

Sector briefing

Financial, Legal and Professional Services Opportunities in the UAE

Why the UAE?

Within the UAE, financial services activity is focused in Dubai; Dubai has the largest and most sophisticated financial services industry in the region being home to many banks, insurance, financial and legal services firms. Abu Dhabi and Dubai are growth markets in their own right in many areas of interest to UK financial services industry from which many UK firms have already set up shop accessing a significantly growing regional market.

In the UAE there are effectively two financial services markets 1st Dubai International Financial Centre (DIFC), regulated by Dubai Financial Services Authority (DFSA), a hub for institutional finance and a gateway for capital and investment to GCC & MENA region and 2nd the federally regulated market.

The DIFC is emerging as a key regulatory environment, using mainly English common law and arbitration, with asset management and insurance being some key activities. In addition, being close to some of the largest and most active and diversified sovereign wealth funds not only helps cement relationships, but also facilitates inward investment into the UK.

The Abu Dhabi government owns one of the world's biggest investment funds, ADIA, which has estimated reserves of between US\$500-900 billion.



“DIFC’s sophisticated regulatory platform & the various active SWFs make the UAE an ideal choice for British firms”

Find general information on the **UAE** market conditions on [UKTI’s website](#). [The Doing Business Guide for the UAE](#) gives an overview of the UAE’s economy, business culture, potential opportunities and an introduction to other relevant issues.

Opportunities

Opportunities for UK Financial, Legal and professional services companies in the UAE are growing - key areas are detailed below:

Private Public Partnerships (PPP)

The global economic slowdown, limited liquidity and relative scarcity of credit have led many regional governments to consider PPP as a serious means of financing public sector projects. A recently published statement by an official from Dubai's Roads and Transport Authority (RTA) stated that it will seek private funding for almost a third of its infrastructure projects over the next five years. The Dubai PPP law according to senior officials is being finalised.

The priority for Dubai Government up to year 2012 is delivery of mass transport projects handled by the RTA followed by Power and Water (as longer term issues) delivered by Dubai Electricity and Water Authority (DEWA). Also, the ambitious levels of growth in Abu Dhabi 2030 strategy require more private and public partnership to ensure delivery of its objectives though leaning towards services delivery with some private participation and funding.

UKTI is engaged with both federal and Emirate level government stakeholders in PPP advice through private sector resources including TheCityUK and high level visits such as of the Lord Mayor.

The identified opportunities shadowed in sectors like mass transport and energy such as the Etihad Railways project valued at £11 Billion, Al Sufouh project valued at £600 Million and Dubai's Independent Power Plant (IPP) project valued at £1.35 Billion.

Education training & qualifications (ETQ)

The UAE government spending is strong in the field of training and professional skills development, specially for developing its nationals, and the UK is regarded as a partner of choice. The Institute of Chartered Accountants in England and Wales, Association of Chartered Certified Accountants, Ifs School of Finance, Chartered Institute of Management Accountants, Middlesex University Dubai, The University of Bolton, Manchester Business

School, Strathclyde Business school, to name a few, have presence in the UAE.

The DIFC created the DIFC Education Centre (DEC) and is promoting itself as the leading provider of executive education in the GCC region. Both London Business School and CASS Business School have collaboration with DEC and deliver, since September 2007, an Executive Master of Business Administration program and an EMBA respectively. In February 2007, the CISI (then SII) launched their new office in Dubai and recently concluded a successful agreement with Emirates Securities and Commodities Authority (SCA).

A recent insurance round table, attended by the Lord Mayor, identified promotion of Insurance standards and chartered qualifications as a local market need and an opportunity to help up-skill local practitioners and improve their performance.

Insurance

While the sector is recording impressive growth rates, insurance is not yet a main driver of financial services output in the UAE. Although penetration levels in the UAE are amongst the highest in the GCC, it is still underdeveloped market by international standards.

The sector is fragmented, in many cases price driven and highly competitive. Top three players control 40% of the market (The Oman Insurance Company, Abu Dhabi National Insurance and Arab Orient Insurance Company). The remaining 48 compete aggressively for remaining 60%. The sector is moving towards greater consolidation.

Thanks to the DFSA regulatory regime; many London based and Lloyds syndicates and brokers are present in DIFC and service the UAE and wider region. With room for more growth in capacity and need to be closer to the regional market to service and better understand local risk; DIFC represents a possible platform for UK companies in this discipline.

Takaful (Islamic insurance) accounts for a small share of the business, but is seen as the driver for future growth. For the market size, life insurance segment is underdeveloped (around 16% of total annual premiums). This is mainly due to cultural reasons. None life

market is leading the insurance industry in the UAE with local companies dominating the market. This includes motor, real estate and construction.

The new healthcare regulations made 2008 an important year for non life insurers, when compulsory health insurance law was introduced in Abu Dhabi. The New health funding scheme introduced by Dubai Health Authority also opened a window of opportunities for health insurers.

The market entry for new insurers, however, is somewhat restricted as the Emirates Insurance Authority is currently not issuing new insurance licenses for foreign companies. Highlighting the benefits this will bring to the local economy; UKTI will continue engaging to seek the lifting of the current moratorium.

Asset Management:

An expanding sector spanning in all segments of asset classes from savings to private wealth management in the following growth areas:

- The expected exponential growth in the savings industry will require the provision of attendant direct services (from life policies to retirement plans to actual fund management and back office functions as well as after sales service);
- Private banking and wealth management as the region reverts to being a very large private capital exporter. Managing private wealth also leads to corporate banking opportunities as relationships are established and or strengthened. Legal, accounting and other professional services follow as well as boutique corporate finance services.
- SWF related fund management services.

Legal and professional services

- **The system**

The UAE is based on secular law sourced from Egyptian, French and Roman law. Though Shari'ah law has primacy in the constitution, in practice, Shari'ah courts are used to settle cases of family law, and some criminal appeals. Commercial law is dealt with by the secular courts.

- **Mode of operation**

In Abu Dhabi, as in many Gulf States, foreign law firms must have a local associate. However, in Dubai foreign legal services firms may establish themselves without a local sponsor but can only provide advisory services. Only UAE national lawyers are permitted to appear before UAE courts, with some Arab lawyers are given exceptions, subject to periodic review. Foreign companies must therefore use local advocates (barristers), either taking them on as employees, or instructing them as clients.

- **The sector in brief**

The sector is mature and highly competitive with many players including local, multinational, and a large number of UK firms. The UK maintains an enviable reputation for excellence in financial, legal and professional services in the UAE, with visits by the Lord Mayor and The City UK reinforcing the UK brand. Legal services are regulated both at the national and emirate levels.

There are about 500 UK solicitors practicing in or use the UAE (particularly DIFC) as a base for their activities. After the US, the UAE has the largest concentration of UK solicitors overseas. Dubai is home to Clifford Chance, Clyde & Co, Ashurst, Denton Wilde Sapte, DLA Piper, Norton Rose, and Simmons & Simmons.

- **Accounting and auditing services:**

International Accounting Standards are applied in the UAE. The sector is regulated at federal level. Accountants, provided they obtain the relevant professional license and approvals, benefit from free movement within the UAE, enabling them to operate in an emirate other than the one in which they are registered, without requiring a special licence.

Some 264 foreign individual auditors, 208 local (or GCC) individual auditors, 47 local firms and 12 foreign firms operate in the UAE, the latter in the form of branches.

- **DIFC**

DFSA (DIFC's legal and regulatory framework) closely mirrors the UK's English Common law and FSA framework, is a familiar environment for UK firms. It adopted the only operating English language common law court in the

region (DIFC Court's Deputy Chief Justice is Sir Anthony Colman). London Court of International Arbitration (LCIA) chose DIFC for its first overseas JV to establish DIFC-LCIA Arbitration Centre, to promote arbitration in the region, and its awards passing through DIFC Courts are executed by Dubai Courts.

Opportunities

Scope exists for the UK to offer its experience and expertise in various areas, including financial services, PPP advisory, corporate governance, commercial litigation, contracts, legal systems and administration and dispute resolution. There are obvious overlaps here with ETQ.

If you have any questions on the opportunities above, contact the UKTI Financial and legal services contacts named in this report.

Business opportunities aimed specifically at UK companies are added daily to UKTI's website. These leads are sourced by our staff overseas in British Embassies, High Commissions and Consulates, across all sectors and in over 100 markets.

You can be alerted to business opportunities on a regular basis by registering on the UKTI website. [Find out more on UKTI's business opportunities service on the UKTI website](#)

Major events and activities

Bonds & Loans Middle East

Contact: Gulf Financial Conferences

www.megaevents.net

Time: 7 - 8 June 2011

Middle East Retail Banking conference 2011

Contact: MEED Conferences

www.meedconferences.com/retailbanking/

Time: 4-5 October 2011

Power, Utilities, Infrastructure Finance & Investment MENA Conference

Contact: Gulf Financial Conferences

www.gulffinancialconferences.com

Time: 4-5 October 2011

World Takaful Conference (WTC)

Contact: Mega Events

www.megaevents.net/takaful/

Time: 15-16 April 2011

Middle East Islamic Finance & Investment Conference (MEIFIC)

Contact: Mega Events

www.megaevents.net/middleeast_finance/

Time: 17-18 April 2011

Find full details of all financial and legal services events in the UAE on the UKTI website. New export events are added daily to the site and [you can register to be alerted to them](#) on a daily, weekly or monthly basis

UKTI's Tradeshow Access Programme (TAP) provides grant support for eligible Small & Medium Sized Enterprises (SME's) to attend trade shows overseas. Find out more about [UKTI support](#) for attendance at overseas events

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Next steps - How UKTI can help

British companies wishing to develop their business in the UAE market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in the UAE, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Chinese market
- Establishment of interest of such contacts in working with you
- Arranging appointments
- Organise seminars or other events for you to meet contacts and promote your company in the Chinese market

This work is available via our [Overseas Market Introduction Service \(OMIS\)](#) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find [contact details for your local UKTI office](#).

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