and high expense ratios that leave them susceptible to adverse event risk related to solvency, governance, and accountancy. That said, we believe that medium-term growth prospects in the sector remain satisfactory given relatively low penetration levels, and we expect Islamic insurance to remain profitable overall in 2018," the report said.

Earnings volatility

Earnings volatility remains a key challenge for Islamic insurers in the region, the report said.

The publicly listed Islamic insurers in the GCC generated an estimated net income of $375 million in 2017, compared with about $674 million in 2016 and $269 million in 2015, the report said.

The Saudi Arabian market, which contributes about 85 per cent of total GPW, has been the main source of earnings volatility in recent years.

While net income in 2016 grew significantly due to rate increases as a result of stricter application of actuarial pricing, 2017 results dropped materially.

"This was because of additional reserving needs at the largest insurer, and high bad debt provisions at the fourth-largest insurer," the report said.

"First-quarter 2018 also shows a year-on-year drop in net income of 63 per cent, suggesting that this might be another challenging year. In contrast, the Islamic insurance industry in GCC countries outside Saudi Arabia recorded an increase in net income by about 832 per cent to $82 million in 2017 from US$9 million in 2016, and an increase of more than 60 per cent in first-quarter 2018 compared with the same period last year," the report said.

"This improvement was mainly driven by better results in the UAE (the second-largest Islamic insurance market in the GCC contributing about 8 per cent of total GPW), as Salama generated a net profit of US$10 million in 2017 against a net loss of US$48 million in 2016. Year-on-year earnings of Islamic insurers in other GCC countries remained broadly flat in 2017," the report said.

"While we expect the Islamic insurance sector in the GCC to remain profitable overall in 2018, there are a number of factors that may affect insurers' profitability in Saudi Arabia and the UAE, and therefore the overall results," the report sid.

"First, underwriting profits are lower in Saudi Arabia and the UAE because insurers apply no claims and other discounts to motor policies to gain or maintain market share.

"Second, insurers in Saudi Arabia have been providing additional coverage under medical policies, which may lead to weaker earnings if this business is not priced adequately.

"Third, the challenge of collecting value-added tax (VAT) from retail clients for policies written in 2017 and into 2018, as well as new accounting standards leading to higher doubtful debt provisions, could see net earnings decline further this year," the report said.

Growth prospects

GPW growth in the Islamic insurance sector has slowed considerably over the past two years, the report said.

"It stood at slightly below $11 billion in 2017, having remained flat year-on-year. This was despite moderate growth in some markets outside of Saudi Arabia. For example, Islamic insurers in the UAE recorded premium growth of about 15% in 2017 on the back of higher motor rates and an expansion of basic medical insurance coverage in Dubai.

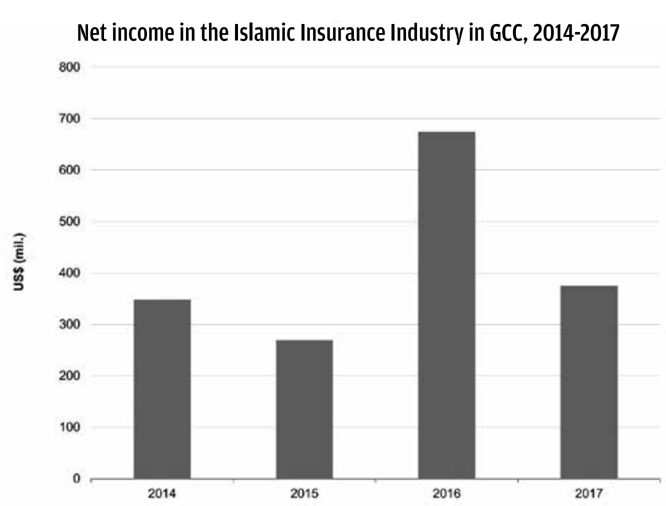
Industry-wide, first-quarter 2018 saw an overall decline in GPW by about 3% compared with first-quarter 2017, driven by a 3.7% drop in GPW in Saudi Arabia during that period mainly because of pressure on rates as well as slower consumer spending following the introduction of VAT in January 2018. The departure of a large number of expats from Saudi Arabia over the past year has also resulted in lower premium income.

"We anticipate that the local authorities' efforts to tackle the large number of uninsured drivers, combined with the arrival of women drivers in mid-2018 and higher rates for medical business, following the introduction of additional benefits, will support a slight pick-up in premium growth in Saudi Arabia in the medium term," the report said.

However, this may be offset in the short term by the large number of foreign workers that have already left, or will be leaving in 2018, as Saudization policies are increasingly enforced.

Credit conditions

Total shareholders' equity in the Islamic insurance sector in the GCC improved by about 3 per cent to $4.8 billion in 2017, from $4.6 billion in 2016, as a number of insurers retained parts of their profits or raised additional funds through rights issues, the report said.



Source: S&P Global Ratings

Key takeaways

- Net income for the Islamic insurance sector in the GCC dropped by about 44% in 2017, with flat GPW growth and a small increase in shareholders' equity
- Overall,net income in 2017 and first-quarter 2018 declined mainly due to materially weaker results in the Saudi Arabian insurance sector
- The overall Islamic sector in the GCC to remain profitable this year, but pressure on rates as well as lower consumer spending and challenges to collect VAT for policies written in 2017 and extending into 2018 could result in a further decline in net earnings this year.
- Credit conditions in the industry may weaken,if slow premium growth persists