

Continuing growth and prosperity

By **H.E. TAHIR SALIM AL AMRI**

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TAHIR SALIM AL AMRI has been the Executive President of CBO since 2017. His career started at the Ministry of Finance in Revenue Accountancy before becoming the Acting Director of Oil Revenue and then the Director of Gas Revenue. Later he became the Director General of Treasury and Accounts and then the Director General of Budget and Contracts. In 2015, he became Deputy CEO of Oman Investment and Finance Company. His Excellency Al Amri has also served on the Board of various prestigious private and public entities.

Central Bank of Oman is an independent monetary authority in Oman. Thanks to the wisdom of His late Majesty Sultan Qaboos and his profound understanding of the subject, Central Bank of Oman has been given full-fledged authority to take its own decisions in the best interest of the banking sector and Oman's economy.

When the Central Bank of Oman was established in 1974 through the promulgation of the banking law, the prevalent economic setup was in its nascent stage.

After the advent of His late Majesty Sultan Qaboos may his soul rest in eternal peace – in 1970, the economic outlook of Oman underwent a remarkable change. The country launched a massive drive to build basic infrastructural facilities and improve consumption standards of the Omani citizens. As a result, Central Bank of Oman came into being and its humble journey began with a start-up capital base of RO 1 million, which has now reached RO 1 billion.

Ever since CBO began operations in 1975, it has been playing a significant role in the economic development of Oman as an important public institution. The policies adopted by CBO in the face of external shocks like many episodes of oil price decline and financial crises around the globe were proven to be exemplary, and have contributed in easing the adverse impact of unfavourable international economic developments on the domestic economy in general, and the banking sector in particular.

The Central Bank of Oman has undergone a great measure of transformation ever since its inception in 1974. The banking law of 1974 was revised in 2000 to accommodate emerging compliance requirements, followed by the adoption of best international practices in regulating and supervising banks such as the Basel Guidelines, Anti-Money Laundering and Combating of Finance Terrorism (AML/CFT) legislation, etc.

Many other endeavours such as the establishment of specialised banks, finance and leasing companies, money exchange houses, the College of Banking and Financial Studies (CBFS) introduction of several payment systems, Bank Deposit Insurance Scheme (BDIS), to name a few, have all contributed to the growth and success of the banking industry and the overall development in the country. BDIS provided the participating banks with a high level of security for deposits, while cushioning the effects of any unforeseen circumstances.

Similarly, CBO has mandated and incentivised all commercial banks to allocate at least five per cent of their total credit to SMEs and provide easy access of credit to SME entrepreneurs, in view of their significant role in the development of the economy.

From three commercial banks in early 1970 with seven offices, Oman has come a long way with 18 commercial banks, two Islamic banks and two specialised banks as of June 2020. Of these 18, nine are local banks and five have Islamic windows. The branch network, totalling 564 as of December 2019, is spread out throughout the Sultanate. From a total asset value of RO 197.3 Million in 1975, the conventional banks asset value rose to reach RO 30.804 Billion in 2019.

The increase in banking activity and banking penetration has extensively contributed to financial inclusion in Oman. Islamic Banking in the country was introduced in 2012, as well as a comprehensive Islamic Banking Regulatory Framework (IBRF). The Islamic banking market share has grown rapidly and is at 15 per cent today, with its asset value rising from RO 815.2 Million in 2013 to 4.884 Billion in 2019.

The advanced payment and settlement system in Oman placed by CBO, culminated in the enactment of National Payment Systems Law (NPSL) and the issue of Executive Regulations thereunder in 2018. It paved the way for licensing of non-bank entities as "Payment Service Providers" and set the field for the emergence of FinTech players in the Sultanate. Under NPSL, CBO has recently issued its first license to a firm in May 2020 to operate as payment service provider.

The setting up of Oman Credit and Financial Information Centre (OCFIC), under the name Mala'a in 2019 is another recent milestone achieved by CBO.

Taking cognisance of the emergence and rise of financial technologies in the banking and finance industry, CBO has approved the Fintech Regulatory Sandbox Framework, which enables applicants from both licensed and non-licensed institutions to test their proposed Fintech solutions live under CBO's oversight.

CBO expects to thrive and prosper further under the reign of His Majesty Sultan Haitham bin Tarik and seek his wise intervention on matters of critical importance. CBO also looks forward to align itself closely with the requirements of Oman Vision 2040 document and undertake financial inclusion at a larger scale to ensure greater reach of banking services. **E**