

# INTERVIEW KHALID SAAD

## On way to be FinTech hub

By Abdulaziz Khattak

Bahrain has zealous ambitions of becoming 'the' destination for FinTech innovation and the Bahrain FinTech Bay (BFB) is leaving no stone unturned in seeing that dream comes true.

The dedicated organisation is led by the young and enterprising Khalid Saad, whose vision for BFB is to be the leading FinTech platform in the Mena region, position Bahrain as a leading regional and global FinTech hub, and to contribute effectively to Bahrain's transformation and growth story.

"Underpinned by a public-private partnership, BFB aims to support the country's Vision 2030 and is in line with the objectives of the Bahrain Economic Development Board (EDB) to diversify the economy, create jobs and move increasingly towards a digitally and innovation-driven economy," says the CEO.

He says the development of a FinTech ecosystem will support Bahrain's ambitions of becoming an advanced digitally and innovation-driven economy. It will also future-proof the financial services sector, which is the second-largest contributor to Bahrain's GDP at 17 per cent.

Saad says the transformation in the financial services sector will act as an enabler and role model to transform other sectors. Additionally, it will attract local, regional and international innovators to establish their companies in Bahrain, which in turn will bring fresh ideas and create quality employment.

In Saad's view, the digital economy is very important and every nation today aims for a digitally- and innovation-driven economy. The modus operandi, he says, is changing globally with technology underpinning that and we need to be ready for that change.

"Additionally, you can become a centre of excellence, which regularly creates quality jobs. Ultimately, this is what will distinguish many countries from others and increase their competitiveness."

Barely two years into existence, the BFB has recorded notable achievements in this short period, including:

- Being recognised by S&P Global Ratings as one of the two most advanced FinTech ecosystems in the Mena region.
- Having hosted three royal visits, that of His Royal Highness Prince Salman bin Hamad Al Khalifa, Bahrain's Crown Prince and Deputy Supreme Commander; His Royal Highness Prince Al Hussein bin Abdullah II, Jordan's Crown Prince; and His Royal Highness Prince Andrew, Duke of York; and numerous other delegations.
- Launching of the National FinTech Talent Program, a unique programme globally aimed at training and placing 50 Bahrainis (fresh graduates and with up to two years of experience looking for opportunities) in FinTech, innovation and digitalisation. The intention is to create fulltime employment for the Bahrainis and/or create new local FinTechs. The programme, which is in its first cohort, has already resulted in a



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large number of full-time employment.

- Being home to nearly 50 residents including the region's first fully-licensed and onshore crypto assets company, the region's only live crypto ATM, Bahrain's first fully-licensed insurance aggregator and the largest in the region, and Bahrain's first crowdfunding platform.
- Holding three major conferences focused on blockchain, regulatory technology and insurance technology.
- Creating a suite of thought leadership pieces, which have been used by reputable organisations such as the Milken Institute.

The BFB has been instrumental in helping spread awareness about FinTech and changing the mindset of individuals and corporates, and it does this by working alongside all key stakeholders in Bahrain, such as the EDB, Central Bank of Bahrain (CBB), industry, and academia.

Saad has seen a shift in the mindset over the past few years, especially since the rapid developments in the FinTech industry around the world, the introduction of new regulations and increase in awareness about FinTech in Bahrain and the region.

"Through a continuous effort of focusing on creating awareness and adoption of FinTech, the BFB wants to ensure that people are aware of what FinTech is, how

it's changing the world we work and live in, and what it means for them individually and for their institutions," says Saad.

He adds FinTech, which was once seen as either a temporary phenomenon or a luxury, is now seen as a strategic imperative. "Institutions are now increasingly developing strategies focused on meaningful digitalisation, which includes creating new digital roles and teams, upskilling and reskilling staff alongside an internal sandbox, where collaboration and testing with FinTechs can take place."

On the individual front, Saad adds, many people have undertaken FinTech courses and partaken in FinTech-related workshops, seminars and conferences to gain an overview or broaden their horizons and skills with regard to FinTech.

Looking at Bahrain's FinTech scene, there are segments that are developing well, such as payments, which is considered the most developed FinTech segment.

Another segment, which Bahrain is increasingly building a reputation for is crypto assets, having introduced the region's first dedicated and onshore licensing framework for crypto assets companies.

Bahrain has also allowed testing of such companies under the CBB's regulatory sandbox.

According to Saad, with open banking underway in Bahrain, segments focused on digital banking and even insurance are set to gain. However, overall, the sector is segment-agnostic as the FinTech ecosystem is still developing and is in its early stages. Saad says it's important to encourage the different segments to grow and develop.

A key driver in FinTech's growth is regulation and the CBB's regulations and initiatives have laid the foundation for a lot of the FinTech activity in the country, says Saad.

"The new regulations and initiatives including crowdfunding, digital advice, crypto assets and open banking regulations have resulted in many new companies entering the market. For example, 36 companies from 19 countries have been accepted into the CBB's regulatory sandbox, when it was only one company (from the existing 36) before the launch of the sandbox."

Additionally, these regulations have also resulted in the industry looking at FinTech as a critical component of their current and future development.

#### Why Bahrain is ideal for FinTech?

To investors, both local and foreign, Saad gives a number of key reasons why Bahrain is the ideal FinTech jurisdiction to establish operations in, including but not limited to:

- Having the best FinTech regulations in the region and the fact that they are onshore, which is significant.
- Alignment between the public and private sectors which means establishing a base is relatively straightforward.
- Ideal place to incubate, ideate and localise a product or service for the region.
- Cost-effective jurisdiction to base operations.
- Availability of highly-skilled and bilingual local workforce that understand the regional dynamics very well.

There are also challenges when promoting and developing new industries such as FinTech. Saad says these include the time it takes to build awareness about FinTech's benefits and its importance for Bahrain now and in the future, adding BFB has covered significant ground already, but more is needed.



HRH Prince Salman bin Hamad Al Khalifa during a tour of Bahrain FinTech Bay

*'BFB wants to ensure that people are aware of what FinTech is, how it's changing the world we work and live in, and what it means for them individually and for their institutions'*

#### What are the challenges?

Then there are the challenges you face as a sector leader, especially Bahrain's position in FinTech. "We are taking a leading role in developing regulations and embracing FinTech at a national level. When you play such a leading role and are first, there is always the process of adjustment and trial and error. There is an opportunity in being a leader and first, but there is also an execution risk that comes with it," says Saad.

"Furthermore, we have to be nimble to stay relevant, meaningful and always be welcoming of new innovations and technologies. The regulatory development will never be able to keep pace with technological development, but it is important to have a friendly, forward-looking and flexible regulatory environment that ensures that you can continue to embrace and welcome the latest developments."

Needless to say, security is always a concern in the digital world. To allay these concerns, Saad says regulations are needed that ensure there are adequate and appropriate security/cybersecurity measures in place. He also calls for institution-related policies and procedures to ensure the right safeguards when it comes

to data and collaborating and integrating with FinTechs. Meanwhile, FinTechs themselves need to ensure that they have the right security/cybersecurity capabilities in place.

#### Effective strategy

Saad brings valuable past experiences to his role at the BFB which, he says, have been really helpful to him in undertaking his work. He has, before his current assignment, worked at an investment/technology firm, a Big Four firm and the EDB, in a combination of advisory, strategy and business development roles at both the private and public sectors.

His ongoing tenure as CEO is less than two years, just equaling the BFB's age. But he has outlined an effective strategy that saw BFB establishing the hub, engaging stakeholders and building awareness of what BFB is and FinTech in general in the first year.

In the second and third years, he is overseeing sustaining growth, adding more value to stakeholders and helping develop further aspects of the ecosystem. Throughout the execution of these strategies, sustainability has remained key and this is something that BFB has been built on from the first day, says Saad.

About further plans to meet the demands of the changing market dynamics, Saad says BFB will have to keep abreast of the latest developments and ensure it is nimble and flexible enough to change and adapt.

"Since our launch, we have built different blocks to help develop the ecosystem, whether it's research, events, talent development or venture acceleration. All of these have been designed in a way that allows us to adapt to the changing market needs and trends without altering our objectives. We are introducing an acceleration programme, which will help us look more at investments in the upcoming future," he concludes. ■