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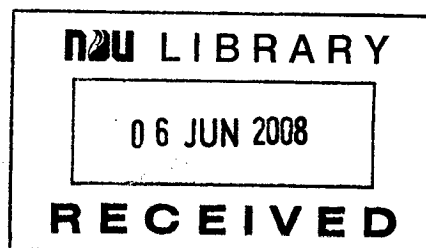
**Bordeaux Business School
Institute of International Business**

BLOM Bank Qatar
Strategic Market Entry

**A Thesis Submitted in Partial Fulfillment of the
Requirements for the Joint Degree of the Master of Business
Administration (M.B.A.) and the Master of Science in
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Approval Certificate

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Strategic Market Entry

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ABSTRACT

We are living in a world full of relentless change due to the vast effects of globalization. Thus, it is essential to think ahead and be part of this ongoing transformation. This initiative falls within the BLOM bank's vision to be everybody's bank for life and spread services far and wide where it is needed around the globe.

Despite the difficult economic and political situation looming over Lebanon since 2005 and beyond the general banking risk that BLOM Bank is exposed to, the bank's strategy is still to grow and increase its earning power through expansion, increase in assets, and maximization of net earnings.

As a result of the bank's expansion policy, we are going to cover in this study all the necessary steps needed to set up a branch in a new market; given the historical and significant relationship between Lebanon and the Gulf region, there is a strong case for a Lebanese bank to come and participate in Qatar's rapidly growing financial market.

The study starts by identifying the opportunity perceived followed by an overview of the Lebanese banking industry and BLOM bank capabilities to see a clear vision on the current situation. Then, we intend to cover up the market selection accompanied by an overview of Qatar's banking industry and profile risk with a deep analysis to competition. After this, we start by crafting the market entry strategy and ask how, when and where we are going to enter with a detailed organization plan. We conclude on how to make this whole process work and what is the next step forward.

The launch of a new branch in Qatar through a foreign direct investment should expand the scope of the bank and provide it with new opportunities since Qatar is currently the most promising and booming market in the region. According to our research findings this market entry will outperform all previous entries to the region relying on the guerrilla tactics entry approach and the unique extraordinary increase in all banking performance indicators in Qatar. So applying a successful market entry through allocating the best resources in the right place and time will make the bank ride the wave of economic boom in Qatar thus generating high return and opening new doors for the future.

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Chapter 1

INTRODUCTION

1.1 Needs of the Study

The Lebanese economy was severely hit in the last two years as the repercussions of the assassination of former prime minister Rafic Hariri in February 2005 were aggravated by the continuous flow of bad events until the Israeli war and blockade on Lebanon in 2006 and the subsequent political turmoil that has characterized the domestic scene ever since. Consequently, the huge negative impact of the war on the country's political, economic and social aspects wiped out the significant growth registered in the first half of 2006 and the economic situation deteriorated to a low level and the aggregate demand trend was reversed. However, Lebanon's solid economic resilience, adaptability and the strong international support had the overwhelming effect on offsetting the huge losses incurred during summer 2006 war which was demonstrated again by a gradual economic recovery and by the optimistic economic outlook that prevailed.

Year after year Lebanese banks are using the high level of profit they are incurring in order to further consolidate their banking service portfolio to cover the commercial, private, investment and retail banking. But the consequences of the latest war had a significant effect on the banking sector as a whole, however, it was defeated through reliance on the strength of the Lebanese financial system and the substantial inflow of foreign capital which boosted confidence in the future and as a result Lebanese banks improved their liquidity, asset quality, capitalization and management efficiency.

As a result, besides the deterioration in the economic situation, the Lebanese market is becoming more and more saturated due to the high level of competition and the comparative advantage offered by each bank is losing its edge bit by bit. Banks are now looking forward at a regional diversification by market of presence. Cross border expansion strategy is the new target of Lebanese banks in the medium term line horizon thus balancing between their presence in Lebanon and their affiliates abroad.

1.2 Opportunity Definition

To escape the instability and economic deterioration in the Lebanese market, banks have decreased their market risk through regional expansion which is mainly being pursued to three main regions in the Middle East and South Africa:

- The Levant region, namely Syria, Egypt, Jordan and Iraq
- The GCC region, namely Saudi Arabia and Qatar
- The North African region, namely Sudan and Algeria

These regions have strong banking growth potentials driven by the current under developed banking status with large retail banking potential and the significant need for universal banking services.

Among the targeted regional countries, Qatar particularly is witnessing a boom in its GDP fueled by high oil prices and development in the construction and real estate sectors and appears to be the wealthiest nation in the region with a high Per capita income making it the third richest country in the world behind Luxembourg and Norway. Also the government of Qatar is focusing on the development of a modern diverse economy that provides business opportunities and attracts foreign investments. In the last five years, Qatar has taken steps to liberalize its trade and investment climate in line with its WTO commitments by creating better access to world markets, providing foreign investors with more opportunities and enhancing trade cooperation by signing bilateral economic, commercial and technical cooperation agreements with different countries.

As a result, the Lebanese banks are operating at much below their output capacity and they are well positioned to benefit from a large cross-border expansion potential through bridging the existing gaps in the regional countries that are embarking on serious financial and banking reforms and playing a significant role at the international level in markets where Lebanon's Diaspora is strongly present and where strong ties are regularly maintained with domestic economy.

1.3 Brief Overview of all Chapters

In the following chapters we will deal with the major aspects that should be covered in order to generate a successful market entry. We start by allocating our state of knowledge in strategic market entry as well as understanding its definition, needs and the possibility of appliance through allocating a strategic window to get through a new hyper market. To assure the bank's ability for a new market entry we will analyze the Lebanese industry and examine the bank's current situation, strategy and capabilities.

After allocating the real position we are standing in we start preparing the procedures and methodology for this strategic step. We begin by selecting our market and analyzing the economic situation and growth in Qatar to see if it is the right place to go to and whether it has a long term economic plan for growth. Then we focus our market study on Qatar's banking industry, size and potentials to see whether it is saturated or not. At this stage we start analyzing the barriers and risks that may be faced by our market entry through analyzing the Qatari culture and values, political and legal environment, banking and investment law, monetary policy and finally deep analysis of the banking market share and competition.

After managing all barriers and reaching acceptable risk, we start formulating and implementing our market entry strategy by preparing a marketing strategy through applying market segmentation, targeting, positioning and channeling. After that we decide on the format of market entry and choose the right location that fits our segmentation strategy followed by the financial aspects through capital budgeting of the whole operation. At this stage we design our organizational structure by choosing the right people for the right places through a successful human resource strategy followed by a plan for the job organization and description and finally choosing the right products and services that shall be offered to fit the market. We finish our study by concluding on the whole process and its ability to work or fail and the limitations that block this whole process.

Chapter 2

LITERATURE REVIEW

In this chapter we will define the strategic planning stages for a market entry. The essence of strategic planning is the systematic identification of the opportunities and threats that will arise in the future which, combined with other important data, supply the base for a company to make better decisions in the present to exploit opportunities and avoid dangers.

We will also answer a key interest questions of where the bank is today and how well equipped it is to deal with tomorrow. Such analysis will foretell the bank's ability to go regional and whether it is useful to prepare a new market entry.

2.1 State of Knowledge in Strategic Market Entry

Many companies achieve increased sales, brand awareness and business stability by entering a new market. Choosing the best technique to enter a market is no simple task. Should the market entry objective be rapid acquisition of significant market share or stay below the radar to secretly build market share? There is no single strategy to fit all companies, products and markets. The term strategy is a creative task that comes from military language. Charles O. Rossoti says that strategy is:

"The engine that increases the organization's flexibility to adapt to change and the capacity to reach new and creative opinions".

In broad terms, deciding on the right market entry strategy for new ventures is basically around a forceful or a focused market entry strategy or both. Forceful market entry is about a highly aggressive entry where the degree of aggressiveness will be in the timing, spending and effort put into activities such as advertising, sales promotions, marketing and sales organizations, pricing, production, services to customers, discounts and publicity.

Focus market entry is about the extent to which the effort is narrowly focused or on a broad front where the degree of focus will be about the number of market segments initially addressed, geographical reach and the size/range of product line. (1)

All combinations of force/focus market entry have their advantages and disadvantages, therefore two further factors can help to decide the most appropriate entry strategy – the extent to which the market being targeted is bountiful or sparse and hostile or benign. Reviewing whether the targeted market is bountiful or sparse depends on the market size and growth, the level of customer risk, technology turbulence and the market lifecycle.

On the other hand, assessing the level of market hostility is done by reviewing the competition level, market share, dependence on the product, market capacity and size and government regulations.

To decide on the suitable market entry strategy we should decide whether our level of entry is aggressive or non-aggressive and whether it is conducted across a focused entry or a broad front entry. So according to these forms of market entry segmentation, four types of market entry can be concluded: (Table 1)

1- THE BLITZKRIEG ENTRY (Aggressive - Broad Front)

This is a highly aggressive, broad-front strategy using all forces across a wide scope of geography and market segments. Because this strategy requires rapid market penetration, it probably would be appropriate where there is a bountiful market.

2- THE CAVALRY CHARGE ENTRY (Aggressive - Focused)

This strategy is highly aggressive and focused. All the elements of aggression are still used, but in limited deployment to specific market segments and geographies. In building a cavalry charge for a technology product, one application would be promoted in a concentrated way to ensure early success. The cavalry charge requires a bounty market, but not so hostile that market segments into which entry is deferred are not lost to competition.

3- THE STRIKE FORCE ENTRY (Non Aggressive - Focused)

This is a non-aggressive and focused entry strategy. It is a low key, calculated entry into a narrowly defined market. This strategy might be appropriate to a market that is sparse and hostile. It is a back-door below the radar mode.

4- GUERRILLA TACTICS ENTRY (Non-Aggressive – Broad Front)

The guerrilla approach is a non-aggressive and broad-front market entry. It uses relatively low resources to target the most promising positions in markets that are munificent, but hostile. It can also be used to explore markets to focus on later without generating strong competitive interest or counteraction.

To choose which type of market entry strategy should be persuaded, thorough analysis of the company's capabilities, market barriers, potential competitors and possible customers should be performed. This process can be divided into four main steps where each component constitutes a sequential step in the strategic planning process decision. These steps can be divided as follows: (2)

A- Selection of mission and goals

Defining the major goals of the company represents what the company hopes to fulfill in the medium and long term. A strategy is an action that the company takes to attain one or more of its goals.

B- Analysis of the operating environment

Internal analysis aims to identify the quantity and quality of resources available to the company to see if it has the financial and managerial ability to enter to a new market. So we should work out how much of the company's resources can be dedicated to launch in the new market, factor in time and the organizational, marketing and financial skills needed. It is better to keep a small customer base happy than to dissatisfy a larger one.

C- Analysis of the new market environment

As for the external analysis objective it is to identify strategic opportunities and threats that are present in the market that the company wants to enter to and they can be illustrated as follows:

- Competition: we should study if the competition is aggressive and how it will affect the company's success and how the company will be positioned in the market to stand out from competitors.
- Public policy: Find out whether the government offers subsidies or takes taxes from the market in question.
- Barriers: Are there any legal barriers that need to be overcome in order to enter the market? Do we need a license to enter a particular international market?

D- Market strategy formulation, development and implementation

The final step requires strategy selection and implementation. After achieving the company and market analysis we choose the suitable strategy that fits and aligns with the market environment and the company's capabilities. Some of the relevant factors that are important in deciding the viability of entry into a particular market are:

- Format of entry to International markets: choosing one of the several methods of international market entry which include exporting, licensing and joint venture.
- Marketing plan: A detailed market plan is scratched in order to allocate market segmentation, targeting, positioning and channeling.
- Designing organizational structure: allocation of structure of the whole company and distribution of roles according to this allocation
- Product or service: How easy is it to maintain? Does it have a unique selling point or direct competitive advantage? Does it have limited appeal? Will it be in demand for a long or short period of time? Are there product modifications required? Just how much should be charged for the product or service?

As a result, strategic planning is not about making future decisions, since decisions can only be made in the present. Future planning demands choosing between possible future events, but decisions themselves, which are made based on these events, can only be made in the present. Of course, once taken, they can have irrevocable consequences in the long term.

2.2 Industry Analysis

2.2.1- Lebanese Banking Industry

An efficient and reliable financial services system is a vital importance for any modern economy and it is often seen as a precondition for all forms of economic activities. It is so important that it is often called the "lubricating oil" that makes the rest of the economy function.

Lebanon was often called "Switzerland of the Middle East" mainly because of its well reputed banking network that was built up between the end of World War I and the beginning of the civil war in the mid-seventies. The power of the Lebanese Banking sector drew in most of the Arab capital from the Gulf and some funds from the international arena due to the application of the banking secrecy law since 1963 which is unique in the region. The Lebanese Banking Industry was capable of sustaining 15 years of war, and although Beirut lost a part of its market share in the area, its reputation remained. After the war has ended in the beginning of the 90's, the banking sector played a significant role in the recovery of the economy and it is currently being restructured in order to regain its leading place in the regional and international markets.

Banks in Lebanon recognize that they are responsible to the society where their social practices and initiatives reflect this understanding. Most banks have a code of ethics that stresses customer satisfaction, confidentiality in dealing, fairness and integrity and are often quoted as a model towards other economic sectors at the level of modernization. (3) In 2006 there were 54 commercial banks operating in Lebanon under the license of the central bank, in addition to 10 investment banks and 15 representative offices of foreign banks. Overall, the sector employed some 15,650 people across 825 branches nearly equivalent to 2 branches per 10,000 inhabitants and 801 ATMs. The employees of the Lebanese banking sector are best characterized as being young with 57% less than 40 years old and skilled with more than 77% of them having formal training or a university degree. It is worth mentioning that 17 Lebanese banks maintain 50 banking units abroad, serving mostly the Lebanese emigrants in America, Europe, Africa and Middle East. (4)

Banks, like other financial institutions in Lebanon, fall under the jurisdiction of the Bank of Lebanon, the country's central bank. The Bank of Lebanon controls entry into the banking industry and defines the scope of banking activities. It sets prudential regulations and codes of practice for banks. The Banking Control Commission, established in 1967, is responsible for supervising banking activities and ensuring compliance with the various rules and regulations. Overall banking activities are subject to both the Code of Commerce (1942) and the Code of Money and Credit (1963).

Generally, banks in Lebanon play the traditional role of societies financial go between. At present, this industry is best described as financially sound, stable and playing a key role in an economy where banks continue to dominate the financial system of the country in an open and liberal market economy that promotes competition. In mid 2006, banks were managing assets totaling to USD 75 billion. The worth of real estate properties owned by the banking sector in Lebanon and the country's central bank reached USD 2.6 billion out of which the banking sector held real estate properties valued at \$1.9 billion and the central bank's real estate portfolio was worth \$700 million.

The faith shown by Lebanese depositors in the aftermath of the prime minister Hariri assassination and during the June war crisis is also an important factor behind the stability of the banking and financial system. Around USD 2 billion of deposits exited the country in the few weeks following the Hariri assassination, but was recovered before the end of the year. In the first half of 2006, customer deposits for the banking sector had even increased from USD 58.12 billion at the end of 2005 to USD 60.76 billion by the end of May 2006, reflecting a USD 2.64 billion rise. It is also worth recalling that a large proportion of deposits currently being transferred out of Lebanon are being carried out within the same banking group, i.e. from the domestic entity of a Lebanese bank to this bank's foreign entity in Europe or the Gulf. This also reflects the natural preference of Lebanese depositors towards local banks, which is an important factor behind the stability of the domestic financial system. The large base of commercial bank deposits has consistently shown significant resilience to political and external shocks. The deposit dollarization rate is assumed to have reached around 74% of total consolidated customer deposits. This high dollarization rate helped in absorbing shocks after each crisis.

Due to this, the international rating agencies have not downgraded Lebanon's rating since the start of the hostilities, which was set at Stable. (5)

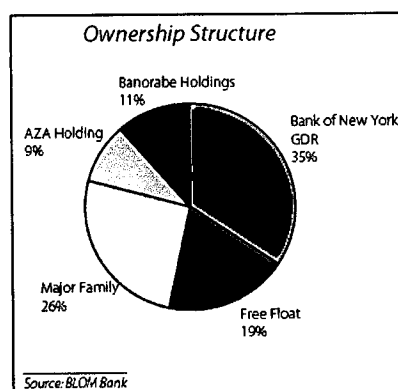
Bank services have continued to evolve in meeting customer's increasing needs and preferences. A greater diversity of products and services is offered, such as:

- A- Specialized Saving Plans for Retirement, Education and Housing.
- B- Consumer credit such as Mortgages, Car Loans and Personal Loans.
- C- Sophisticated Retail Payment Services and Electronic Banking.
- D- Corporate Credit and Trade Finance of different types and schemes.
- E- Investment Services: Pension and Mutual Funds.
- F- Private Banking and Consulting Services.

A range of choices is provided to users of payment services characterized by product differentiation in a highly competitive market. This competitive environment has led banks to develop a variety of competing systems and technology upgrading to improve cost efficiency and increase customers' satisfaction. The future will witness a growing use of electronic banking services especially that the Lebanese banks are investing heavily in new and sophisticated information and communication technology. This investment would also permit banks to treat rapidly and efficiently a larger flow of documentation and information.

2.2.2- General Background on BLOM Bank

Banque Du Liban Et D'Outre-Mer S.A.L, named hereafter BLOM Bank, is a Lebanese joint stock company that was incorporated in 1951 and registered under no. 2464 at the commercial registry of Beirut and under no. 14 on the banks list published by BDL. BLOM is one of the oldest banks in Lebanon and its original core group of shareholders still holds the majority of shares. BLOM main shareholders are Bank of New York with 34.4% shares, Banorabe Holding (11.4%), AZA Holding (9.3%), Shaker Family (5.4%), Oueini family (5%), others less than 5% each (34.5%).



The bank headquarter is located in Verdun Beirut and it has 51 branches inside Lebanon. As for regional branches, BLOM has one branch in Cyprus, a branch in Damascus free zone and 4 branches in Jordan that provides all commercial banking services and employs around 1,500 staff. (6)

The bank has a number of major owned subsidiaries that made BLOM Bank the most geographically diverse Lebanese Bank with the largest presence in Europe and the Gulf and the widest international branch network. These subsidiaries are as follows: (Figure1)

- **BLOM Bank France** head quartered in Paris with its branches in London, Dubai and Sharjah
- **BLOM Bank Switzerland** located in Geneva
- **Bank of Syria and Overseas** with a head office in Damascus and 9 branches all over Syria with three other branches currently under establishment
- **BLOM Development Bank** in Beirut
- **BLOM Bank Egypt** that has 11 branches in Egypt and 5 branches in Romania with 10 branches currently under establishment
- **BLOMINVEST Bank** in Beirut
- **AROPE Insurance** headquartered in Beirut with 4 branches and Arope Syria in Damascus

BLOM Bank provides commercial, retail, investing and private banking services along with its subsidiaries. It continues its policy of diversifying and developing its services which are crucial elements within the Bank's strategy.

Commercial banking services are also offered through BLOM bank France, Bank of Syria and Overseas and BLOM Bank Egypt plus a list of other services such as Letters of credit and guarantees, foreign exchange transactions, establishment of companies, securities and mutual funds.

Private banking services are extended through both the investment-banking arm BLOMINVEST Bank and the Geneva-based affiliate BLOM Bank Switzerland. These services include investment consulting, term deposits in all major currencies and portfolio management. As for investment services, BLOMINVEST Bank provides such services to its client base. The bank is specialized in treasury and capital markets services, project finance, stocks underwriting, asset and portfolio management and Research on the Lebanese economy. BLOM Bank Group also provides all types of insurance policies through Arope insurance and Islamic banking through BLOM Development Bank. Since

1981, BLOM has become the largest bank in Lebanon and it was chosen in 2000 as the Best Bank in Lebanon and was assigned the highest rating (A⁺) for its domestic financial strength.

In 2006, BLOM continued to benefit exclusively among Lebanese banks, for 5th consecutive year, of many awards remitted by international specialized institutions such as "Best Bank in Lebanon" and "The Bank of the Year" and "Best Investment Bank" and "Best Debt House in Lebanon" as well as "Highest financial strength rating".

BLOM Bank registered a significant growth in its international ranking to become the only Lebanese bank among the top 500 world banks in total assets. It remains the only Lebanese bank to benefit exclusively from the highest financial strength rating BBB⁺. BLOM's search for excellence in service and continuous effort to provide "Peace of Mind" to its customers has enabled it to win all these awards in the year 2007: (Figure2)

- Best Trade Finance Bank in Lebanon from "Global Finance"
- Best Bank in Lebanon from "Global Finance"
- Best Deal of the Year from "The Banker"
- Best Use of Technology in the Middle East from "The Banker Middle East" (7)

2.2.3- BLOM Bank Strategy and Capabilities/SWOT Analysis

BLOM is driven by the spirit and determination for development, innovation and growth. It believes that it takes vision to craft a change, will to make ideas alive, determination to improve the quality of life and teamwork to make it happen. That's why BLOM Bank always looks forward to bridging the gap between its strategy today and its vision tomorrow. The bank is expected to grow in size and profitability through its strategy of regional expansion while maintaining dominance over the Lebanese market and the continuous diversification of its banking services in order to maximize customer's satisfaction. It is anticipated that the main driver for growth going forward is the highly qualified management team that constantly pushes the bank to outperform the market in which it operates and the growth of loans locally in Lebanon and regionally through its subsidiaries. BLOM Bank's strategy for the next few years is based on four pillars:

A- Consolidate its leading position in Lebanon by gaining market share and targeting the growing private and investment banking business through establishing new branches, grow the lending business and review possible acquisitions.

B- The more promising part of the strategy comprises regional expansion in Syria, Jordan, Egypt and the UAE through new branches. The bank is also open to the idea of further international acquisitions.

C- The launch of new businesses and products should expand the scope of the Bank to include Islamic banking with several structured products.

D- The maximization of shareholders value.

BLOM Bank provides exposure to the Lebanese banking sector as well as to other regional and international markets. In Lebanon, the bank is the largest and most profitable bank and is highly diversified. Regionally, the bank is expanding and taking advantage of the growth in the Syrian, Jordanian and Egyptian markets.

BLOM is still the leading commercial bank in Lebanon in terms of assets, profits capital funds and customers deposits. Total assets registered \$ 14.2 billion increasing by 19.3% from 2005. Net profits recorded a significant increase of 32% and a \$180.7 million of net profits was registered. Customer's deposits witnessed a strong and continuous growth in 2006 where it registered an increase of 15.5% to reach \$ 11.7 billion despite of the huge amount of deposits transfer after the flow of bad events in 2005 and 2006. Loans and advances increased by 19% up to \$ 2 billion and capital funds increased by 33.6% to reach \$ 1.28 billion. The liquidity in foreign currencies registered 78.3% up from 71.5% in 2005 and as for liquidity ratios, the liquid assets over the total assets is 74.4% and the percentage of loans to deposits ratio is 17% which is considered as a small ratio leaving the bank with a large margin in loan issuing. The profitability ratios registered a return on equity of 16.8%, return on assets of 1.38% and total earnings per share of \$ 7.3 and the discounted equity cash flow analysis yielded a market value of \$ 89.42 per share.

As for the consolidated statements, total assets registered \$ 21.4 billion increasing by 19% and the net income registered a significant increase of 32% to \$ 272 million.

SWOT Analysis

BLOM always use SWOT analysis as a powerful technique for understanding its strengths and weaknesses and for looking at the opportunities and threats it faces which helps in carving a sustainable niche in the market.

In terms of SWOT analysis strength is summarized by:

- Brand name and reputation
- High profit margin
- Strong management with efficient HR profile
- Differentiation through offering banking, investment, and insurance services
- Continuous growth
- Remarkable presence through local, regional and international network

The weaknesses are related to the persisting:

- Large amount of deposits that are not being invested
- Low marketing profile
- Low presence in GCC Area

Opportunities lie in:

- The strong high growth in Qatar
- First Lebanese bank to enter to Qatar
- Large number of Lebanese expatriates

Threats are related to:

- High level of competition in Qatar

In this chapter we have discussed the different types of strategic market entry to decide on a certain strategy later on after demonstrating the necessary market analysis and we have also revealed BLOM's bank capability to enter a new market thus covering the necessary analysis of the operating environment. In the coming chapter we will analyze all the aspects in the new market environment.

Chapter 3

PROCEDURES AND METHODOLOGY

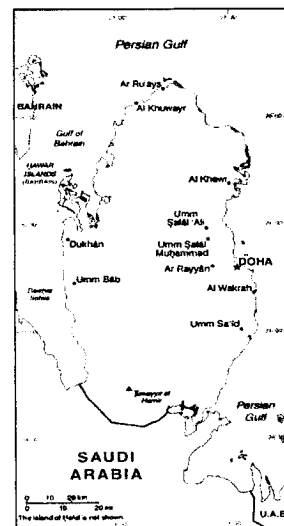
At this stage a question can be asked; should funds be committed to a proposed new market entry? In fact there are only limited periods during which there is a fit between the key requirements of a new market and the ability of the firm to enter to it; so any investment in a new market should coincide with this period in which a strategic window is open.

In this part we will cover the economic situation and growth in Qatar and make an overview on the current banking industry and cover the major barriers and risks that may block our entry such as cultural, political, legal risk barriers and also the public policy and competition in order to allocate if any strategic windows are available.

3.1 Market Selection

3.1.1- Qatar Economic Situation and Growth

The Qatar economy has emerged as one of the fastest growing economies in the world over the past few years. This economic boom was supported by the government of Qatar which focused on developing a modern diversified economy in partnership with the private sector that creates wealth for the state through providing business opportunities and attracting foreign investment. Qatar's rapid economic growth has enabled it to become one of the wealthiest countries in the world where the state trebled its economy since 2001 and has seen it increasing almost six-fold in the span of a decade. In 2006, Qatar's economy continued to grow from strength to strength registering a strong GDP of \$52.7 billion resulting in a GDP per capita of \$57,350 thus growing by



15.5% which is one of the highest levels in the world roughly double that of Kuwait and the UAE, and more than three times the GCC average and it is expected to remain the highest during the outlook period.

Moving the economy forward is the rapidly expanding oil and natural gas sector and related industries, which continues to lead the economic diversification efforts and provides the momentum for reshaping the economy. The share of the oil and gas sector in the overall GDP stood at 62% in 2006, mainly due to the rally in oil prices and the increased production of natural gas and related industries. Thus, developments in the oil and gas sector will continue to be the main contributor to economic growth, as the continued rapid expansion of Qatar's LNG industry and the coming on stream of new oil capacity lead to steep increases in export volumes. Lately, Qatar's efforts to develop its massive gas reserves, the third-largest in the world, have enjoyed considerable success, to become the leading global supplier of liquefied natural gas a position that will be bolstered in the years ahead by the coming on stream of several new LNG trains. In addition, Qatar is looking to become the "gas-to-liquids hub of the world" by the end of the decade and is also exploring regional opportunities for piping some of its gas to other Gulf States.

Nevertheless, diversification of the heavily oil dependent economy constitute a corner stone of Qatar's economic policy. The main feature of the diversification program is to enhance the role of the private sector in the economy, reduce dependency on oil and widen a hydrocarbon-based industry utilizing Qatar's vast natural gas resources. Beyond the energy sector and at the heart of the diversification process, lies a keen effort exercised by strong government spending on capital programs in education, health, transportation and human capital resources which will help to drive growth. Authorities have also announced plans to set up several free-trade zones to encourage economic expansion and are pushing ahead with a major petrochemicals expansion strategy. With a new investment law also planned and the local economy continuing to benefit from high oil prices, Qatar appears well placed to improve on its previously poor performance in attracting foreign investment into non-hydrocarbons sectors. (8)

High fiscal spending growth will contribute to a strong increase in private consumption, which will in turn be boosted by a rapid rise in the population largely driven by a large

influx of expatriates. Nevertheless, real GDP growth should remain strong over the outlook period, accelerating from an estimated 7.1% in 2006 to 8.3% in 2007 and 9.5% in 2008, as a raft of new LNG trains and petrochemicals projects come on stream.

Qatar is expected to record wide fiscal surpluses over the outlook period. Revenue, which has reached a record high of \$ 21 billion in fiscal year 2006, is nonetheless expected to increase by an annual average of almost 10% in 2007 and 2008, as oil earnings rise in line with production and returns on the country's overseas assets swell the state coffers further. Expenditure growth will continue to be driven by the demands of Qatar's rapid economic expansion, which will see a surge in spending on infrastructure projects, in particular. Despite some efforts to rationalize the civil service bill, current spending will continue to increase, as the government seeks to share out the state's growing hydrocarbons wealth through higher wages and generous subsidies.

As a result these are the reasons why to invest in Qatar:

- 1- Qatar is now one of the most open Arab economy and the best regional model for its neighbors to emulate.***
- 2- The rapid economic growth has enabled Qatar to become one of the wealthiest countries in the world.***
- 3- Qatar has one of the highest GDP per capita income in the world which stood around of \$57,350 in 2006 and estimated to reach as high as \$67,000 by the year 2007.***
- 4- Qatar economy has become one of the fastest growing economies in the world with a strong 33.8% Nominal GDP growth in 2005.***
- 5- Qatar has the third largest reserves of natural gas in the world and holds reserves of natural gas that exceeds 25 trillion cubic meters, more than 5% of the world total reserve.***
- 6- Qatar has permitted substantial foreign investment in the development of its gas fields during the last decade and is expected to become the world's top liquefied natural gas (LNG) exporter by 2007.***
- 7- Investments in Oil and Gas Petrochemicals are expected to reach 70 billion USD in the Coming 7 years.***
- 8- Qatar hopes to spend an astronomical \$100 billion on investment and infrastructure projects by 2012.***

9- Qatari officials expect at least USD 45 billion to be invested in expansion projects by the Coming few years.

10- Qatar is building a USD 5 billion new airport, the biggest in the region.

11- Qatar plans 27 mega industrial projects by 2010 at USD 60 billion.

12- Qatar introduces USD 2.5 billion project "Pearl of the Gulf" man-made Island.

13- Hotel industry in Qatar growing 8 new hotels with 2,550 rooms will be added in the next Two years.

3.1.2- Qatar Banking Industry: Size and Potentials

The Qatari banking sector comprises of a combination of national and foreign banks. A total of 17 banks currently operate in Qatar, ten of which are Qatari institutions, including the following six commercial banks: Ahli Bank, Commercial bank, Doha Bank, International Bank of Qatar, Al Khalij Bank and Qatar National Bank and three Islamic institutions Qatar Islamic Bank, International Islamic Bank and Al-Rayyan Bank and one specialized government owned institution called Qatar Development Bank. Also represented are the local branches of seven foreign banks including Arab Bank, Bank Saderat Iran, HSBC, Mashreq Bank, BNP Paribas, Standard Chartered and United Bank. In 2005, QNB was the first commercial bank to set up a fully compliant Islamic branch, followed by Gulf Commercial bank and Doha Bank. Another significant development in domestic banking was the entry of a commercial bank into the mutual fund arena where QNB was the first bank to establish Al Watani mutual fund for locals and expatriates.

The banking sector is supervised by Qatar Central Bank (QCB), which was incorporated in 1993 when it took over the responsibilities of the former Qatar Monetary Agency. The QCB has introduced major international standards applicable to banking supervision and regulations based on the Basle Accord. The main objective of the QCB is to regulate the monetary, credit and banking policies in accordance with the general plans of the State, in order to support the national economy, the stability of the currency and enhancing the stability of the banking system. To promote financial stability and efficiency, QCB stresses the importance of efficient payments system.

The banking system continued to reveal increased resilience with fast growing balance sheet, improving profitability and improvements in banks financial ratios. This had to do with the quality of assets, expanding credit and more diversified income. Meanwhile, banks have been diversifying and expanding their income base with an increasing share of their income coming in from sources other than the conventional interest income from credit facilities. Thus, interest income as a share of total income fell down to 69.4% whereas the share of income from commissions and income from trading in securities and long-term investments went up. (9)

Total domestic credit facilities increased by 40.7% in 2006 to reach QR 94,773 million, compared to QR 67,367 million in 2005 where an increase in all economic sectors was registered with the exception of the Industry sector. In 2006, the Personal sector accounted for 37.1% of total domestic credit facilities registering the largest portion thus increasing by 42.2% to reach QR 35,177 million where it witnessed tremendous growth in recent years. The Public sector increased by 15.5% in 2006 to reach QR 21,537 million accounting for the second largest portion of domestic credit facilities. The government has limited its use of short-term financing in recent years due to increased revenues from oil and gas ventures. However, the public sector is likely to continue using short-medium term financing for its various development projects. (Table 2)

The credit facilities extended to the Land, Housing and Construction Sector recorded a high growth of 65% in 2006 to reach QR 15,745 million. As for the Merchandise sector, it recorded a growth of 41.2% in 2006 to reach QR 11,553 million, thus receiving 14.4% of total domestic credit facilities in 2006. The Services sector more than doubled in 2006 with a record growth of 146.3%, registering QR 7,246 million out of total domestic credit facilities. The Industry sector's credit facilities declined by 14.1% in 2006 to reach QR 2,078 million. (Figure 3)

Bank's Aggregated Balance Sheet

The aggregated balance sheet of all commercial banks operating in Qatar increased by 41.6% to reach \$ 35.7 billion by the end of 2005. This increase was a result of the high rate of growth achieved by in the field of financial intermediation, in tandem with the pace of the fast growth rates realized by the Qatari economy. The following is a brief description of the most important developments: (10)

- Assets:

The banks' cash assets reached \$ 1446 million in 2005 thus increasing by 52%. Credit facilities increased by \$ 5,556 million, or 40.9%; Domestic credit facilities recorded an increase of 39.5% in 2005 thus recording a new level of \$ 18,480 million representing about 51.8% of total banks' assets. Bank's aggregate portfolio of financial investments rose 19.2%, reaching \$ 4,569 million. However, the ratio of financial-investment portfolio to commercial banks total assets fell to 12.8% indicating a faster increase in total assets than the increase in the aggregate financial-investment portfolio. Long-term investment increased by \$ 472 million, or 81.5%.

Banks' net foreign assets experienced a large increase of 59.5%, reaching \$ 8,563 million at the end of 2005. Such a large increase in net foreign assets was the outcome of local banks increasing their deposit balances with foreign banks, expansion of investments abroad and increase in balances due to foreign banks and non-resident deposits.

- Liabilities and Shareholder's Equity:

The increase in total liabilities mainly came from the rise in customer's deposits by \$6,758 million and dues to banks and other financial institutions by \$ 780 million. The increase in total liabilities was partially offset by the decrease in provisions by \$ 131 million, as a result of banks' writing off some of their bad loans in 2005. However, the ratio of total deposits to total liabilities declined slightly end-2005, reflecting a faster rate of growth in total liabilities, which was 41.6% in 2005.

Banks continued to improve their financial position in attempting to meet the criteria of Basle II Accord, by increasing their shareholders' equities. As a result, they recorded an increase of 41.6%, reaching \$ 5,014 million by the end of 2005 and representing a relative share of 14.1% of banks' total liabilities. The increase in shareholders' equity was

due to the increase in capital and legal reserves. As a result of high profit levels in 2005, banks increased their retained profits by 25.2% reaching \$ 337 million end-2005.

- Banks' Memoranda Accounts:

Banks continued to expand off-balance sheet activities in 2005 which increased by 24.6% reaching \$ 18,150 million. The increase could be attributed mainly to the increase in the Letters of Guarantee, the Letters of credit and the rise in unutilized extended credits.

Banks' Performance Indicators

QCB measures and assesses the soundness of banks' performance using a set of internationally well known indicators. The following contains a brief analysis of the developments in the reported indicators:

A- Capital Adequacy Standards

By the implementation of these standards, local banks' ability to maintain sufficient capital could be monitored. The follow up of capital adequacy ratios in 2005 indicates that the ratio of core capital (capital + reserves) to total assets showed 11.2% at the end of 2005 which is still well above the minimum set by QCB at 6%. The ratio of core capital to total assets and contingent liabilities weighted by their risks showed a decrease to 21.7% reasoned to the banks' expansion of activities and growth. Non-performing loans to capital ratio showed some improvement in 2005 by decreasing to 3.3% due to the decrease in non-performing loans of local banks and the increase in bank's capital.

B- Assets Quality Standards

The ratio of non-performing loans to total loans decreased to 4.3%. However, the ratios of loans' provisions to total loans and total provisions to total assets decreased from to 84.3% and 2.4%, respectively.

C- Profitability Standards

The ratios of net profit to average shareholders' equity, and to average assets, recorded a noticeable increase to 28.5% and 4.3%, respectively. Likewise, the ratio of other income to total income and total assets increased to 39 % and 3.1%.

D- Liquidity Standards

The ratio of cash assets to total assets moved up to 4.1%. Similarly, the ratio of liquid assets to liquid liabilities rose to 55.4%. In addition, banks have maintained the ratios of total loans to total deposits and to total assets at 81.7% and 53.5% respectively.

E- Uses of Funds Standards

This set of standards covers the capability of banks to use their financial resources in generating income. The ratio of credit facilities extended to the private sector to total credit facilities increased to 70% and represented 92.1% of the private sector deposits. Deposits and credit facilities grew by 40.5% and 40.9%, respectively, in 2005.

3.2 Country Profile

3.2.1- Culture, Values and Technology

Culture and Values

Middle-Easterners possess a common culture that has united them by religious and historical factors. The Arab culture dominates the Middle East where Islam has had a unifying influence on the region. Qatar in specific is a Muslim state and the heritage of Islam is deeply rooted in the Qatari character. Islamic customs govern the general way of life concerning dress code, the observance of the times of prayer and the fasting month of Ramadan. Arabic is the official language, although English is widely spoken and the correspondence with government organizations is normally in Arabic.

Religion, as a consequence, is a major component of social and political life and structures the day-to-day life in all religious communities in the region. Qur'an not only explains the relationship between God and his creatures, but also provides guidelines for a just society, proper conduct and an equitable economic system. Arabs have values and habits that include:

- Restlessness and mobility
- Generosity and visitor hospitality
- Friendship
- Quick judgment

- Gallantry and courage
- Patience and long-term perspective of things
- Pride of culture, religion and heritage

Qatari's have strong identification of the individuals with their groups. As a consequence, social pressure is significant and a high degree of conformity is required, conferring authoritarian tones and intolerance to difference. Social and family life is dominated by honor and shame. Lack of conformity is considered to be damning and leads to a degree of shame. Arabs worry about how their acts are reflected on their families and countries. It is accepted that silence is better than confession where "A concealed sin is two-thirds forgiven". The level of liberalism and individual freedom in Qatar is relatively acceptable if compared to other Arabic-Moslem countries, in direct correlation with their fear of modernity. Some minor fanatic groups reduces the West, especially America, to a symbol of evil and a mass of money-grubbing, rootless, faithless which in turn legitimizes terrorism. According to this ideology, the present-day Islamic extremism is just a manifestation of a rejection of Western values that can be traced back to a very long time. There is a relative freedom of the political press, except for some taboo topics. Recent parliamentary and democratic institutions have often functioned against democracy and slowed down liberalization. Other cultural and values perspectives that have to do with the working environment in Qatar can be summarized by the following:

- Business Customs and Communication:

Qatari's prefer oral communication, direct encounters, personalized relations, but to act or intervene through trusted third parties when there is a delicate stake. Non-verbal communication is important like gestures, hand-talking, facial expressions and looks. There is extreme personalization of economic and corporate life where the Qatari businessman does business with the "man" not with the "company" and establishing a personal connection, mutual trust and respect are essential to conduct business. They can be either totally sincere and trustworthy or totally insincere and tricky. Important decisions are not usually made by correspondence. Generally Arabs are sharp negotiators and bargainers and the best salespeople in the world.

- Business Protocol:

Hierarchies, based on seniority, social prestige, moral considerations and wealth, are at the roots of any organization. Qatari's have high score in power distance where skills, wealth, power and status must go together. Top-down authority and decision making power rests on the top man in the company, the oldest among the founders or top managers. Loyalty goes through obedience against status and protection. Corporate organization is a reproduction of the old Arab family and kin structures. Qatari's has a strong sense of justice and they get morally outraged by events and behaviors that go against their sense of justice.

- Time:

Concerning time, Qatari's consider that time controls them and not the reverse. They also consider that they have little control over their own lives where "God controls time" and "society controls behaviors and actions". One consequence is the relative fatalism they oppose to critical events and their reluctance to engage in quick action or decision-making "Give time to important things and critical issues". Some superstition and lack of confidence also prevent quick action or reaction.

- Gender:

In general, men are dominant over Qatari's women in all aspects of life but strong women's movements are appearing in Qatar where there are powerful and rich women because of family connections. These movements are trying to reduce gender distinctions and helping women to be a part of the business and entertainment scene. (11)

Technology

There was a considerable opposition to modernization in large portion of Arab Muslim world because tradition and heritage have always been maintained and protected by the individuals within their communities. Painful choices exist today between the old and the new generation and there is endless debate around the secularization of Islam, as well as tradition versus modernity. Qatari's believe that the introduction of technology does not prevent cultural groups from retaining their values in the ancient tribal nomadic culture.

The qatar government realised the importance of technology and the channels it opens to the whole world, so it is preparing itself to become the region's leading IT hub for

scientific research and development. To accomplish this vision, the government facilitated the formation of the Qatar Science and Technology Park (QSTP) that was established by Law No. 36 in 2004 which was primarily meant to be a home for technology-based companies from around the world and an incubator for start-up enterprises. QSTP's vision is to be an internationally recognised hub for research and commercialisation and it is accomplishing this by providing world-class infrastructure and services to tenant organisations involved in the development and application of technology most relevant to Qatar's economy and needs. It is a free zone making it easy and attractive for foreign technology companies to come to Qatar.

Qatar also has a modern telecommunication system, which gives immediate telephone, GSM, telex, facsimile and internet access to all parts of the world. The sector is witnessing tremendous growth, with rising demand, especially in mobile communications. In 2006, Law No. 34 was issued for the formation of the telecommunications regulating authority known as the Supreme Council for Information and Communications Technology (ICTQatar). The telecom sector has long been dominated by Q-tel, the state monopoly which has long held the reins of the fixed and mobile markets along with many of the IT services that are connected to the sector. But after the issuance of the new law Q-TEL was no more the sole owner and operator of all the national and international services. (12)

3.2.2- Political and Legal Environment

Political Environment

Qatar is an absolute monarchy and all powers are vested in the emir. It is undergoing a period of gradual political reform under the direction and supervision of the emir, Sheikh Hamad Bin Khalifa Al-Thani. The focal point of this program will be the creation of a new consultative council parliament called "Majlis Al-Shura", which will have legislative powers and the right to question ministers. Two-thirds of the Majlis's 45 members are to be elected in a nationwide poll and the remaining one-third will be appointed by the emir. The new constitution is intended to guarantee a more pluralistic society with equal rights and duties for all citizens and its principles will be upheld by a constitutional court, which will act as a wholly independent arbiter of the rights and privileges

enshrined in the constitution. Equal rights for Qatari women, as well as media and religious freedom for all citizens, are all supposedly guaranteed under the new constitution. All Qatari citizens over the age of 18 will be eligible to vote and women will be entitled to stand as candidates, as has been the case in previous municipal elections. Political parties are unlikely to be permitted in the forthcoming parliament and the censorship of the press will continue. However, despite these changes, limitations will remain and the new constitution will not loosen Qatar's tightly knit and elitist political system, nor threaten the dominant role of the royal family in the political order. The constitution does not specifically allow for the formation of political parties, but it does state that citizens will have full freedom of expression and association. (13)

The political system faces few serious challenges in the near term and the emir's gradual political liberalization program appears to enjoy widespread support. There seems to be little impatience among the local population with the authority's procrastination over the election date, possibly in part because of the country's rocketing wealth. Some members of the royal family resent any dilution of their power, but familial rivalries are highly unlikely to threaten the position of the emir. The emir's increased assuredness has seen him grant extra responsibilities to the crown prince.

Qatar's diplomatic relations have undergone changes in recent years. Long regarded as an inward looking country, Qatar began to pursue an independent foreign policy in the early years of Sheikh Hamad's rule. An example of this is the close tie to the US is the decision to allow the US to make use of bases in Qatar for the central command and control of the Iraq war in the spring of 2003. The US had been preparing for some time to shift the focus of its Gulf security operations from Saudi Arabia to Qatar. From Qatar's point of view, the presence of US forces offers a powerful guarantee of security for the country's immensely valuable hydrocarbons assets, in particular the liquefied natural gas export facilities. The welcome extended to the US forces is part of a wider effort by Qatar to make its mark on the international stage, punching above its weight in a similar way to Dubai. The country's profile was given a significant boost by its election to the UN Security Council in October 2005 as a nonpermanent member for two years.

For a period, ties had improved with Saudi Arabia and their long-running border dispute was settled in 2001. But one year later, Riyadh withdrew its ambassador in Qatar in

protest over a program broadcast by Al-Jazeera network which was considered an insult to the kingdom's founder; moreover Saudi Arabia also has a generally negative view of Qatar's strengthened political alliance with the US. Relations with neighboring Bahrain have continued to improve, following the settlement of the long-running dispute over the Hawar islands. Elsewhere in the region, ties with the UAE have returned to an even keel. Relations were severely strained following the uncovering of the alleged counter-coup in Qatar in 1996, but the countries' generally pro-Western bias has helped ensure a rapprochement between the two states. Ties with Oman have always been close, and those with Kuwait are solid. As for Lebanon, Qatar has very strong ties with the Lebanese government and people where it played a remarkable role in ending the summer 2006 war on Lebanon and it fought vigorously to amend the UN resolution no. 1701 in order to become more adequate for the Lebanese government.

Legal Environment

New legislation has been put through in recent years designed to bring the country's commercial environment into line with international best practice and thereby attract more international business. The judiciary is independent and was previously divided into two court systems; the civil court system and the Sharia court system. The civil courts were required to apply Qatari Laws as established by Emiri decrees, in enforcing agreements between parties. The Civil and Commercial system was formerly divided into the Minor and Major courts where all civil and commercial disputes in excess of that value were heard by the Major courts, comprised of a panel of three judges. Appeals from the Minor courts were raised to the Major courts, and from the Major courts to the Court of Appeal, which is the highest court of appeal in the country. In 2004, the judicial system witnessed radical changes as per the new Judiciary Law which transformed the earlier two court system and merged it into one. A Higher Supreme Court called the Court of Cassation has been established, which will be the highest court of appeal in the country. The National Constitution Committee, established by an emiri decree in July 1999 to draft a new permanent constitution, presented a final draft to the Emir in July 2002. One of the main provisions in the new constitution is the establishment of an elected parliament. The draft constitution received an overwhelming majority vote in the referendum held in April 2003 and became effective in June 2005. (14)

3.2.3- Qatar Banking Laws and Investment Environment

The local and foreign banks that operate in Qatar are governed by both the banking law and the foreign investment law. The banking sector is supervised by Qatar Central Bank which sets the banking laws and is currently an independent body where the Emir appoints the governor and the board after taking into consideration the recommends of the Minister of Finance. It is empowered to supervise and promote more discipline throughout the system, suspend board members or management of the financial unit and introduce penalties for violations. QCB has introduced the major international standards applicable to banking supervision and regulations based on the Basel Accord. It has also implemented an automated link with local banks to enhance its ability to monitor banks in a timely and accurate manner and produce efficient payments system through online payments for e-Commerce and e-Government transactions

Banking Laws

The Qatari banking Law was established by Cheikh Hamad Bin Khalife Al Thani, Emir of the State in the year 1993 and it is known as the law no. 15. This law managed the formation of the Qatar central bank and how it systematizes the work of banks in the industry (Appendix C). The following are some important articles of the law no. 15:

Article 38

In July 2001 the QCB introduced the Qatar Monetary Rate (QMR), which allows banks to deposit or borrow amounts of more than QR 2M (\$ 550M) overnight. The QMR is determined by the QCB on a daily basis.

Article 39

An effective monetary tool utilized by the QCB is the stipulation of minimum reserve requirements for commercial banks. In February 2000, QCB instructed banks to maintain cash reserves equal to 2.75% of total deposits from the earlier 19%.

Article 40

In 1992 fixed interest rates were replaced with four variable prime rates. Deregulation was initiated in August 1995 and in February 2001; the QCB removed all ceilings on interest rates for local-currency deposits and advances thereby. Short-term interest rates in Qatar follow closely those prevailing in the US, with a slight positive differential.

QCB's repo rate stood at 5.55% by the end of December 2006. Further to this, the QCB requires commercial banks to maintain a loans-to-deposit ratio of 90% of the total deposits base. The minimum capital adequacy regulations applicable to Qatari banks at 10%, compared to the Basle rate of 8%.

Article 44

Foreign investors must receive permission from the government to invest in the banking and insurance sectors. The bank should fill a license application form and provide the necessary documents and present them to the QCB to take a license.

Article 50

A minimum capital of QR 10 million (\$ 2.75 million) should be paid in order to establish a new bank. Every bank should deposit a reserve against its capital through deducting 20% of its profits each year until 100% deposit against capital reserve is met.

Article 59

A. The bank is not allowed to practice any other business that is not directly related to the banking industry.

B. Banks are allowed to wholly own real estates that are fully used as an asset for performing banking operations. It can also acquire pledged estates in case of default.

Article 65

QCB obliges banks to quarterly present their accounts in line with international standards.

Article 67

The banks profits, capital, assets and operations are exempted from taxes and fees.

Foreign Investment Law

Qatari investment Law no. 13 for the year 2000 was established by Cheikh Jassim Bin Hamad Al Thani, deputy emir of the state of Qatar for the Regulation of Foreign Capital Investment in Economic Activity and these are some of the promulgated law (Appendix D):

Article 4

Where no specific provision is provided for this law, the provisions of the laws prevailing in the state must be followed with regard to the foreign investor obtaining the necessary licenses to engage in any of the activities in which he is authorized to invest.

Article 6

Foreign investor may import for their investment project, what ever is required for the establishment operation and expansion of the project, in accordance with the laws prevailing in the state.

Article 7

The Ministry may:

- A. Exempt the foreign capital invested from income tax for a period not exceeding ten years from the date of operation of the investment project.
- B. Grant foreign investment projects customs duties exemptions with regard to imported machinery and equipment necessary for its establishment.

Article 8

- A. Foreign investment shall not be subject to expropriation unless it is for public benefit and done on a non-discriminating basis against quick and adequate compensation.
- B. Compensation shall be equivalent to the real economic value of the investment that has been expropriated.

Article 9

Foreign investors have the freedom to transfer investments to and from abroad without delay, such transfers include:

- Investment returns;
- The proceeds of sale or liquidation of all or part of the investment;
- The proceeds of monies resulting from settling investment disputes;
- The compensation provided for in Article (8) of this law.

Article 10

A foreign investor has the right to transfer his investment to another foreign investor or to a Qatari citizen, or to relinquish the same to his Qatari partner in the case of partnership.

Article 16

Without prejudice to any more severe penalty stipulated in any other laws, any foreigner who practices an economic activity contrary to the provisions of this law shall be punished by a fine ranging between QR 50,000 and QR 100,000.

Article 17

The technical staff of the Ministry delegated by the Minister shall have the capacity of legal seizure officers, to investigate and identify crimes committed in contravention of the provisions of this law and the implementing decisions thereof. They have, in this respect, the right to access premises and firms subject to this law and to inspect and examine their documents and records.

3.2.4- Monetary Policy and Inflation

Monetary Policy

The monetary management in Qatar is implemented by Qatar Central Bank who has full power over the monetary policies in the State. In this context, the domestic liquidity in addition to the exchange rate regime and interest rate management had worked well to achieve the macroeconomic objectives including combating inflationary pressures. (15)

A- Domestic Liquidity:

Domestic Liquidity increased by 37.9% in 2006 to reach a record level of QR 88.7 billion, compared to QR 64.3 billion as at year-end 2005, mainly resulting from a sustained increase in energy prices, the imposition of minimum reserve requirements for banks and increasing the loans-to-deposit ratio limit. In 2006, narrow money supply (M1) increased by 24.7% to reach QR 27.9 billion, from QR 22.4 billion at year-end 2005 as a result of the increase in demand deposits, which rose by 22.7% to reach QR 23.9 billion. Savings and time deposits increased by 41% to reach QR 36.7 billion, compared to QR 26.1 billion in 2005, while foreign currency deposits increased by 51.6% in 2006 to reach QR 24.0 billion, compared to QR 15.8 billion in 2005.

B- Exchange Rate Policy:

The Qatari Riyal is officially pegged to the US dollar at a rate of 1 USD = QR 3.64. In 2006, the Qatari Riyal declined by 0.9% against the Euro, and by 1.2% against the Sterling Pound, while appreciating by 5.2% against the Japanese Yen and by 0.7% against the Swiss Franc.

In 2005, the Qatari Riyal made moderate gains against most major currencies, further to the strengthening of the US dollar. QCB average exchange rate data for 2005 shows that

the Qatari Riyal appreciated by 1.8% against the Japanese Yen, by 0.6% against the Sterling Pound, and by 0.1% against the Swiss Franc. The Qatari Riyal saw a marginal decline by 0.2% against the Euro.

C- Interest Rate Policy:

In February 2001, the QCB removed its ceiling on interest rates thus freeing the banking system from all interest rate policy restrictions. The QCB also introduced a new monetary instrument which allows banks to deposit or borrow from the QCB overnight. Short-term interest rates in Qatar follow closely those prevailing in the US, with a slight positive differential. The US Federal Funds rate has remained unchanged since June 2006 and currently stands at 5.25%, while QCB's Repo rate has remained unchanged since July 2006 at 5.55%

Inflation

Domestic inflation in Qatar continues to be a key concern for the QCB over the recent past and additional policy maneuvers could be likely in the short-medium term. Inflation has witnessed a considerable increase in 2006 showing a continuation of the upward trend as the overall general index increased by 11.8%, compared to an increase of 8.8% in 2005. The main inflation driver was the housing sector, which witnessed a huge increase of 25.9% where the huge increase in construction costs and the subsequent supply at high prices have put immense upward price pressures for the general housing market. Among the other groups of commodities and services, the group food, beverages and tobacco, which have a relatively high weight on the consumer price index, witnessed an increase of 7.3%, with the group miscellaneous goods and services increasing by 13.6%, and the group garments and footwear rising by 12.4% in 2006. (Table 3)

However, with US rates set to decline slightly in 2007 and Qatari inflation is likely to remain relatively high, the differential is expected to widen slightly, as the QCB seeks to avoid exacerbating consumer price growth by loosening its monetary stance. Yet with US rates forecast to resume their upward trend in 2008, the QCB may allow the differential to narrow once more. If inflation remains higher than expected, however, the QCB may come under pressure to widen the differential by raising local interest rates more sharply, or to employ more active liquidity management policies.

3.2.5- Competition and Market Share Analysis

The current economic boom in Qatar was reflected favorably on the activities of the banking sector. Tougher competition confronts the banks of the Gulf region, but as long as oil prices continue to support the area's economy, banks that can master the new product, sales and distribution challenges should find that strong revenue growth will outweigh any decline in margins.

Commercial banks continued to realize steady and firm growth in providing their banking services and introduced new banking products to meet the needs of their clients. However, several prudential measures were adopted to protect the banking system against any economic downturn that may impact the soundness of the banking system such as acquiring more collateral for consumption loans and applying ceilings on bank's total mortgage financing.

Traditionally, loans to the government and to operations related to LNG developments account for the majority of commercial bank loans. This situation is likely to change as LNG revenue increases, lessening the government's dependence on the banking system. Such a change will force banks to seek more private sector lending opportunities, after years of benefiting from the healthy margins and light provisioning requirements that lending to the government has allowed. However, as a consequence of the structural reforms and the privatization process, the role of private sector in the economy has increased in recent times. Qatar National Bank (QNB), which is partially government-owned, dominates the Qatar's banking industry and handles most of the government's business. It is the only local bank involved in funding Qatar's hydrocarbons development program, although other banks have now begun to participate in such deals in a limited way. On the other hand, the HSBC Bank Middle East limited dominates the foreign bank in Qatar group ranking first among its category. (16)

- Sector distribution of assets:

Total assets of the banking sector amounted to \$ 35.15 billions by the end of 2005, out of which \$ 31.40 billion (89.2%) are owned by local banks and \$ 3.75 billion (10.8%) owned by foreign banks. QNB has ranked first among Qatari's banks with \$ 13.75 billion

or 39.1% share and HSBC ranked first in foreign banks with \$ 1.37 billion or 3.9% share of total banks assets and 36.4% share among foreign banks. (Table 4)

- Sector distribution of loans and advances:

Banks continued to concentrate most of their credit facilities in four main sectors; the Government, real-estate and construction, consumption loans and general trade.

Total loans recorded a sum of \$ 19.96 billions with \$ 18.07 billion (90.5%) remitted by local banks and \$ 1.89 billion (9.5%) by foreign banks. QNB positioned first among Qatari's banks with \$ 8.65 billion or 43.3% share and HSBC ranked first in foreign banks with \$ 627 million or 3.1% share and 33.1% share among foreign banks.

Credit facilities extended to the public sector registered a total of \$ 5.53 billion representing 27.7% of total credit balance. The private sector's outstanding credit balance reached \$ 14.43 billion by the end of 2005 and accounted for 72.3% of the total outstanding credit balances. (Table 5)

- Sector distribution by deposits:

Total deposits registered \$ 24.85 billion with \$ 21.65 billions being deposited in Qatari banks and \$ 3.2 billion in foreign banks. QNB recorded the highest deposits rate of \$10.73 billion (43.2%) and HSBC \$ 1.2 billion with 4.8% among the industry and 37.4% share among foreign banks.

Classification-by-maturity of the deposits in 2005 indicated that demand deposits increased notably to 38.3% to reach \$ 9.51 billion stemmed mainly from increases in personal and private-companies' deposits. Similarly, savings and time deposits increased to \$ 15.34 billion representing a relative share of 61.7% of total deposits. The relative share of foreign-currency deposits in total deposits increased to 34.5% while the national currency deposits registered 65.5%. (Table 6)

The private sector contributed 63.8% of the increase in total deposits compared to a 37.5% increase in the public sector deposits. Personal deposits continued in the position of being the principal component of total customers' deposits, compared to the private companies and non-resident deposits which continued to increase noticeably, however at a slower pace.

- Sector distribution by profits:

Total profits recorded a total of \$ 1.29 billion with \$ 1.17 billion recorded in Qatari banks and \$ 119 million in foreign banks. QNB registered the highest profit rate of \$ 415 million or 32.2% and HSBC \$ 49 million with 3.8% share within the industry and 41.2% share among foreign banks. (Table 7)

At this phase we have covered all the risks and barriers that might prevent our market entry. In our analysis, we have attained an acceptable risk level and a low level of market barriers. This risk management will allow us to move to the final step of the strategic planning which is the formation and implementation of the market entry strategy.

Chapter 4

MARKET ENTRY STRATEGY

Implementation of strategic planning is a management system that moves the focus from "what to achieve" (objectives) to "what to do" (strategies) where every company designs its own strategic plans to achieve its set of objectives and goals. With Strategic Planning, the aim is to focus on those objectives that are possible to achieve in correspondence with the opportunities and threats that the environment offers.

In this part we will implement a market entry strategy through allocating a marketing plan followed by choosing a format of entry and location, covering the financial aspects and designing job organization human resource and types of products and services.

4.1 Marketing Plan

A marketing plan is a map to determine the steps to follow, the methods to apply and time to reach our objectives. Thus, it is part of the strategic planning of a company that sets a path to arrive to a concrete place therefore it is the starting point. The marketing plan can be summarized by market segmentation, targeting, positioning and channeling.

Segmentation

Market segmentation is the practice of dividing a market into identifiable groups of customers with common characteristics and motivations. This is so that each group can be treated independently, tailoring the marketing mix to meet the needs of each segment and to highlight opportunities for new products and niche markets.

Markets consist of customers that have varying needs and buying behavior and for most companies it is not realistic to try to satisfy all those needs because the customers are too many having too different needs and buying behavior. Consequently, companies try to segment their markets by identifying groups of persons with needs and wants that are as similar as possible within each group. Four types of consumer segmentation can be identified: (17)

- Geographical Segmentation:

It divides the market into different geographical areas by the town, main cities, density or climate. It is well known that people with similar demographic and psychographic characteristics tend to live nearby and exhibit similar buying patterns.

- Demographical Segmentation:

The market is divided into age, gender, income, family lifecycle income, occupation and education. It is the most popular because consumer usage and needs usually match demographic categories and demographic variables are easy to measure and obtain.

- Psychographic Segmentation:

In this type, marketers segment markets by social class for the promotion of products, consumer lifestyles, personalities.

- Behavioral Segmentation:

Buyers in a market will differ in their wants, resources, locations, buying attitudes, and buying practices. In behavior segmentation, potential buyers of a product are divided into groups based on their knowledge, attitude, uses, or responses to a product.

Banks in the Middle East have been rather slow adopting a customer oriented approach where the industry has had more of a transaction oriented approach and it was long relatively inward looking with largely undifferentiated markets.

BLOM Bank always use customer oriented approach to segment its market thus categorizing all customers and then tailor the way to serve them. The market in Qatar has identified four basic segments ranging from public institutions, commercial companies, Qatari nationals and expatriates. The segmentation of these groups is based on income and occupation. The public institutions vary mainly on production of oil and gas and the construction fields where they constitute around 80% of the public sector. Commercial companies are both foreign and domestic companies with different type of occupation and income. The Qatari citizens segment contains all types of residents ranging from 1 year old babies to 70 years old. Finally the expatriate's segment contains all non Qatari working in Qatar from the Arab countries, South Asia, Europe and America with their families.

Targeting

After the process of segmentation the next step is for BLOM to decide how it is going to target these particular groups. Market targeting is the process of evaluating each segment's attractiveness and selecting one or more segment to enter. Evaluating and selecting the market segments can be achieved through the segment size and growth by analyzing current sales, growth rates and expected profitability for various segments.

Differentiated marketing strategy should be used in Qatar where several segments are targeted and distinct products and services are developed with separate marketing mix strategies that aims at the varying groups.

- Public institutions:

These institutions are still dominated by the Qatari banks and until lately the government was not allowing non-Qatari banks to finance the oil and gas sector. But in the coming year, a new conventional law is being prepared to allow private non Qatari banks to take a share in this process. So a special plan must be prepared in advance in order to attack this segment when the government issues the law and opens the gate to non-Qatari banks.

- Commercial companies:

The relationship between banks and their corporate customers are often considered as much closer than the relationship between the bank and customers on the retail banking market. The corporate customers often have more complex operations with high frequency of transactions, involving large amounts of money and often consisting of multiple relationships with banks.

This relationship is argued to have advantages for both parties. Advantages for the banks with strong relationships are assumed to be possibilities to maximize profits by reducing the risks, improved information flow, more satisfied customers and enhanced loyalty. As for the customer's advantages are assumed to be better access to finance, more advantageous rates on loans, higher perceived quality of service, less stress, the avoidance of switching costs, and increased convenience. Corporate banking customers are believed to a greater extent today establishing relationships with more than one financial service provider. The motives for this can be to achieve more anonymity, flexibility and better rates. Especially the larger corporate customers are less likely to show dependence on only one bank and there are researchers that show that there are

companies that do business with as many as five financial institutions, even though only one of them is seen as the most important bank. Commercial companies, including local and foreign companies, are offered excellent and fast commercial banking services in Qatar and through the bank's subsidiaries and correspondents all over the world. These companies, with concentration on the most active sectors such as construction, trade and services, are segmented into two groups with respect to the credit facility limit, ordinary companies with a credit facility limit below \$ 1 million that follows the ordinary credit review and corporate division with credit facilities above \$ 1 million that have special wants and offers and requires better study and risk observance in the market. (Table 8)

- Qatari's nationals:

The populations break-up by age groups in Qatar shows that 45.7% of the total population range between 25 to 45 years old, numbering 340,136 person while the percentage of population below 25 years is 269,376 person or 36.2% and the remaining Qatari's above 45 years constitute 134,517 person or 18.1%. (Table 9)

Qatari's above 45 years old are considered as the wealthiest group of people in our segmentation that requires top end banking products and services ranging from retail, commercial, private, investment and Islamic banking services. As for the remaining two segments, medium aged Qatari's with age ranging between 25 and 45 years old will be targeted through commercial, retail and high end products mainly investment and the small aged Qatari's segment ranging from 18 to 24 years old are targeted through retail products. (Table 10)

- Expatriates:

The expatriate work force in Qatar consists mainly of Asians, Arab workers and a significant number of Europeans and Americans with specialized expertise. Generally, banks in the Gulf States limit their attention to affluent people, individuals with salary income more than \$ 35,000 per year, who contribute more than 70% of bank profits. Although banks can achieve handsome profits from consumer lending to upper mass-market customers, the low-paid expatriate workers from the Southeast Asia, and the Indian subcontinent, which constitute the lower mass market, will continue to be unprofitable as customers unless radically cheaper ways can be found to serve them.

BLOM find it eager to deal with the mass-market customers brought into the banking system by the recent shift away from salaries paid in cash and toward electronic deposits and must therefore tailor their products to the needs of each customer segment and satisfy themselves that value is to be had by doing so.

Low paid expatriates from India, Nepal, Sri Lanka and Philippines and sizeable people from the neighboring GCC and other Arab countries are offered convenient home country banking arrangement in Qatar to do their money transfers and banking operations which are mainly the ordinary banking and retail services and efforts will be made to divert these mass market customers to self-service facilities by diverting to alternative channels activities such as ATMs and internet banking.

As for the Lebanese expatriates whose number has reached around 15,000 by the end of 2006, BLOM's commitment is to reach and attract all these Lebanese expatriates who are considered medium income employees. Special arrangements would be useful to the Lebanese in order to meet their home and host country banking needs and reach their dear ones especially through transfer of money with speed and affordable cost. This small initiative would grow to the ultimate aim of serving the Lebanese expatriates both the individuals and the corporate alike wherever they will be around the globe. Also a subscription of personal financial management products are offered for the Lebanese living in Qatar where BLOM shall provide the necessary information about the various investments cum protection products being offered and facilitate movement of documents and funds if they wish to purchase such financial products such as child education plan, retirement or pension plan and secure plan.

Positioning

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind versus competition. But positioning is not what you do to a product it is what you do to the mind of the prospect. It is simply creating an image in the minds of the targeted market for its product it is "The Battle for Your Mind". The primary elements of positioning are the quality of the financial products and the level of the added value services offered to the customers (18). These elements could be achieved through three Value disciplines:

- Product leader
- Operationally excellent firm
- Customer intimate firm

Four rules should be followed to succeed in a successful positioning. First the bank should become best at one of the three value disciplines, achieve an adequate performance level in the other two disciplines, keep improving one's superior position in the chosen discipline in order not to lose out to a competitor and become more adequate in the other two disciplines, because competitors keep raising customer's expectations.

BLOM aims at positioning itself as a regional financial group that perfectly serves its clients across increasingly integrated markets, providing them with a full range of commercial and retail banking services and products to answer all their financial needs and also offering a set of extra personal services offered through its subsidiaries in Beirut such as private, investment and Islamic banking and insurance. As a result, the bank's positioning is to offer excellent banking services while maintaining customer's "*Peace of Mind*".

BLOM is also aware that relationships seem to be very important for customers and something that might make them not changing bank even if being offered good solutions. Consequently, a successful method to get good penetration with a package of bank products and services, BLOM seeks to see in every customer an individual and not seeing in every individual a customer.

Channeling

Banks growing successfully in a tough business climate usually institute target market channels to improve the effectiveness of their business communication where channeling is a key to successfully meet this considerable challenge through delivering a message that is read and remembered for its relevance. The relationship marketing perspective with customers is based on the idea that in addition to the value that the products and services that is being exchanged bring, the existence of a relationship creates added value to the customer and the provider. Relationship marketing is attaching, maintaining and enhancing customer relationship, so BLOM realizes the need to go further and look more closely to shape powerful communication tools that send the right message to the right

audience for faster market penetration and customer attaching. Target markets rapidly expanded into highly specialized sub-markets where newly segmented marketplace calls for strategic and well-defined outreach efforts.

BLOM always selects a specific channel location allowing it to effectively utilize its capabilities and identify the most effective communication tools and paths for each segment. TV ads, billboards and an appropriate internet site are used for reachness of all segments. Sponsoring social activities and delivering brochures are used to attract certain type of persons, local and foreign companies. Q-tel database center is used to get telephone numbers and e-mails in order to reach Lebanese expatriates who already know BLOM bank and finally invitations for a one-on-one meeting should be organized to reach corporate customers.

4.2 Format of Entry and Location

When an organization has made a decision to enter a regional or international market, there are a variety of entry options open to it. These options vary with cost, risk and the degree of control which can be exercised over them. The forms of participation can take many formats varying between exporting, licensing, joint ventures and ownership.

BLOM should use the foreign direct investment as a regional market entry to Qatar. Foreign direct investment is a cross-border investment directly to a business establishment through a wholly owned facility defined as a branch. It involves the greatest commitment in capital and managerial effort where the ability to communicate and control 100% may outweigh any of the disadvantages of joint ventures and licensing. This type of market entry has the highest risk since it involves the transfer of assets, management talents, proprietary technology and know-how. It requires high level of skills to operate and manage another culture with different business practices, labor forces and government regulations. The degree of risks varies according to the political and economic conditions in the host country. But BLOM always use this type of market entry since it gives it total control over strategy, operations and profits.

After allocating our market segments and choosing the suitable positioning strategy, its time to select the appropriate entry strategy that fits to our marketing strategy. The

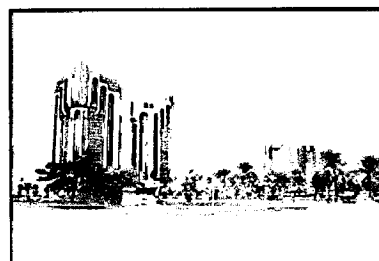
guerrilla tactics approach is applied in Qatar which is a non-aggressive and broad-front market entry. The breadth of the market will support a broad entry, but the presence of major competitors calls for an aggressive approach. It is also appropriate for exploration to determine the markets to focus on later without generating strong competitive interest. It is the bank's strategy to use relatively low resources to target the most promising positions in markets that we have already chosen and to explore monopolized market segments to focus on later without generating strong competitive interest.

Location

After studying the geography of Qatar and the distribution of its population and the major concentrated working places it was found that the most suitable place to establish a branch is the West Bay Lagoon area which is to the north of Doha facing Doha Bay in the center of the Corniche one of the most popular spots for the residents of Qatar.

The West Bay Lagoon is an up-market residential development consisting of several hundred building lots sited around an artificial lagoon extending more than 2-kilometer inland. It is currently witnessing a property development boom with the passing of new laws allowing expatriates to own freehold property in certain projects in the area, such as the Lagoon Plaza project and Pearl-Qatar project. (19)

The site where BLOM bank will be located is the Twin Palm Towers that lies at the heart of the west bay lagoon downtown surrounded by a large number of city offices representatives of the most important Qatari and foreign companies and two streets away from the resident's area



which is mainly made of Lebanese and Qatari residents. A double floor premise will be bought in the heart of the tower that fulfils the prestige of BLOM image in Qatar. This tower consists of two 57-stores office towers as well as a shopping center located near the Doha Corniche. These impressive towers will contribute to the rapidly-changing skyline of Doha and it is designed to be a prominent landmark and an icon that would be instantly recognized locally and throughout the world through its unique structural concept state of art.

4.3 Financial Aspects

From an accounting standpoint, a bank's branch abroad is wholly considered as being an integral part of its parent company and they do not have separate accounts. Therefore, the debt generated from the establishment of this branch is tied to BLOM bank's balance sheet so that BLOM Qatar gearing is not impaired by this operation. All the funds required for the start up of the new branch are subtitled as dues from partners in the balance sheet of BLOM Qatar. A special purpose vehicle (SPV) should be created to take care of the legal, financial and logistic aspects of the deal and it should be capitalized with a total of \$ 7 million divided as follows:

- A total of \$ 5 million is raised against capital which is more than the minimum capital of \$ 3.75 million that should be paid in order to establish a new bank. A deposit reserve against this capital should be provided through deducting 20% of its profits each year until 100% deposit against capital reserve is met.
- According to QCB, a license from the Qatar Financial Center (QFC) is required through submitting application form to conduct financial activities at the regulatory authority. In addition, all banks operating in Qatar may be subject to other regulations such as the Data Protection Regulations, Limited Liability Partnership Regulations, AML Regulations and Employment Regulations. The license should be granted after due diligence conducted by the QFC and the SPV and the cost of license obtained is \$ 50,000 and there is an application fee of \$ 5,000 and an ongoing annual fee of \$ 5,000 plus extra expenses of certain regulations that might be applied. (20)
- Total cost of physical assets which is the cost of premises in the twin tower building at \$ 1.5 million consisting of double floor site plus extra underground parking for employees and customers.
- Other assets totaling to \$ 220,000 such as installations construction, decoration and equipment. The remaining of the amount capitalized by the headquarters is deposited in the bank. (Table 12)

On the other hand, the state of Qatar welcomes new foreign investments through technology supply, market administration and equity participation. The Government offers several attractive discount incentives such as:

- A low Natural gas and Electricity prices
- No custom duties and quantitative quotas on imports of machinery and equipment
- No taxes on corporate profits for pre-determined periods

4.4 Job Organization and Description

Banking responsibilities and work activities vary between retail, corporate and commercial banking. Bankers either work in branches thus dealing with both private and corporate customers or work in head offices. Managers who have regional responsibilities adopt a strategic role and delegate supervision of day-to-day operations to staff in the branch. BLOM Qatar will offer a wide range of commercial and retail banking products and financial services to corporate and retail customers through a variety of delivery channels. It will also offer extra services in the areas of investment banking, insurance, private equity and asset management through its specialized subsidiaries and ensure that its customers have access to its services at all times.

Most banks, though, retain traditional branch designs, with large teller transaction zones that divide staff from customers. To gain a more competitive edge in sales, BLOM will design its premises to make it more open and retail friendly, with specific spaces for certain types of customers where its branch has a general service and sales area for all customers as well as exclusive zones for each of the two wealthiest segments; Since BLOM is the first subsidiary in Qatar, it is considered as a small head office, so the branch manager's role is to balance between the branch and head office work. Thus, the job organization should include departments representing branch operations that pass through the assistant manager before going to the manager and head office operations that are directly related to the manager. So the organization plan is divided in the following way: **(Figure 4)**

1- Branch Management

The overall management of the branch is based on a qualified Lebanese manager that has already passed through a manager training program and rotated through all the bank's departments in the head office and in the major branches so that he is aware of all the banking job description ranging among commercial, retail, credit, marketing, operations, investment, Islamic banking and insurance that are present in the subsidiary.

2- Customer Service Operations

Four customer service operators headed by a head section deals with the major day-to-day commercial and retail banking operations such as incoming and outgoing transfers, account opening, domiciliation, loans, cards, follow up and other services.

3- Teller Operations

The tellers deal with cash operations, checks, foreign exchange, and internal transfers of money. The department is composed of three tellers with their head section.

4- Credit Department

The credit department consists of a credit officer headed by a senior credit officer that study all the credit files and facilities submitted to the branch with a limit less than 1 million dollars and handles the follow up of credit procedures and limits and makes visits to the companies for credit assessment. All files exceeding this limit are studied and approved by the corporate credit department in the main office in Beirut.

5- L/C Department

Two employees issue import/export documentary credit, remittance letters and collection of documents through the bank's correspondents around the world and their work is directly correlated to the L/C department in the head office in Beirut and their risk is already covered by the credit department.

6- Marketing and Retail Department

This department is made up of two officers and a senior supervisor that makes the necessary work to attract customers and deposits to the bank and make the essential market studies to meet the needs of the targeted customers and find niches in the market and create competitive advantage.

7- Private and Investment Banking Department

Two offices are specially decorated to meet top-end customer's needs and offer wealth-management services, private and investment banking. This department is as an intermediary to BLOMINVEST in Beirut and its services are mainly for top-end customers that want to generate extra profits and invest in different projects and financial products.

8- Islamic Banking Department

An Islamic banking office is ready to offer special Islamic banking services that deals with the shariaa and guided by Islamic economics especially for customers that prohibits usury, collection and payment of interest and wants to invest their funds in business that follows what is known as Islamic laws.

9- Arope Insurance Department

Insurance policies are issued through Arope's head office in Beirut. These services include personal, housing and car insurance as well as life insurances and corporate insurance against theft and fire.

10- Call Center

BLOM Call Center is available to serve customers 24 hours a day 7 days a week through four double shifts operators that are prepared to answer any inquiry concerning all products and services and to solve any problem and answer all questions.

As for the other banking and managerial services that are necessary in every bank, they are controlled from the head quarter in Beirut either by correspondence such as Risk Management, Treasury, Accounting and Legal issues or through sending personals periodically to Qatar for Internal Audit or through the internet and LAN connections for performing IT services, daily backup and updates.

4.5 Human Resources Management Strategy

There are various approaches to the management and recruitment of employees in subsidiaries that the companies establish in different countries. Generally, when companies go international it can apply one of the three different approaches:

- Ethnocentric:

The home country practice prevails with this approach. The headquarter from the home country makes key decisions, employees from the home country hold important jobs and the subsidiaries follow the home country resource management practice.

- Polycentric:

Each subsidiary manages on a local basis. A local employee heads a subsidiary because headquarters' managers are not considered to have adequate local knowledge. Subsidiaries usually develop human resource management practices locally.

- Geocentric:

The company that applies the global integrated business strategy manages and staff employees on a global basis. These people constitute a mobile base of managers who are used in a variety of facilities as the need arises.

BLOM bank always follows the ethnocentric approach when going regional where the headquarter develops a managing and staffing approach and consistently applies it throughout regional subsidiaries. In this approach, the Lebanese cultural values and business practices are dominant and because of the lebanese high educational level, high managerial skills and ability to adapt in the regional cultures, the management assumes that the home country approach is best and the employees from other parts of the region should follow it. Managers from headquarters develop practices and hold key positions in the subsidiaries to ensure consistency. Key management and executive positions are all filled by Lebanese expertise and few positions are left for Qatari employees to benefit from the Lebanese experience. (Table 11)

Lebanese managers are witnessing a very high level of success on both managerial and financial bases when going regional where they initialize excellent adaptability skills especially in the arab region and are able to make arab people feel safe and relaxed when making business with lebanese companies abroad.

The International Human Resources Management Department

An IHRM department has been created in the HR department in Beirut especially to take care of international HR issues. The basic function of this department is as follows:

- Recruitment and selection:

Is the processes of attracting a pool of qualified applicants for positions available and choosing the candidate whose qualifications most closely match the job requirements.

- Development and training:

The development insures that trained personnel are capable to fulfil their goals and contribute to better performance and growth in their work. At the international level, a specialized training is done to prepare expatriates for assignments abroad and develop a special group of globally minded managers.

- Performance evaluation:

Performance evaluation is called for when the decisions on work conditions of employees, promotions, rewards and layoffs are in question. The development intention is oriented to the improvement of the work performance of employees. Regionally, the complexity is greater because the organization must evaluate employees from different countries working in different subsidiaries.

- Remuneration and benefits:

Remuneration of employees has a key role in acquiring new employees. In developing an international system of compensation and benefits, an organization prepares its salaries to be competitive within the marketplace, while striving to minimize all expenses and payroll is one of the largest issues in the finance department.

- Labor relations:

The labor relations function identifies the roles of management and workers in the workplace. The concept of labor relations varies greatly in different parts of the world from a formal relationship, sometimes antagonistic or cooperative. (21)

Qatar Working Conditions

When BLOM Bank sends its employees abroad, it takes over the responsibilities such as staffing, training and development besides the basic functions of human resource management. The bank does not deal merely with the selection of the best employees for work but is also aware of the needs of the whole family that will accompany the employee. Hence, everything necessary for the journey, including visas work permission and residence are be provided on time. (22)

- Visa application:

Applications for visas are done through the Qatari Embassy in Beirut based on a formal offer of employment or upon an invitation. Three types of visas are issued in the embassy for business purposes, tourism and residency. A residence visa valid for up to 3 years is granted to persons holding work employment contracts with the ability to bring their families to Qatar, get an official ID card, a health card, driving license and enroll their children in schools. A 14 day business visa extendable for up to 3 months is issued to visitors for business purposes.

- Labor Legislation:

Employment related matters are regulated by the Labor Law No. 3 of 1962 and work permits may be obtained only by local sponsors or already established companies. Wages and salaries are normally agreed between the employer and employee and there is no requirement to pay employees either an annual bonus or a share of profit and overtime job should be paid at a minimum rate of time and a half. A statutory minimum of two weeks annual leave is due to employees with less than five years continuous service, after this period the minimum is four weeks per annum. Staff may be dismissed, provided the cause is reasonable notice is given and terminal benefits are paid. Government offices are open from 7:00 to 14:00 hours daily from Saturday to Wednesday. Banks are open from 7:30 to 12:00 noon Saturday to Wednesday and to 11:30 only on Thursday. Commercial offices working hours vary considerably, but are normally open from 8:00 to 13:00 hours and from 15:30 to 18:30 hours and during Ramadan, restricted business hours are observed.

- Labor Force:

As there is currently a shortage of Qatari labor, there is no obligation to use local workers; however, it is the policy of government to ensure that Qatari nationals are employed to the fullest extent possible. There are no restrictions on women employment.

- Housing:

Houses are currently rented by GCC citizens, foreign nationals and expatriates. Applications for residence permits are made after arrival in Qatar through the Immigration Department and leases generally run for a period of one year and are automatically renewed. Currently existing good quality housing includes a wide range of villas and bungalows located in compounds and high quality apartments with all the necessary facilities and accommodations. As for schooling, mainly all foreign communities have established their own schools in Qatar.

4.6 Types of Banking Services and Products Offered

BLOM constantly persuades its frontline staff to think beyond transactions and develop a strong sales culture which entails comprehensive changes in the way sales are organized, staff trained and products designed. Because the sales function is central to the way a business performs, its reorganization is essential for a real cultural change.

Day after day, competition is heating up and banks are busy building their marketing, sales and distribution skills. But the growth of the simpler lending products has now slowed down and with interest rates in decline the advantage of sitting on deposits that bear low interest shrinks day by day. As a result, continuous revenue growth will come only from deeper market penetration, which means developing and selling more sophisticated products. However, few institutions have full overview of their relations with each customer and cross-selling rates in the region are mostly quite low. Banks must redesign the business processes of their branches to take advantage of IT systems.

BLOM always tries to maximize its diversification of products and services to meet maximize customer's satisfaction as well as increase shareholders value. The range of products and services provided will concentrate on commercial, corporate and retail banking and should include private, investment, Islamic banking and insurance.

Commercial Banking

This type of services raise funds by collecting deposits from businesses and consumers through offering checkable deposits, savings deposits, and time deposits. Through these deposits, it makes loans to businesses and consumers and offers all types of credit facilities to companies and supply them with the necessary banking services such as letter of credit, letter of guarantee, bills and overdrafts. It also offers ordinary banking services such as transfers, domiciliation, foreign exchange, tax payment, and others.

Retail Banking

Retail banking has expanded briskly in the GCC where sustained GDP growth, high lending margins and a young and growing population ready for consumer loans and credit cards have persuaded many banks to go beyond corporate banking which made them earn solid profits. Retail products can be classified as follows:

Personal Loan:

"Kardi" is the personal loan that satisfies all financial needs ranging from \$ 5,000 to \$ 25,000. The repayment period can go up to 36 months at an interest of 9.8% on USD loans. Conditions vary with a personal guarantee or domiciliation of salary and the monthly payment must not exceed 30% of the monthly income.



Car Loan:

"Sayarati" is a program for cars available for employees or self-employed. For a new car, a reimbursement period between 1 and 5 years, with a down payment at least 10% of the vehicle's value and a flat Interest rate of 6.7%. As for used cars, the reimbursement period is between 1 and 4 years with a 20% down payment and an interest rate of 8.5% flat. A mortgage on the car and an insurance policy is a must. The monthly income has to exceed 3 times the monthly payments.



Housing Loan:

"Darati" helps in financing the purchase or renovation of a house. Repayment is scheduled from 7 to 15 years for USD where the bank Finances 80% of the price of the residence with an Interest rate of LIBOR + 5%, with a minimum of 8%. Conditions are a down payment of at least 20% of the price of the residence, mortgage on the residence and insurance.



Account Saving Products:

"Damanati" is a USD saving program coupled with a life insurance with a face value that ranges between \$ 25,000 and \$ 1,000,000. The account will mature at the age of 60 and the deposits may start from \$ 100 per month with an age between 18 and 55 years.



"Waladi" is a saving program coupled with a life insurance that education or any other needs. The monthly deposit starts at \$ 75 can reach up to \$ 75,000 at maturity. The child can be between years old and the account will mature when the child reaches the age of 18.



ensures child's and savings 1 day and 15

Cards:

BLOM offers a wide range of electronic Visa and Master cards that meet the needs of all segments. These cards can be classified as direct cards linked to the current account and credit cards with a pre-approved credit limit.

Direct cards come in Mini, Classic, Gold, Platinum, Black, Corporate and Internet to satisfy all preferences. The Mini card is a prepaid rechargeable visa card for anyone who is 12 years old and above and has the advantage of an internet companion. Visa Classic, Gold and MasterCard Gold holders can pay for goods at any shop in the world and withdraw cash at any ATM with a limit of \$ 10,000. Visa Platinum is designed especially for privileged customers and Visa Black Platinum is a membership by invitation only with a distinctive 24-hour concierge service and a spending limit of at least \$ 20,000 and above per month. Visa corporate is a card offered to company's employees and managers that are traveling abroad and in need to link their expenses directly to the company's account. Visa Internet card is dedicated to Internet users with a low spending limit.

As for Credit card, Visa Card offers a monthly revolving credit line conditioned by a salary domiciliation at the bank and a limit of up to three times the salary with a maximum limit of \$ 10,000 at the rate of 1.35% per month.

On the other hand, MasterCard presents the titanium card that offers a revolving line of credit up to \$ 30,000. It offers tailor-made benefits and includes a 45-day grace period at an interest rate USD of 1.5%. The card offers priority pass membership that allows you to access airports VIP lounges around the world.

Private and Investment Banking

Private banking services are extended to clients through both the investment-banking arm BLOMINVEST bank and the Geneva-based affiliate BLOM bank Switzerland. These services include Investment consulting, term deposits in all major currencies, portfolio management, fixed income securities, stocks trading on BSE and mutual funds.

BLOMINVEST bank also provides comprehensive investment services through specialized medium and long-term investments designed to participate in the active development of Lebanese capital markets and forges a link between the Lebanese market and foreign institutional investors. These Services include Project Finance, treasury and capital markets services asset and portfolio management.

Islamic Banking

Islamic banking refers to a system of banking which is consistent with Islamic law "Sharia" principles and guided by Islamic economics. In particular, Islamic law prohibits the collection of interest, also commonly called "Riba" in Islamic discourse and the obligation to lend at a low interest rate.

Insurance

Arope Insurance offers a growing selection of products to fit the diverse needs of all customers. Every policy is backed by over three decades of experience and a renewed commitment to delivering the industry's best customer service. The types of insurance policies include Life insurance, personal accidents, Medical insurance, Motor insurance Cargo insurance, Property insurance and Travel insurance.

Chapter 5

CONCLUSIONS AND RECOMMENDATIONS

This study of strategic market entry covered all types of strategic, financial, risk, and legal aspects in both qualitative and quantitative way. The banking performance indicators showed remarkable figures that it could be interesting to perform quantitative questionnaires with the head office to investigate the findings and conclusions discovered in this study. This could bring the research further and see if the opinions found are something that is general opinions of the management.

In the last five years, Qatar has taken steps to liberalize its trade and investment climate by providing foreign investors more opportunities and incentives. In the next ten years, it is estimated that Qatar will invest over \$120 billion dollars in the development of the energy and industrial sectors and \$50 billion in roads, infrastructure development, housing and real estate, health and medical projects.

The 2006 results for the Qatari banking sector showed another record year, with net profits increasing by 101.8% to reach \$ 1.29 billion. Total Assets increased by 38.1% to \$ 35.15 billion, Customer Deposits rose by 34.2% to \$ 24.85 billion, Loans and Advances increased by 37% to \$ 19.96 billion, and Shareholders' Equity grew by 50.9%. Other key performance ratios indicated a return on average assets of 4.27%, return on average equity of 24.0% and loans and advances to customer deposits ratio of 79.8%.

During the work with this study we have found some ideas that could be interesting for further research. One suggestion is to continue this study by investigating how different banks are developing their marketing mix approach in Qatar and how other banks might work differently in the development of their banking services.

A further suggestion for additional research could be to study how the targeted segments could respond to the type of products offered through asking; what was the outcome? Did it give possibilities for new business opportunities? Did the bank make profits from its new segments?

Another main issue, Islamic and investment banking is spreading well beyond its initial markets in Qatar and multinational banks are creating their own Islamic and investment wings. BLOM should ride the newly formed wave and work on establishing a subsidiary for BLOM development bank and BLOMINVEST and make significant inroads to set up a fully compliant Islamic and investment branch due to its high growth potential and popularity.

The last suggestion that we can give is to compare the output of BLOM Qatar with respect to other subsidiaries in the GCC area so that it becomes the head office an operation controller of the whole GCC in the incoming future thus controlling all the commercial, retail, private, Islamic and insurance operations in the region.

As for limitations, there are some threat barriers that can shut down the strategic window in Qatar. In the Lebanese market, the deterioration in the political situation in Lebanon can lead to a civil war and thus leading to the flow of capital and funds from Lebanese banks to foreign banks due to risks of bankruptcy and devaluation of the Lebanese pound which will put the bank in a bad financial situation thus decreasing its profits and preventing it from initiating a new branch abroad. The other main barrier is related to a change in the decision making strategy of the bank's management through replacing this project by a riskier market entry plan to North African countries such as Algeria and Sudan which still encounter underdeveloped banking status and will provide larger market share and higher profits to the bank thus incurring higher return for higher risk exposure.

As for threats in the host country, there could be some legal barriers such as forbidding foreign banks from entering to Qatar through stopping all new licenses due to the concentration in the market thus preventing of foreign banks from taking market share from local banks. There is also a political risk barrier regional political instability which will have a negative effect and stop the economic wheel and projects in the whole region and leading to a recession in the GCC.

A major challenge facing the bank in launching this new branch is the prediction of the rate of development, size of the emerging market and the strategies that are most effective in such a market. In this study, performance as an integrative outcome involves the strategic and financial aspects. Strategic outcomes are measured by the level of

fulfillment of strategic goals, increase of market share and achievement of competitive advantage over rivals while financial aspects are measured by the level of growth in profits, total assets and deposits. It is clear that, for this kind of research, a longitudinal design is superior to capture trends in host and home countries, as well as in companies. Conducting systematic survey in the future is very important. It must be at least two years between surveys so that considerable changes can occur in host country environments and company performance outcomes.

The bank implemented strategy should be to gain market share through developing retail and corporate lending and targeting the growing private and investment banking business. A major risk in its regional expansion is the possible inability for branding and risk management and this will be the biggest test for management. The highly qualified management team of BLOM Bank should push the new branch to outperform the market in Qatar. The bank should retain a leading position in the retail banking through launching new retail products to target both professionals and self employed. This will include cards with co-brands, and enhancing the distribution networks such as the merchant acquiring of selected retailers and the attraction of car dealerships for car loans and this should allow BLOM to grow successfully over the next incoming years. We are particularly optimistic about the regional banking integration drive that is taking place in the region as it will allow the bank to succeed in being more diversified, larger and smarter.

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APPENDICES

APPENDIX A: List of Tables

Table1: Market Entry Strategy - Decision Formulation Chart

DECISION FACTORS	BLITZKRIEG ENTRY	CAVALRY CHARGE	STRIKE FORCE	GUERRILLA TACTICS
1. MARKET CONDITIONS				
<i>HOSTILE</i>	(+)	(-)	(+)	(+)
<i>BENIGN</i>	(+)	(+)	(-)	(-)
<i>BOUNTIFUL</i>	(+)	(+)	(-)	(+)
<i>SPARSE</i>	(-)	(-)	(+)	(-)
2. COMPANY RESOURCES				
<i>AMPLE</i>	(+)	(+)	(-)	(-)
<i>RESTRICTED</i>	(-)	(+)	(+)	(+)
<i>CRITICAL MASS NEEDED</i>	(+)	(+)	(-)	(-)
3. DIVERSITY				
<i>GREAT (POOR FIT)</i>	(-)	(-)	(+)	N
<i>SMALL (GOOD FIT)</i>	(+)	(+)	(-)	N
4. COMPANY CULTURE				
<i>RISK AVERSE</i>	(-)	(-)	(+)	(+)
<i>EXPERIMENTAL</i>	(+)	(+)	(+)	(+)
5. MARKET LIFE CYCLE				
<i>EARLY STAGE</i>	(-)	(-)	(+)	(+)
<i>DEVELOPED STAGE</i>	(+)	(+)	N	N
<i>MATURE STAGE</i>	(-)	(-)	(+)	(+)
6. MARKET SALIENCY				
<i>HIGH TO ENTRY FIRM</i>	(+)	(+)	N	N
<i>LOW TO ENTRY FIRM</i>	(-)	(-)	(+)	(+)
7. THREAT TO EXISTING CUSTOMERS				
<i>LOW</i>	(+)	(+)	N	N
<i>HIGH</i>	(-)	(-)	(+)	(-)
8. PROPRIETARY PROTECTION				
<i>STRONG</i>	(+)	(+)	(+)	(+)
<i>WEAK</i>	(-)	(-)	(-)	(-)
(+) = Appropriate / Necessary Strategy	(-) = Not Appropriate / Not Necessary	N = Neutral		

Table 2: Credit Facility by Economic Sector (2002 – 2006)

Sector (QR Million)	2002	2003	2004	2005	2006
Public	16,815	19,932	16,470	18,650	21,537
Merchandise	4,726	5,532	6,116	6,184	11,553
Industry	937	750	1,060	2,419	2,078
Land, Housing & Construction	1,287	3,327	5,712	9,541	15,745
Personal	9,640	11,503	14,085	24,731	35,177
Services	612	1,865	2,363	2,942	7,246
Others	1,750	437	466	900	1,437
Total Domestic Credit	35,957	43,346	46,294	67,337	94,773
Outside Qatar	247	442	1,189	2,366	7,775

Source: Qatar Central Bank

Table 3: Consumer Price Index

Groups of Commodities and Services	2004		2005		2006	
	Index	% Change	Index	% Change	Index	% Change
Food, Beverages and Tobacco	104.22	3.33%	107.48	3.13%	115.36	7.33%
Garments and Footwear	104.60	8.10%	101.81	-2.67%	114.46	12.43%
Housing	139.55	16.22%	176.19	26.25%	221.94	25.97%
Furniture, Textiles and Home Appliances	101.91	3.35%	106.67	4.67%	110.67	3.94%
Medical Care and Medical Services	96.93	-1.42%	103.34	4.48%	104.55	1.17%
Transport and Communications	95.98	3.66%	99.70	3.88%	101.56	1.87%
Education, Culture and Recreation	102.27	2.94%	102.16	-0.10%	104.53	2.32%
Miscellaneous Goods and Services	110.34	4.11%	114.89	4.12%	130.51	13.60%
General Index	109.48	6.80%	119.13	8.81%	133.23	11.84%

Source: Qatar Planning Council

Table 4: Rankings and Market Share by Total Assets of All Qatari Banks

	2004			2005		
	Volume US\$ '000	Market share %	Rank	Volume US\$ '000	Market share %	Rank
Qatar National Bank	10,823,660	42.7	1	13,752,790	39.1	1
Commercial Bank of Qatar	3,540,705	14.0	2	6,093,830	17.3	2
Doha Bank	3,036,637	11.9	3	4,184,129	11.9	3
Qatar Islamic Bank	2,111,821	8.3	4	2,624,054	7.5	4
Qatar International Islamic Bank	1,363,277	5.4	5	1,740,562	5.0	5
Ahli Bank (QSC)	1,173,164	4.6	6	1,698,086	4.8	6
HSBC Bank Middle East Limited (Qatar Branch)	845,519	3.3	7	1,373,798	3.9	7
International Bank of Qatar	549,398	2.2	9	1,280,266	3.6	8
Arab Bank Ltd (Qatar Branch)	585,171	2.3	8	773,868	2.2	9
B N P Paribas (Qatar Branch)	453,385	1.8	10	527,510	1.5	10
MashreqBank (Qatar Branch)	347,287	1.4	12	515,972	1.5	11
Standard Chartered Bank (Qatar Branch)	382,311	1.5	11	396,584	1.1	12
United Bank Limited (Qatar branch)	85,548	0.3	13	111,104	0.3	13
Bank Saderat Iran (Qatar Branch)	72,725	0.3	14	74,220	0.2	14
Total Qatar Banks	25,340,608	100.0		35,146,773	100.0	

Source: *Qatar Central Bank Publications and Statistics, Banks Ranking Report*

Table 5: Rankings and Market Share by Loans and Advances of All Qatari Banks

	2004			2005		
	Volume US\$ '000	Market share %	Rank	Volume US\$ '000	Market share %	Rank
Qatar National Bank	7,264,165	50.2	1	8,647,665	43.3	1
Commercial Bank of Qatar	1,830,149	12.6	2	2,990,148	15.0	2
Doha Bank	1,480,308	10.2	3	2,278,769	11.4	3
Qatar Islamic Bank	1,156,237	8.0	4	1,640,907	8.2	4
Ahli Bank (QSC)	392,792	2.7	7	958,830	4.8	5
Qatar International Islamic Bank	710,187	4.9	5	933,128	4.7	6
HSBC Bank Middle East Limited (Qatar Branch)	443,457	3.1	6	626,765	3.1	7
International Bank of Qatar	274,620	1.9	9	617,085	3.1	8
Arab Bank Ltd (Qatar Branch)	298,532	2.1	8	482,372	2.4	9
B N P Paribas (Qatar Branch)	184,727	1.3	11	255,695	1.3	10
MashreqBank (Qatar Branch)	190,798	1.3	10	254,074	1.3	11
Standard Chartered Bank (Qatar Branch)	167,247	1.2	12	161,101	0.8	12
United Bank Limited (Qatar branch)	39,416	0.3	14	69,418	0.3	13
Bank Saderat Iran (Qatar Branch)	50,114	0.3	13	45,044	0.2	14
Total Qatar Banks	14,482,749	100.0		19,961,001	100.0	

Source: *Qatar Central Bank Publications and Statistics, Banks Ranking Report*

Table 6: Rankings and Market Share by Total Deposits of All Qatari Banks

	2004			2005		
	Volume US\$ '000	Market share %	Rank	Volume US\$ '000	Market share %	Rank
Qatar National Bank	8,727,257	48.3	1	10,729,594	43.2	1
Commercial Bank of Qatar	2,488,113	13.8	3	4,055,125	16.3	2
Doha Bank	2,523,091	14.0	2	3,408,724	13.7	3
Ahli Bank (QSC)	910,345	5.0	4	1,365,878	5.5	4
HSBC Bank Middle East Limited (Qatar Bra	717,154	4.0	5	1,188,370	4.8	5
International Bank of Qatar	436,612	2.4	7	1,015,680	4.1	6
Arab Bank Ltd (Qatar Branch)	510,509	2.8	6	651,195	2.6	7
Qatar Islamic Bank	369,107	2.0	9	614,957	2.5	8
Qatar International Islamic Bank	288,264	1.6	11	484,223	1.9	9
B N P Paribas (Qatar Branch)	411,173	2.3	8	473,144	1.9	10
MashreqBank (Qatar Branch)	249,219	1.4	12	401,792	1.6	11
Standard Chartered Bank (Qatar Branch)	319,595	1.8	10	317,867	1.3	12
United Bank Limited (Qatar branch)	68,007	0.4	13	87,475	0.4	13
Bank Saderat Iran (Qatar Branch)	54,740	0.3	14	53,689	0.2	14
Total Qatar Banks	18,073,186	100.0		24,847,713	100.0	

Source: Qatar Central Bank Publications and Statistics, Banks Ranking Report

Table 7: Rankings and Market Share by Total Profits of All Qatari Banks

	2004			2005		
	Volume US\$ '000	Market share %	Rank	Volume US\$ '000	Market share %	Rank
Qatar National Bank	222,851	35.3	1	415,330	32.2	1
Doha Bank	99,595	15.8	2	216,996	16.8	2
Commercial Bank of Qatar	86,274	13.7	3	205,912	16.0	3
Qatar Islamic Bank	79,236	12.6	4	140,454	10.9	4
Qatar International Islamic Bank	22,657	3.6	6	127,919	9.9	5
HSBC Bank Middle East Limited (Qatar Bra	36,217	5.7	5	49,088	3.8	6
Ahli Bank (QSC)	22,130	3.5	7	38,289	3.0	7
International Bank of Qatar	8,859	1.4	11	24,738	1.9	8
Standard Chartered Bank (Qatar Branch)	14,530	2.3	9	20,601	1.6	9
MashreqBank (Qatar Branch)	15,384	2.4	8	17,226	1.3	10
Arab Bank Ltd (Qatar Branch)	13,750	2.2	10	16,740	1.3	11
B N P Paribas (Qatar Branch)	4,171	0.7	12	7,790	0.6	12
United Bank Limited (Qatar branch)	2,982	0.5	13	4,573	0.4	13
Bank Saderat Iran (Qatar Branch)	2,378	0.4	14	3,020	0.2	14
Total Qatar Banks	630,994	100.0		1,288,656	100.0	

Source: Qatar Central Bank Publications and Statistics, Banks Ranking Report

Table 8: Economically Active Population by Economic Activity

Economic Activity	1997 Census	2004 Census
Agriculture, Hunting & Forestry	9,044	10,200
Fishing	1,303	1,825
Mining and Quarrying	9,364	17,697
Manufacturing	24,143	40,069
Electricity and Gas	3,206	4,364
Construction	56,106	117,049
Wholesale and Retail Trade	30,622	54,436
Hotels and Restaurants	6,066	10,260
Transport, Communication & Storage	9,614	15,218
Financial Intermediation	3,094	4,766
Real Estate, Renting and Related Activities	4,644	11,659
Public Administration	49,673	63,436
Education	13,954	19,677
Health and Social Work	5,434	11,554
Other Community Social Services	7,663	10,130
Domestic Services	45,100	63,356
Extra-territorial Organisations and Bodies	595	1,171
Others	295	--
Total	280,122	437,561

Source: Qatar Planning Council

Table 9: Population by Age Groups and Gender, 2004 Census

Age Group	Males	Females	Total
0-4	30,069	28,469	58,548
5-9	26,420	27,814	58,234
10-14	26,667	26,149	52,836
15-19	22,167	20,004	42,191
20-24	39,896	19,671	59,567
25-29	59,477	24,576	84,053
30-34	66,976	27,833	94,809
35-39	61,624	23,773	85,397
40-44	56,617	19,260	75,877
45-49	46,466	12,631	59,119
50-54	29,736	7,615	37,353
55-59	15,771	4,104	19,875
60-69	9,573	3,663	13,436
70+	2,669	1,625	4,734
Total	496,362	247,647	744,029

Source: Qatar planning Council

Table 10: Economically Active Population by Employment Status

	1997 Census			2004 Census		
	Males	Females	Total	Males	Females	Total
Employer	1,438	39	1,477	2,832	61	2,893
Own Account	2,133	48	2,181	1,892	22	1,914
Employee	238,845	37,820	276,665	368,129	64,375	432,504
Other	163	30	193	180	0	180
Total	242,385	37,737	280,122	373,103	64,458	437,561

Source: Qatar Planning Council

Table 11: Employing Expatriates in International Subsidiaries

<u>Advantages</u>	<u>Disadvantages</u>
<ul style="list-style-type: none">• Cultural similarity with parent company ensures transfer of business and management practices• Permits closer control and coordination of international subsidiaries• Gives employees a multinational orientation through experience at parent company• Establishes a pool of internationally experienced executives	<ul style="list-style-type: none">• Creates problems of adaptability to foreign environment and culture• Increases the “foreignness” of the subsidiary• May involve high transfer and salary costs• May result in personal and family problems• Leads to high failure rate• Has disincentive effect on local-management morale and motivation• May be subject to local government restrictions

Source: Gomez-Mejia, Balkin, Cardy, 1995

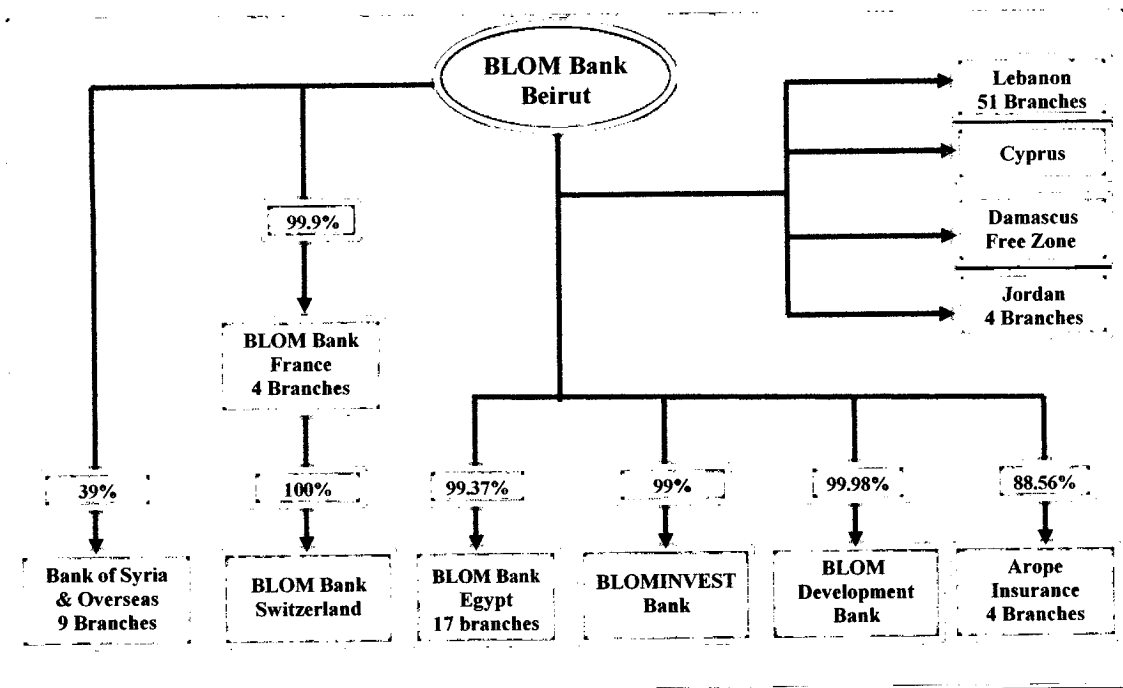
Table 12: Branch Items Price List

Type	Cost/Unit	No of Units	Cost
A/C	\$15,000	2	\$30,000
ATM	\$13,000	2	\$26,000
Attendance Machine	\$1,500	1	\$1,500
Calculator	\$80	20	\$1,600
Camera	\$15,000	2	\$30,000
Cash Box	\$60	6	\$360
Chair	\$50	26	\$1,300
Check Encoder	\$900	1	\$900
Chub	\$1,400	6	\$8,400
Computers + Programs	\$1,000	25	\$25,000
Decoration	\$25,000	1	\$25,000
Electric Generator	\$20,000	1	\$20,000
Electricity Installments	\$6,200	1	\$6,200
Guest Chair	\$60	30	\$1,800
Kitchen & Accessories	\$900	1	\$900
Carpets	\$4,000	1	\$4,000
Metallic Filing Drawer	\$200	1	\$200
Money Counter	\$1,400	3	\$4,200
Office Manager	\$7,000	1	\$7,000
Office Supplies	\$25	25	\$625
Photocopy	\$2,000	2	\$4,000
Printer	\$120	6	\$720
Printings	\$5,000	2	\$10,000
Room Safe Door	\$5,000	1	\$5,000
Shredder	\$900	1	\$900
Sign Board	\$1,500	1	\$1,500
Sofa Seats	\$140	3	\$420
Telephone	\$15	28	\$420
Telephone - Central	\$850	1	\$850
Telephone - Fax	\$300	3	\$900
Total			\$219,695

Source: *BLOM Administration Department*

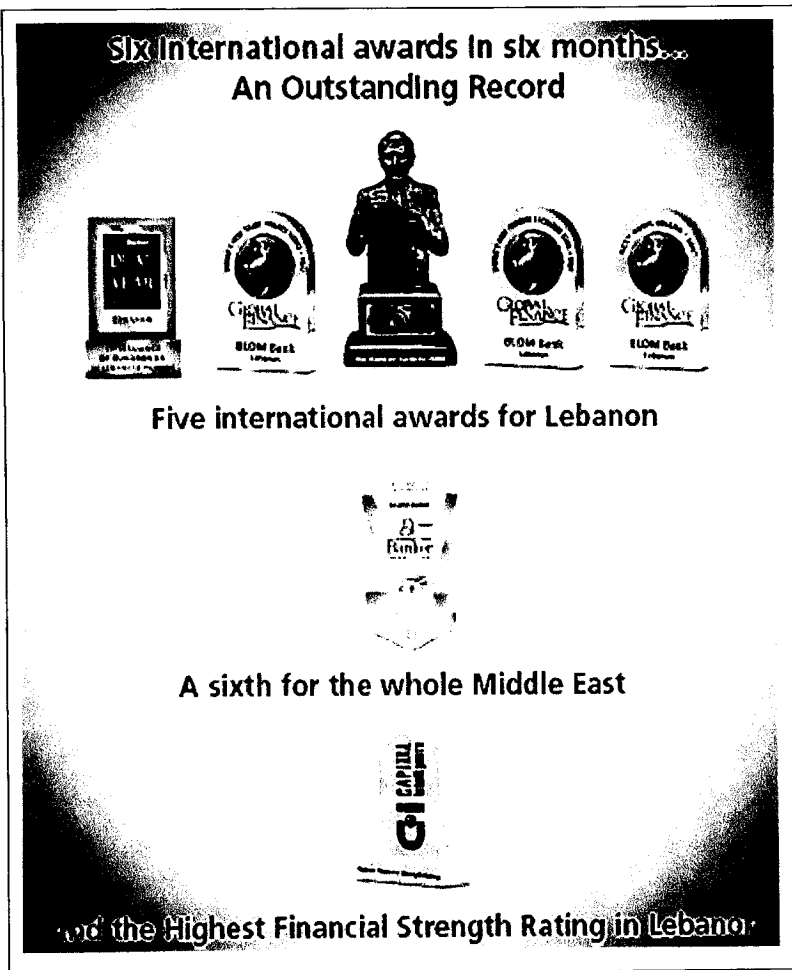
APPENDIX B: List of Figures

Figure 1: BLOM Bank Branches and Subsidiaries



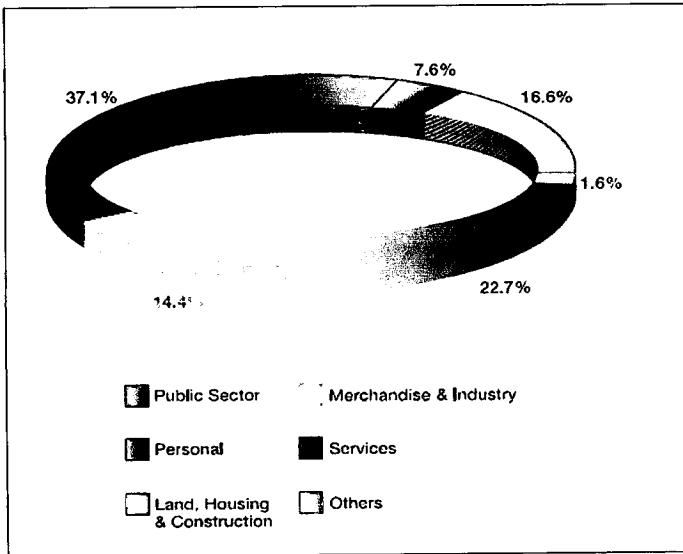
Source: BLOM Bank 2006 Annual Report

Figure 2: BLOM Awards for 2007



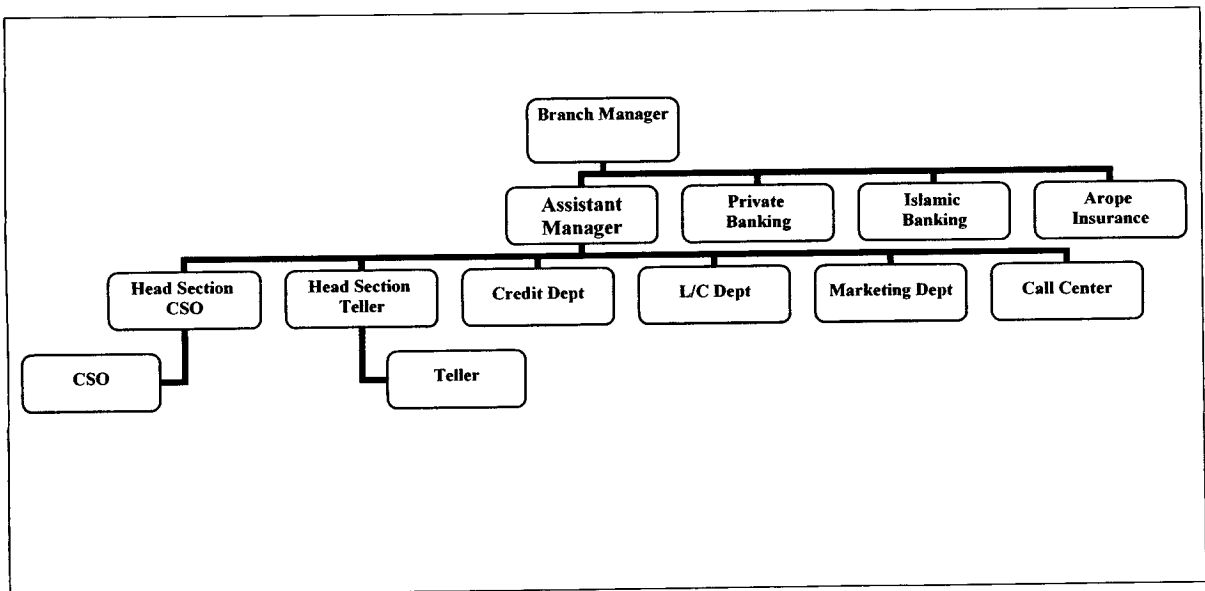
Source: www.blombank.com.lb

Figure 3: Distribution of Qatar Credit Facilities



Source: Qatar Central Bank - 2006

Figure 4: BLOM Qatar Organization Chart



APPENDIX C: Qatar Banking Law

البلد	رقم النص	النوع	تاريخ م	عدد المواد	عنوان النص
قطر	15	مرسوم بقانون	1993 5 8	79	انشاء مصرف قطر المركزي

نحن حمد بن خليفة ال ثاني نائب امير دولة قطر،
بعد الاطلاع على النظام الاساسي المؤقت المعدل، وبخاصة على المواد (22) و (23) و (27) و (34) منه.
وعلى الامر الاميري رقم (1) لسنة 1993 بتعيين نائب لامير دولة قطر،
وعلى القانون رقم (2) لسنة 1962 بتنظيم السياسة المالية العامة في قطر،
وعلى القانون رقم (5) لسنة 1970 بتحديد صلاحيات الوزراء وتعيين اختصاصات الوزارات والاجهزة الحكومية الاخرى،
والقوانين المعدلة له،
وعلى القانون رقم (7) لسنة 1973 بانشاء مؤسسة النقد القطري، المعدل بالقانون رقم (7) لسنة 1975،
وعلى القانون رقم (4) لسنة 1982 بتنظيم مهنة الصرافة، والقوانين المعدلة له،
وعلى اقتراح وزير المالية والاقتصاد والتجارة،
وعلى مشروع القانون المقدم من مجلس الوزراء،
قررنا القانون الاتي:

الفصل الأول

تعريف

المادة I

في تطبيق احكام هذا القانون ، تكون للكلمات والعبارات التالية المعاني المبينة قرين كل منها، ما لم يقتض السياق معنى اخر .
الوزير: وزير المالية والاقتصاد والتجارة .
المصرف: مصرف قطر المركزي .
المجلس: مجلس ادارة المصرف.
المحافظ: محافظ المصرف.
البنك: أي شركة رخص لها بمزاولة الاعمال المصرفية وفق احكام القانون.
الاعمال المصرفية :
قبول الودائع لاستعمالها في عمليات مصرفية ، كخصم الاوراق التجارية وشرائها وبيعها، ومنح القروض والسلف، واصدار الشيكات وقبضها، وطرح القروض العامة او الخاصة، والمتاجرة بالعملات الاجنبية والمعادن الثمينة .وبصفة عامة كل ما نصت عليه قوانين التجارة او العرف باعتباره كذلك.
الوسطاء الماليون :
عملاء البورصة ، وسماسرة بيع وشراء الاسهم والسندات الاجنبية وادارة الاستثمار وتوظيف الاموال ، سواء كانوا محليين او وكلاء او ممثلين لشركات او مؤسسات اجنبية .
مكاتب التمثيل :
المكاتب التي تمثل البنوك او المؤسسات المالية الاجنبية .
مؤسسة مالية :
اي شركة او منشأة رخص لها بمنح الائتمان او استثمار الاموال دون حق تلقي الودائع.
كما اضيفت بموجب **قانون رقم 19** تاريخ 4/8/1997:
بنوك الوحدات الخارجية : بنوك تمارس اعمال الوحدات الخارجية ، وتكون على شكل شركات مساهمة مركزها الرئيسي في دولة قطر ، او تكون فروع بنوك قطرية او اجنبية.
اعمال بنوك الوحدات الخارجية : الاعمال المصرفية باستثناء تلقي الودائع وادارة الاستثمار للمواطنين والمقيمين في دولة قطر او فتح حسابات يسحب عليها شيكات .

الفصل الثاني إنشاء المصرف وأغراضه

المادة 2

ينشأ مصرف مركزي يسمى " مصرف قطر المركزي " تكون له الشخصية المعنوية ، ويباشر جميع الاعمال والتصرفات التي تكفل تحقيق اغراضه .

المادة 3

تكون مدينة الدوحة مركزا رئيسيا للمصرف ، ويجوز ان يفتح فروعاً في دولة قطر ، وان يعين وكلاء ومراسلين له في الخارج

المادة 4

يقوم المصرف بتنظيم السياسة النقدية والائتمانية والمصرفية والعمل على تنفيذها وفقاً للخطة العامة للدولة ، بما يساعد على دعم الاقتصاد الوطني واستقرار النقد ، ويكون للمصرف في سبيل تحقيق اغراضه ما يأتي :

- 1- توجيه السياسة النقدية والائتمان المصرفي بما يحقق اهداف السياسة الاقتصادية للدولة .
- 2- ممارسة امتياز اصدار النقد وتداوله .
- 3- العمل على استقرار قيمة النقد وحرية تحويله الى العملات الاخرى .
- 4- تنظيم ومراقبة البنوك والمؤسسات المالية وفقاً لاحكام القانون.
- 5- القيام بوظيفة مصرف الحكومة ضمن الحدود المنصوص عليها في هذا القانون .
- 6- العمل كمصرف للبنوك العاملة في الدولة.
- 7- حفظ وتشغيل الاموال الاحتياطية المرصودة لتغطية النقد .

الفصل الثالث

رأس المال والأرباح والإحتياطيات

المادة 5

1. رأس مال المصرف (500,000,000) خمسمائة مليون ريال، تدفعه الحكومة بالكامل. ويجوز زيادة رأس المال بناء على توصية المجلس وموافقة مجلس الوزراء .
2. رأس مال المصرف غير قابل للتحويل او الرهن ولا يجوز تخفيضه الا بقانون .
3. على الوزير ان يحول للمصرف ما تصدره الحكومة من سندات غير قابلة للتحويل وبدون فائدة لمقابلة اي عجز في رأس المال ، وذلك عندما يقرر المجلس ان موجودات المصرف تقل عن مجموع رأس ماله والتزاماته .

المادة 6

تحدد الأرباح الصافية لكل سنة مالية بعد خصم جميع الالتزامات والمصروفات الجارية وعلى الاخص:

- 1- الديون المشكوك فيها والهالكة ، واستهلاك الموجودات وصندوق التقاعد .
- 2- المبالغ اللازمة لاية اغراض أخرى يعتمدها المجلس وذلك بعد موافقة الوزير .

المادة 7

1. يكون للمصرف صندوق للاحتياطي العام يقتطع له سنويا خمسون في المائة (50%) من صافي الأرباح الى ان يصبح الرصيد مساوياً لرأس المال. ثم يقتطع خمسة وعشرون في المائة (25%) سنويا من صافي الأرباح الى ان يصبح الرصيد مثلي رأس المال .
ويجوز زيادة الاحتياطي المنصوص عليه في هذه الفقرة بالقدر وبالنسبة اللذين يتم الاتفاق عليهما بين الوزير والمصرف .
2. مع مراعاة احكام الفقرة السابقة يخصص ما تبقى من صافي الأرباح لاسترداد السندات الصادرة بموجب احكام الفقرة (3) من المادة (5).
3. يؤول بعد ذلك صافي الأرباح باكماله للحكومة .

الفصل الرابع الإدارة

المادة 8

تتولى ادارة المصرف مجلس ادارة يشكل من :

- 1- المحافظ رئيسا .
 - 2- نائب المحافظ.
 - 3- ممثل عن وزارة المالية والاقتصاد والتجارة.
 - 4- ممثل عن المجلس الاعلى للتخطيط.
 - 5- ثلاثة اعضاء اخرين.
- ويشترط في جميع اعضاء المجلس ان يكونوا من ذوي الكفاءة العالية في الاعمال المصرفية والمالية والاقتصادية.

المادة 9

- 1- يعين كل من المحافظ ونائب المحافظ بمرسوم، بناءً على اقتراح الوزير، لمدة خمس سنوات قابلة للتجديد. ويكون المحافظ بدرجة وزير، ونائب المحافظ وكيل وزارة.
- 2- يعين باقي اعضاء المجلس بمرسوم بناءً على اقتراح الوزير لمدة ثلاث سنوات قابلة للتجديد ويحدد المرسوم مكافاتهم.
- 3- اذا شغل منصب اي عضو من الاعضاء قبل انتهاء مدته يعين اخر محله بذات الاداة لاكمال المدة المتبقية.

المادة 10

يتولى المحافظ ادارة اعمال المصرف ويكون مسئولاً امام المجلس ، وهو الممثل القانوني للمصرف وله حق التوقيع نيابة عنه. وللحافظ ان يفوض - بعد موافقة المجلس - نائب المحافظ او غيره من موظفي المصرف في مزاولة بعض صلاحياته .

المادة 11

يكون للمجلس جميع الصلاحيات اللازمة لتحقيق اغراض المصرف وعلى الاخص ما يلي:

- 1- تحديد سياسة المصرف النقدية والائتمانية وسياسة استثمار الموجودات الخارجية والاشراف على حسن قيام المصرف بمهامه.
- 2- تقرير الامور المتعلقة باصدار النقد وسحبه من التداول .
- 3- وضع النظام الداخلي للمصرف واعداد اللوائح الادارية والمالية اللازمة لتسيير اعماله وممارسة اختصاصاته .
- 4- تقرير نظام خصم الاوراق التجارية .
- 5- تحديد معدل الخصم والفوائد والعمولات التي يتقاضاها المصرف .
- 6- تقرير الامور المتعلقة بتنظيم الاعمال المصرفية وقواعد الرقابة عليها في حدود احكام هذا القانون.
- 7- تقرير نظام منح القروض والسلف للبنوك العاملة في الدولة وتعيين حدها الاقصى وتحديد الضمانات المطلوبة لها .
- 8- تقرير السلف الممنوحة للحكومة وفقا لاحكام هذا القانون .
- 9- انشاء غرف المقاصة وتأسيس دائرة مركز الاخطار المصرفية .
- 10- الموافقة على مشروع موازنة المصرف السنوية وادخال التعديلات اللازمة عليها خلال السنة .
- 11- الموافقة على ميزانية المصرف العامة وحساب الارباح والخسائر .
- 12- الموافقة على تقرير المصرف السنوي .
- 13- وضع النظم المتعلقة بشئون موظفي المصرف وتحديد حقوقهم وواجباته وانشاء صندوق لتقاعدهم وتحديد مدى اسهام المصرف فيه .
- 14- تعيين كبار الموظفين في المصرف وترقياتهم وانهاء خدماتهم وذلك طبقا لنظام شئون موظفي المصرف .
- 15- النظر في جميع الشئون الاخرى التي تدخل في اختصاصاته وفقا لاحكام هذا القانون .

المادة 12

يحل نائب المحافظ محل المحافظ بصفة مؤقتة عند غيابه او خلو منصبه .

المادة 13

على المحافظ ونائبيه ان يتفرغا لعملهما في المصرف ولا يجوز لاي منهما اثناء توليه وظيفته ان يقوم باي عمل او يشغل اي منصب او وظيفة سواء باجر او بغير اجر .
ويستثنى من ذلك مهام واعمال المؤتمرات الدولية واعمال اللجان والمؤسسات والهيئات التي تشكلها او تشرف عليها الحكومة .
ولا يجوز لباقي الاعضاء ان يكونوا اعضاء مجلس ادارة او مديرين او موظفين في اي بنك او مؤسسة مالية .

المادة 14

لا يجوز ان يكون عضوا في المجلس :

- 1- من اشهر افلاسه او امتنع عن دفع ديونه .
- 2- من سبق الحكم عليه في جريمة مخلة بالشرف او الامانة العامة ما لم يكن قد مضى على صدور الحكم خمس سنوات او مضى على تنفيذ العقوبة ثلاث سنوات .

المادة 15

- يجوز بمرسوم انتهاء العضوية في المجلس في اي من الحالتين الاتيتين :-
(1) اذا أخل العضو اخلاصا خطيرا بواجباته او ارتكب اخطاء جسيمة في ادارة المصرف .
(2) اذا تغيب عن حضور ثلاثة اجتماعات متتالية بغير موافقة المجلس وبدون عذر مقبول.

المادة 16

1. يعقد المجلس اجتماعا عاديا مرة واحدة على الاقل كل ثلاثة اشهر .
2. لرئيس المجلس ان يدعو المجلس للاجتماع كلما دعت الحاجة الى ذلك .
3. على رئيس المجلس ان يدعو المجلس للاجتماع بناءً على طلب الوزير او ثلاثة من الاعضاء على الاقل.

المادة 17

يشترط لصحة اجتماع المجلس ان يحضره خمسة اعضاء على الاقل على ان يكون من بينهم المحافظ او نائبه ، وتصدر قرارات المجلس باغلبية اصوات الحاضرين فاذا تساوت رجح الجانب الذي يكون فيه الرئيس .

المادة 18

للمجلس ان يستعين - عند الضرورة - بمن يرى الاستعانة بهم من الخبراء ، وان يحدد مكافاتهم ، وان يدعو الى اجتماعاته من يرى الاستماع الى رايه في موضوع معين دون ان يكون له صوت محدود في المداولات .

المادة 19

1. يحظر على اعضاء المجلس او الموظفين او المستخدمين به او مراقب الحسابات او وكلاء المصرف افتاء اية بيانات او معلومات تتعلق بشئون المصرف او عملائه او بشئون البنوك او المؤسسات المالية الخاضعة لرقابته تكون قد وصلت اليهم بسبب ادائهم لوظائفهم وذلك فيما عدا الاحوال التي يصرح فيها القانون بذلك او تنفيذا لامر او حكم قضائي .
2. مع عدم الاخلال باي عقوبة اشد ينص عليها قانون اخر يعاقب كل من يخالف الحظر الوارد في الفقرة السابقة بالسجن لمدة لا تزيد على سنة و بغرامة لا تتجاوز عشرة الاف ريال او باحدى هاتين العقوبتين وفي جميع الاحوال يحكم بانتهاء العضوية او العزل من الوظيفة.

المادة 20

لا يجوز للمصرف ان يدفع للموظفين فيه او لصالحهم اي اجور او رواتب او اتعاب او علاوات او مكافآت على اساس ما يحققه من ارباح .

الفصل الخامس

النقد

المادة 21

وحدة النقد هي الريال القطري وينقسم الى مائة (100) درهم .

المادة 22

مع مراعاة احكام اتفاقيات النقد الدولية التي تبرمها قطر او تنضم اليها ، يتم تحديد سعر التعادل واسس الصرف للريال بموجب مرسوم بناء على اقتراح المصرف وموافقة الوزير .

المادة 23

مع مراعاة احكام المادة السابقة ، وفي سبيل المحافظة على قيمة الريال في الخارج ، يكون للمصرف ما يلي :

1. شراء وبيع العملات العالمية القابلة للتحويل بالشروط التي يحددها المجلس ويعلنها .
2. تحديد الاسعار التي يشتري او يبيع بها الذهب والعملات الاجنبية ، والاعلان عنها من وقت لآخر .

المادة 24

1. اصدار النقد امتياز مقصور على الدولة يمارسه المصرف وحده دون سواه .
2. على المصرف :-

- ا- ان يتخذ التدابير اللازمة لطبع اوراق النقد وسك المسكوكات النقدية وما يتبع ذلك من اعمال كالاحتفاظ بهذه الاوراق والمسكوكات وكليشوهات وقوالب طبع اوراق النقد وسك المسكوكات .
ب- ان يصدر اوراق النقد والمسكوكات النقدية وان يعيد اصدارها ، وان يستردها كما يجوز له ان يستبدلها في مركزه الرئيسي وفي البنوك والمكاتب والوكالات التي ينشئها او يعينها .
3. يعاقب كل من يخالف احكام هذه المادة بالعقوبات المقررة لتقليد اوراق النقد او تزيف المسكوكات المنصوص عليها في قانون العقوبات .

المادة 25

1. فئات اوراق النقد التي يصدرها المصرف هي :-
ريال واحد ، خمسة ريالات ، عشرة ريالات ، خمسون ريالاً ، مائة ريال وخمسمائة ريال .
ويجوز بمرسوم ، بناء على توصية المجلس واقتراح الوزير ، اصدار اوراق النقد من فئات اخرى .
وتحمل اوراق النقد الصادرة بعد العمل بهذا القانون توقيع المحافظ والوزير .
2. فئات المسكوكات النقدية التي يصدرها المصرف هي :
درهم واحد ، خمسة دراهم ، عشرة دراهم ، خمسة وعشرون درهما وخمسون درهما .

المادة 26

تكون اوراق النقد والمسكوكات النقدية التي يصدرها المصرف بالاشكال والتصميمات والمواصفات التي يوافق عليها مجلس الوزراء ، بناء على اقتراح الوزير وتوصية المصرف.

المادة 27

1. تكون اوراق النقد التي يصدرها المصرف عملة قانونية لها قوة ابراء لدفع اي مبلغ في قطر بشرط الا يجاوز هذا المبلغ قيمتها الاسمية .
2. تكون المسكوكات النقدية التي يصدرها المصرف عملة قانونية لها قوة ابراء لدفع اي مبلغ لا يزيد على (10) عشرة ريالات.
3. يعاقب بغرامة لا تجاوز ثلاثة الاف ريال كل من امتنع عن قبول العملة القطرية المنصوص عليها في هذا القانون بالقيمة المتعامل بها وفي حدود قوة الأبراء الخاصة بها.

المادة 28

- مع مراعاة احكام الفقرتين (1) ، (2) من المادة السابقة للمجلس بعد موافقة الوزير ان يقرر سحب اي فئة من اوراق النقد او المسكوكات النقدية من التداول مقابل دفع قيمتها الاسمية .
وينشر هذا القرار في الجريدة الرسمية ويذاع على الجمهور بمختلف وسائل النشر المناسبة ويحدد قرار السحب مهلة لتبديل الاوراق النقدية والمسكوكات النقدية المسحوبة على ان لا تقل عن 90 يوما في الاحوال العادية وعن خمسة عشر يوما في الاحوال غير العادية .
وتفقد الاوراق النقدية والمسكوكات التي لم تقدم للتبديل قبل انتهاء المهلة المحددة في الفقرة السابقة قوتها الابرائية كعملة قانونية ويمتنع التعامل بها . ويحق لحاملها ان يحصل على قيمتها الاسمية من المصرف خلال عشر سنوات من تاريخ العمل بقرار السحب . فاذا انقضت السنوات العشر دون ان تقدم الاوراق النقدية خلالها للتبديل ، وجب اخراجها من التداول وازافة قيمتها الى الحساب المنصوص عليه في المادة (35) من هذا القانون .

المادة 29

1. لا يلتزم المصرف بدفع قيمة النقد المفقود او المسروق .
2. يدفع المصرف قيمة النقد المشوّه او المنقوص وفقا للتعليمات التي يصدرها في هذا الشأن . اما النقد الذي لا يتوافر فيه هذه الشروط فيسحب من التداول دون مقابل .

المادة 30

يعاقب بالحبس مدة لا تزيد على ستة اشهر وبغرامة لا تجاوز ثلاثة الاف ريال قطري ، او باحدى هاتين العقوبتين ، كل من شوّه النقد بالقطع او التمزيق او الطمس او التثقيب او الكتابة او الطباعة او الرسم او الختم او اللصق عليه او اضافة اي شيء اليه دون تفويض من الجهة المختصة.

الفصل السادس

غطاء النقد

المادة 31

- 1- يحتفظ المصرف في جميع الاوقات باحتياطي من الموجودات يقابل النقد المتداول وذلك بالشروط التي يضعها المجلس وتتكون هذه الموجودات من كل او بعض العناصر الاتية :
ا- مسكوكات او سبائك ذهبية .
ب- ودائع تحت الطلب او لاجل بعملات قابلة للتحويل مودعة لدى البنوك المحلية او مودعة في الخارج لدى البنوك المركزية او خزانات الدول او بنك التسويات الدولية او صندوق النقد الدولي او البنوك التجارية .
ج- صكوك او سندات او اذونات او شهادات اجنبية صادرة عن حكومات اجنبية او مضمونة من قبلها او صادرة عن منظمات مالية او نقدية دولية مضمونة من قبلها شريطة ان تكون جميع هذه الاوراق من الدرجة الاولى محررة بعملات قابلة للتحويل وان تكون سهلة التداول في الاسواق المالية .
د- الاوراق التجارية عدا الاسهم المحررة بعملة اجنبية قابلة للتحويل والمقبولة لدى البنوك التجارية الاجنبية .
هـ - الاذونات والسندات الصادرة عن الحكومة او المضمونة من قبلها والسلف الممنوحة من المصرف الى خزانة الحكومة .

- والاوراق التجارية الداخلية المخصصة لدى المصرف والقروض والسلف الممنوحة للبنوك المحلية لقاء ضمانات كافية .
-2 لا يجوز ان يقل احتياطي الموجودات المنصوص عليه في الفقرة (1) من هذه المادة عن 100% من قيمة النقد المتداول .

الفصل السابع التعامل بالعملة الأجنبية والذهب

المادة 32

- يجوز للمصرف وفقا للقواعد البنكية ان يقوم بالتالي :
- 1- ان يشتري ويبيع ويتعامل بالمسكوكات والسيانك الذهبية واية معادن نفيسة اخرى .
 - 2- ان يشتري ويبيع ويتعامل بالعملة الاجنبية وفقا للقواعد البنكية المعمول بها .
 - 3- ان يشتري ويبيع اذونات الخزينة وغيرها من السندات التي تصدرها او تضمنها حكومات اجنبية او مؤسسات مالية دولية .
 - 4- ان يشتري ويبيع اذونات الخزينة وغيرها من السندات التي تصدرها الحكومة او مؤسساتها المالية (بالعملة الاجنبية) .
 - 5- ان يفتح ويحتفظ بحسابات في الخارج .
 - 6- ان يفتح ويحتفظ بحسابات ويعمل بصفة وكيل او مراسل لبنوك او حكومات او مؤسسات حكومية اجنبية .
 - 7- ان يفتح ويحتفظ بحسابات ويعمل بصفة وكيل او مراسل للحكومة او مؤسساتها العامة .

المادة 33

يحدد المجلس الجهات التي يحق للمصرف ان يمارس معها العمليات المنصوص عليها في المادة السابقة .
ولا يجوز للمصرف ممارسة هذه العمليات مع غير هذه الجهات .

المادة 34

يتولى المصرف تنفيذ القوانين والانظمة الخاصة برقابة تحويل النقد .

المادة 35

يفتح المصرف باسم الحكومة حسابا خاصا يسمى اعادة تقويم الاحتياطي .

1- يقيد في الجانب الدائن منه ما ياتي :

1- الارباح الناجمة عن تغيير قيمة موجودات المصرف ومطلوباته من الذهب او العملات الاجنبية او حقوق السحب الخاصة من جراء تغيير سعر التعادل و اساس الصرف .

ب- الارباح الناجمة عن سحب اوراق النقد والمسكوكات النقدية وفقا للفقرة الثالثة من **المادة (28)** .

2- يقيد المصرف في الجانب المدين من الحساب الخاص، الخسائر التي يتكبدها في نهاية السنة المالية نتيجة اعادة تقويم موجودات ومطلوبات المصرف من ذهب و عملات اجنبية وحقوق السحب الخاصة من جراء تغيير سعر التعادل و اساس الصرف بالنسبة الى قيمة الريال .

3- لا تدخل الارصدة الدائنة الصافية في نهاية السنة المالية لهذا الحساب في ارباح المصرف ، اما الارصدة المدينة الصافية فتقوم الحكومة بتسديدها من نصيبها في ارباح المصرف اذا توافرت او بسندات على الخزانة العامة ، وبدون فائدة. وتستهلك هذه السندات تباعا من الارباح الصافية لهذا الحساب المحققة في السنوات التالية .

الفصل الثامن

العلاقات مع البنوك

المادة 36

للمصرف ان يفتح حسابات للبنوك العاملة في قطر وان يقبل منها الودائع حسب الشروط التي يضعها المجلس من وقت لآخر .

المادة 37

يجوز للمصرف :

1. شراء الكمبيالات او السندات الاذنية من البنوك او بيعها لها او خصمها او اعادة خصمها لها ، بشرط ان تكون مسحوبة او مصدره للاغراض التجارية او الصناعية او الزراعية وموقعة من شخص مليء ، على الاقل ، وتستحق الدفع خلال مدة لا تتجاوز 92 يوما من تاريخ حصول المصرف عليها .

2. منح القروض للبنوك لفترات لا تتجاوز 92 يوما ، على ان تكون هذه القروض مغطاة على الوجه التالي :

(1) الكمبيالات والسندات الاذنية المنصوص عليها في الفقرة (1) من هذه المادة .

(ب) شهادات الايداع او الوثائق التي تثبت الحيازة المطلقة لسلع اساسية او بضائع اخرى مؤمن عليها تامينا صحيحا على ان يحدد المصرف من وقت لآخر النسبة المئوية القصوى للسلف بالنسبة للسعر الجاري لتلك السلع او البضائع .

(ج) ما تملكه البنوك من اصول مما يسمح للمصرف بشرائها او بيعها او التعامل بها بموجب الفقرات 3، 2، 1 من **المادة (32)** .

(د) السندات وغيرها من وثائق المديونية التي تصدرها الحكومة او مؤسساتها او وكالاتها او تضمنها .

3. يجوز للمصرف ان يمنح قروضا غير مغطاة بالكامل او مغطاة بموجودات غير ما ورد بالفقرة السابقة عندما تكون هذه القروض ضرورية للحيلولة دون افلاس البنك المقترض او توقفه عن سداد التزاماته او في حالات طارئة وذلك حسب الشروط التي يضعها المجلس .

4. ضمان المبالغ التي يودعها احد البنوك لدى بنك اخر بقصد مسانده في حالة تعرض سيولته او ملاءته للخطر . ويكون تقرير هذا الضمان بموافقة مجلس الوزراء بناء على عرض الوزير بالتنسيق مع المحافظ .

المادة 38

يحدد المصرف الشروط التي بموجبها يقدم الائتمان للبنوك ، وبوجه عام يعلن من وقت لآخر اسعاره للخصم ولإعادة الخصم ومنح القروض والسلف .

المادة 39

كما تعدلت بموجب القانون رقم 19 بتاريخ 4/8/1997

1. على المصرف ان يطلب من البنوك العاملة في قطر ان تحتفظ بمقادير من الاحتياطي مقابل ما لديها من ودائع ، كما يجوز له ان يدفع لهذه البنوك فوائد مقابل هذا الاحتياطي وفقا للنسب والاسس والضوابط التي يضعها المصرف .
2. للمصرف ان يحصل من البنك الذي لا يحتفظ بالاحتياطي المطلوب وبالنسب المقررة غرامة بسعر سنوي لا يزيد على ثلاثة امثال سعر الخصم المعلن من قبل المصرف بموجب احكام المادة (38) من هذا القانون ، وذلك عن كل مبلغ نقص به الاحتياطي عن حدة المقرر ، وتكون الغرامة عن كل يوم من ايام التقصير .
3. تفرض هذه الغرامة بقرار من المجلس بعد سماع ايضا حات البنك المخالف .
المادة القديمة:

1. على المصرف ان يطلب من البنوك العاملة في دولة قطر ان تحتفظ بمقادير من الاحتياطي مقابل ما لديها من ودائع تحت الطلب . ويكون هذا الاحتياطي اما في صورة موجودات نقدية لدى هذه البنوك او في صورة ودائع تحت الطلب لدى المصرف وينسب يحددها المصرف .

2. كما يجوز للمصرف ان يطلب من البنوك العاملة في قطر ان تحتفظ بمقادير من الاحتياطي مقابل ما لديها من ودائع اجلة لدى المصرف . وفي هذه الحالة على المصرف ان يدفع لهذه البنوك فوائد مقابل هذا الاحتياطي بنسب لا تقل في اي حال من الاحوال عن نقطتين منويتين عما هو سائد في السوق على مثل هذه الودائع .

3. للمصرف ان يحدد نسبة مختلفة حسب انواع الودائع مع مراعاة الشروط التالية :

(ا) لا يزيد مجموع نسبة الاحتياطي الذي يحتفظ به اي بنك عن 20% (عشرين في المائة) من مجموع ودائعه . ويجوز للمجلس زيادة النسب المقررة لتلائم متطلبات الوضع النقدي بعد موافقة مجلس الوزراء .

(ب) يكون اي تحديد او تعديل او زيادة في نسبة الاحتياطي المطلوبة نافذ المفعول بعد مضي ثلاثين يوما من اخطار البنوك كتابة بذلك .

(ج) تكون نسبة الاحتياطي المحددة وطرق احتسابها واحدة لجميع البنوك .

4. يستثنى من احكام الفقرتين (ب ، ج) المصارف الاسلامية والمتخصصة على ان يقوم المصرف بوضع الاسس والنسب التي تتماشى مع طبيعة هذه المصارف .

5 . للمصرف ان يحصل من البنك الذي لا يحتفظ بالاحتياطي المطلوب وبالنسب المقررة وفق احكام هذه المادة غرامة بسعر سنوي لا يزيد على ثلاثة امثال سعر الخصم المعلن من قبل المصرف بموجب احكام المادة (38) من هذا القانون وذلك عن كل مبلغ نقص به الاحتياطي عن حده المقرر وتكون الغرامة عن كل يوم من ايام التقصير .

6. تفرض هذه الغرامة بقرار من المجلس ، بعد سماع ايضا حات البنك المخالف .

المادة 40

1. للمصرف ان يصدر تعليمات للبنوك يحدد بموجبها الشروط او النسب التي تلتزم جميع البنوك دون تمييز بمراعاتها ضمنا لسيولتها وملاءتها وبصورة خاصة النسب الواجب توافرها بين العناصر التالية :

ا- اسعار الفائدة التي تدفعها البنوك عن الودائع واسعار الفائدة والعمولات التي تتقاضاها على تسهيلات الائتمانية وادارة حسابات العملاء وعلى خدمتها لهم.

ب_ حجم القروض والسلف والتسهيلات الائتمانية الاخرى وانواعها واغراضها وشروطها.

ج_ الحد الاقصى الذي يجوز للبنك اقراضه لشخص واحد، طبيعيا كان او معنويا، بالنسبة الى حقوق الملكية.

د- الحد الاقصى لما يستطيع البنك تقديمه من التسهيلات الائتمانية لعضو مجلس الادارة او شاغلي الوظائف الرئيسية فيه مع نوع ونسبة الضمانات المطلوبة.

هـ- الحد الادنى والواجب على العملاء دفعة نقدا لتغطية عمليات فتح الاعتمادات المستندية.

و- النسب الواجب استثمارها في السوق المحلية من الودائع وحقوق المساهمين.

ز- نسبة حقوق الملكية الى اجمالي الموجودات.

ح- نسبة الجاري المدين الى اجمالي التسهيلات.

ط_ اية نسبة اخرى يرى المصرف ضرورة تحديدها لتسيير السياسة النقدية، وضمان حقوق المودعين.

2- تسري التعليمات التي تصدر بموجب هذه المادة على جميع البنوك وتكون نافذة المفعول بعد مضي ثلاثين يوما من تاريخ

اخطارها بها كتابة.

3- كل بنك يخالف احكام هذه المادة يلتزم بان يدفع للمصرف عن كل مخالفة مبلغا لا يزيد على خمسة الاف ريال عن كل يوم تستمر فيه هذه المخالفة، وتسري في هذا الشأن احكام الفقرة (6) من المادة (39).

المادة 41

1- على البنك ان يخطر المصرف من حين لآخر بقائمة البنوك او المؤسسات المالية التي يرغب في التعامل معها في ايداع او استثمار جزء من موجوداته.

ولا يجوز للبنك التعامل مع اي منها في حالة اعتراض المصرف.

2- لا تنفذ التعليمات التي يصدرها البنك صاحب الموجودات ال البنوك والمؤسسات المالية الخارجية الا اذا كانت معتمدة من مديره التنفيذي او ممن يفوضه من موظفي الفرع على ان يخطر المصرف باسماء المفوضين بالتوقيع خلال (48) ساعة من تاريخ صدورها.

3- يجوز للمصرف ان يطلب في اي وقت من البنك صاحب الوديعة الخارجية موافاته ببيانات كاملة عن هذه الوديعة.

4- كل من يخالف الاحكام السابقة يعاقب بغرامة لا تقل عن عشرة الاف ريال.

المادة 42

يجوز للمصرف ان ينظم غرفة للمقاصة في الوقت والمكان المناسبين.

الفصل التاسع

مراقبة البنوك

المادة 43

كما تعدلت بموجب قانون رقم 19 تاريخ 4/8/1997:

1. لا يجوز ان يزاول الاعمال المصرفية او اعمال بنوك الوحدات الخارجية في قطر ، او ان يستعمل تعبير بنك او مصرف او صاحب مصرف او اية عبارة اخرى للدلالة على مزاوله الاعمال المصرفية او اعمال بنوك الوحدات الخارجية في الوثائق او المراسلات او الاعلانات او غيرها ، الا من كان مرخصا له بذلك من مجلس الوزراء بناء على توصية المصرف ، ويصدر الترخيص وفق الشروط التي يحددها المصرف .

2. يجوز للمصرف ان يرخص للبنوك القطرية بان تنشئ فروعا لها لمزاوله اعمال بنوك الوحدات الخارجية وفقا للشروط التي يحددها ، كما يجوز للمصرف بعد موافقة مجلس الوزراء ان يرخص لبعض فروع البنوك الاجنبية بمزاوله اعمال بنوك الوحدات الخارجية في قطر ، وذلك وفقا للضوابط والاسس التي يضعها المصرف .

3. مع مراعاة احكام قانون الشركات التجارية يجب على البنوك وبنوك الوحدات الخارجية ان تتخذ شكل شركات المساهمة وان تطرح اسهمها للاكتتاب العام .

ويستثنى من ذلك فروع البنوك الاجنبية وفروع بنوك الوحدات الخارجية الاجنبية المرخص لها بالعمل في قطر .

4. لا يجوز ان تزاول بنوك الوحدات الاجنبية وفروع البنوك الوطنية والاجنبية المرخص لها بمزاوله اعمال بنوك الوحدات الخارجية الا اعمال بنوك الوحدات الخارجية المعرفة في المادة (1) من هذا القانون ، ومن ذلك يجوز للمصرف ان يسمح لهذه البنوك والفروع بتلقي الودائع وادارة الاستثمار للهيئات والمؤسسات العامة والقطاع الخاص اذا قدر اهمية ذلك لاجراض التنمية الاقتصادية او لتسهيل عملية مصرفية محددة ، وفي هذه الحالة يسري على البنوك المشار اليها حكم المادة (39) من هذا القانون

5. مع عدم الاخلال باية عقوبة اشد ينص عليها قانون اخر ، يعاقب كل من يخالف احكام البنود (1) ، (3) ، (4) من هذه المادة بالحبس مدة لا تزيد على ستة اشهر وبغرامة لا تجاوز خمسين الف ريال او باحدى هاتين العقوبتين . وفي جميع الاحوال يحكم باغلاق المكان الذي يزاول فيه النشاط المخالف .
المادة القديمة:

1. لا يجوز ان يزاول الاعمال المصرفية في قطر او ان يستعمل تعبير بنك او مصرف او صاحب مصرف او اية عبارة اخرى للدلالة على مزاوله الاعمال المصرفية في الوثائق او المراسلات او الاعلانات او غيرها الا من كان مرخصا له بذلك من مجلس الوزراء بناء على توصية المصرف، ويصدر الترخيص وفق الشروط التي يحددها المصرف.

2. مع مراعاة احكام قانون الشركات التجارية يجب على البنوك ان تتخذ شكل شركات المساهمة وان تطرح اسهمها للاكتتاب العام، ويستثنى من ذلك فروع البنوك الاجنبية المرخص لها بالعمل في قطر.

3. مع عدم الاخلال باية عقوبة اشد ينص عليها قانون اخر يعاقب كل من يخالف احكام الفقرتين بالحبس مدة لا تزيد على ستة اشهر وبغرامة لا تجاوز خمسين الف ريال او باحدى هاتين العقوبتين، وفي جميع الاحوال يحكم باغلاق المكان الذي يزاول فيه النشاط المخالف.

المادة 44

1. على كل شركة ترغب في ممارسة الاعمال المصرفية في قطر ، ان تقدم الى المصرف طلب ترخيص على النموذج الذي يعده المصرف مشتملا على المعلومات المطلوبة.

2. يتولى المصرف دراسة طلب الترخيص والتأكد من توافر الشروط والبيانات التي يطلبها. ويحال الطلب الى الوزير مشفوعا

براي المصرف تمهيدا للعرض على مجلس الوزراء، ليصدر قراره بشأن الطلب.
3. يجوز لطالب الترخيص ان يتظلم من قرار الرفض الى مجلس الوزراء خلال ثلاثين يوما من تسلمه اخطار الرفض ويكون قرار مجلس الوزراء في التظلم نهائيا غير قابل للطعن فيه امام اي جهة اخرى.

المادة 45

كل بنك او فرع بنك يزاول الاعمال المصرفية في قطر عند العمل بهذا القانون، يعتبر بنكا مرخصا بمقتضى احكام هذا القانون، وللمصرف ان يمنح اي منهما مهلة لا تزيد على ستة اشهر ليقوم اوضاعه مع احكام هذا القانون.

المادة 46

1. يجوز الغاء الترخيص الممنوح للبنك بقرار من مجلس الوزراء بناء على توصية المصرف في حالات الاتية :
ا- بناء على طلب البنك.

ب- مخالفة البنك الصريحة او تكرار المخالفات لاي من احكام هذا القانون او التعليمات الصادرة بمقتضاه.

ج- عدم مباشرة البنك اعماله خلال سنة من تاريخ صدور الترخيص له.

د- توقف البنك عن ممارسة نشاطه في قطر او تعرض سيولته او ملاءته للخطر.

هـ- صدور قرار بتصفية البنك او حله لاي سبب اخر.

2. لا يجوز الغاء ترخيص اي بنك بموجب احكام البنود ب، ج، د، هـ من الفقرة (1) من هذه المادة الا بعد اخطار البنك بتوصية المصرف ومنحه مهلة لابداء ملاحظاته عليها.

3. في حالة الغاء الترخيص يمنح المصرف البنك مهلة ليقوم بانهاء اعماله على ان لا يقبل ودائع او قروضا بعد صدور قرار الالغاء.

4. يصفى كل بنك يصدر قرار بالغاء ترخيصه، وينظم القرار طريقة التصفية.

المادة 47

يجب على كل بنك ينوي التوقف عن مزاوله اعماله في قطر ان يخطر المصرف بذلك مسبقا، ولا يجوز ان تقل مدة الاخطار عن ستة اشهر، ويجوز للمصرف الموافقة على انقاص المدة المحددة للاخطار اذا ما اقتنع ان حقوق اصحاب الودائع محافظ عليها، ويجب على المصرف التثبت من وفاء البنك الذي يريد التوقف عن العمل بجميع التزاماته قبل اصحاب الودائع وغيرهم من الدائنين، ويتم هذا التثبت طبقا للقواعد والاجراءات التي يقررها المصرف في هذا الشأن.

المادة 48

لا يجوز لاي بنك ان يفتح فرعا جديدا او يغلق فرعا او ان يغير موقعه بدون موافقة مسبقة من المصرف.

المادة 49

لا يجوز لبنك مرخص ان يندمج او ياتلف مع بنك اخر بدون موافقة مسبقة من المصرف.

المادة 50

كما تعدلت بموجب القانون رقم 19 تاريخ 4/8/1997

1. يشترط في منح الترخيص ان لا يقل راس مال البنك المدفوع عن عشرين مليون ريال اذا كان البنك قطريا ، وان لا يقل راس المال المحتفظ به او المخصص للعمل في قطر عن عشرة ملايين ريال اذا كان فرعا لبنك اجنبي. ويعفى من هذا التحديد فروع بنوك الوحدات الخارجية الوطنية ، كما يجوز اعفاء فروع بعض بنوك الوحدات الخارجية الاجنبية وفقا للاسس والضوابط التي يقررها المصرف .

2. على كل بنك ان يحتفظ باحتياطي لراسماله ، وان يرحد من صافي الارباح الى ذلك الاحتياطي مبلغا لا يقل عن 20% سنويا الى ان يبلغ الاحتياطي المحتفظ به 100% من راس المال المدفوع او المخصص .

3. على المصرف ان يحدد طريقة احتساب مقدار وشكل راس المال المدفوع او المخصص وحساب الاحتياطي ، ويخطر البنوك بذلك .

المادة القديمة:

1. يشترط في منح الترخيص ان لا يقل راس مال البنك المدفوع عن عشرة ملايين ريال اذا كان البنك قطريا وان لا يقل راس المال المحتفظ به او المخصص للعمل في قطر عن عشرة ملايين ريال اذا كان فرعا لبنك اجنبي.

2. على كل بنك ان يحتفظ باحتياطي لراسماله، وان يرحد من صافي الارباح الى ذلك الاحتياطي مبلغا لا يقل عن 20% سنويا الى ان يبلغ الاحتياطي وان المحتفظ به 100% من راس المال المدفوع او المخصص.

3. على المصرف ان يحدد طريقة احتساب مقدار وشكل راس المال المدفوع او المخصص وحساب الاحتياطي وان تخطر البنوك بذلك .

50 مكرر

كما اضيفت بموجب المرسوم بقانون رقم (15) لسنة 1993 المشار اليه مادة جديدة برقم (50 مكرر)، يكون نصها كما يلي :
"تعفى بنوك الوحدات الخارجية وفروع البنوك الوطنية والاجنبية المرخص لها بمزاوله أعمال الوحدات الخارجية من ضريبة الدخل على ارباحها الصافية"

المادة 51

1. لا يجوز لأي شخص بغير موافقة المصرف ان يكون عضوا في مجلس ادارة اي بنك او ان تكون له علاقة مباشرة او غير مباشرة بادارته وذلك في الحالات الآتية :

ا- اذا كان عضوا في مجلس ادارة بنك الغي ترخيصه بموجب احكام الفقرة (1) من المادة (46) من هذا القانون او صفي بحكم قضائي.

ب_ اذا صدر حكم بحبسه في اي بلد لارتكابه جريمة مخلة بالشرف او الامانة ما لم يكن قد مضى على صدور الحكم خمس سنوات او مضى على تنفيذ العقوبة ثلاث سنوات.

ج_ من اعلن افلاسه او توقف عن سداد ديونه.

ويتعين اخذ رأي المصرف قبل تعيين الموظفين الرئيسيين في البنوك العاملة في قطر.

2- يعاقب بغرامة لا تجاوز خمسة الاف ريال كل من يخالف احكام الفقرة السابقة.

المادة 52

1. يكون لكل بنك مراقب حسابات قانوني مسجل في قطر، ويشترط في تعيينه موافقة المصرف، وعلى المراقب ان يقدم تقريرا للمساهمين عن الميزانية العمومية وحساب الارباح والخسائر السنوية وعليه ان يضمن التقرير رايه فيما اذا كانت الميزانية وحسابات البنك صحيحة ومطابقة للواقع، وفيما اذا كان قد حصل على الايضاحات والمعلومات التي يرى ضرورتها لاداء مهمته على وجه مرض وفيما اذا كانت اعمال البنك مطابقة لاحكام قانون الشركات التجارية ونظام البنك واحكام قانون المصرف والقرارات واللوائح المنفذة له.

2. يجب ان يتلى تقرير مراقب الحسابات مع تقرير مجلس ادارة البنك في الاجتماع السنوي للمساهمين اذا كان بنكا قطريا او ان يرسل الى المركز الرئيسي اذا كان بنكا اجنبيا وتقدم نسخة من التقرير الى المصرف.

3. اذا لم يتم البنك بتعيين مراقب حسابات يوافق عليه المصرف، جاز للمصرف ان يعين مراقبا لهذا البنك يقدر اتعابه ويلتزم البنك بدفعها.

4. لا يجوز ان يكون مراقب الحسابات عضوا في مجلس ادارة البنك الذي عين لمراجعة حساباته ولا يكون من العاملين فيه ولا ممن يباشرون اعمالا استشارية دائمة لمصلحته.

5. لا يجوز لمراقب الحسابات ان يحصل على قروض بضمان او بغير ضمان او على كفالات من البنك الذي يتولى مراجعة حساباته.

المادة 53

1. يقوم المصرف في اي وقت بالتفتيش على اي بنك متى راي ذلك ضروريا للتأكد من سلامة وضعه المالي ومدى تقيده باحكام هذا القانون في ادارة اعماله.

2. على كل بنك ان يطلع من يكلفه المصرف بالتفتيش على جميع الدفاتر والحسابات والوثائق والمستندات المتعلقة باعماله في قطر، وان يزوده بالمعلومات الخاصة بهذه الاعمال بناء على طلبه وفي المواعيد التي يحددها.

3. يجوز للمصرف ان يطلب من البنك تزويده بنسخة من التقارير التي يرفعها مراقب الحسابات.

4. اذا تبين للمصرف ان اوضاع احد البنوك تسير بطريقة غير قانونية، او ان سيولته وملاءته تعرضت للخطر بما قد يضر بحقوق اصحاب الودائع، او تكررت مخالفاته لتعليمات المصرف، فيجوز للمصرف ان يطلب من البنك سرعة اتخاذ الاجراءات الضرورية التي يحددها لتصحيح تلك الاوضاع.

كما يجوز له ان يتخذ مباشرة اجراء او اكثر من الاجراءات الآتية :

ا- ان يمنع البنك من القيام بعمليات معينة او يضع قيودا على الاعمال التي يمارسها.

ب_ ان يوقف اي عضو من اعضاء مجلس ادارته من المسؤولين الرئيسيين عن الادارة.

ج_ ان يصدر توجيهات الى البنك بما يجب اتخاذه من اجراءات لتصحيح اوضاعه عن طريق تعيين مراقب او اكثر على نفقة البنك.

د- ان يتولى المصرف لفترة محددة - يجوز تمديدها - ادارة البنك بالطريقة التي يراها مناسبة، ويقرر المصرف بعدها اما ان يستأنف البنك ادارة اعماله بنفسه او التوصية بالغاء الترخيص الممنوح له وتصفيته وفقا لاحكام المادة (46) من هذا القانون.

المادة 54

لا يجوز خلال مدة ادارة المصرف للبنك توقيع حجوز او تقرير حقوق امتياز على اصول واموال البنك.

المادة 55

1. على كل بنك ان ينشر في احد الجرائد اليومية ميزانية العمومية وحساب ارباحه وخسائره ومصدقة من مراقب الحسابات خلال اربعة اشهر من انتهاء سنته المالية، وان يقدم نسخة منها للمصرف.

2. يعاقب بغرامة لا تجاوز عشرة الاف ريال كل بنك يخالف احكام الفقرة السابقة.

المادة 56

1. تحدد البنوك - بموافقة المصرف - مواعيد التعامل مع الجمهور.

2. يجوز للمصرف في ظروف استثنائية ان يصدر اعلانا يوقف بموجبه البنوك عن مزاوله اعمالها لفترة يحددها في الاعلان.

3. يعاقب بغرامة لا تجاوز خمسة الاف ريال كل من يخالف احكام هذه المادة.

المادة 57

1. على كل بنك ان يزود المصرف باية معلومات او بيانات يرى انها لازمة للقيام باعماله، وذلك بالطريقة وفي الموعد الذي يحدده.
2. للمصرف ان ينشر كليا او جزئيا المعلومات التي تزوده بها البنوك بموجب الفقرة السابقة ويشترط في ذلك ان لا يؤدي النشر الى كشف الشئون المالية لعميل اي بنك الا اذا وافق البنك وعملية كتابة على النشر.

المادة 58

اعضاء مجلس الادارة والمديرون يسألون بصفة شخصية عن الخسائر والاضرار التي تصيب البنك او تصيب الغير نتيجة اهمالهم او تقصيرهم في اداء اعمالهم. ويكون البنك مسئولا بالتضامن معهم عن الخسائر والاضرار التي تصيب الغير.

المادة 59

- يحظر على البنوك ان تزاول اعمالا غير مصرفية، وعلى الاخص :
1. ممارسة التجارة او الصناعة او امتلاك البضائع والمتاجرة بها لحسابها الخاص ما لم يكن امتلاكها وفاء لدين لها على الغير. وفي هذه الحالة عليها ان تقوم باجراء التصفية اللازمة خلال المدة التي يحددها المحافظ.
 2. شراء العقارات لحسابها الخاص. ومع مراعاة احكام قوانين تملك العقارات، يجوز للبنوك التملك في الحالات الآتية :
- العقارات اللازمة لممارسة اعمالها او لسكنى موظفيها.
- العقارات التي تمتلكها استيفاء لديونها، وعليها في هذه الحالة بيع هذه العقارات في غضون ثلاث سنوات من تاريخ تملكها. ويجوز تمديد هذه المهلة بقرار من المحافظ.
 3. تملك الاسهم الخاصة بها او التعامل فيها، ما لم تكن قد الت اليها استيفاء لدين. وعليها في هذه الحالة بيع هذه الاسهم خلال سنتين من تاريخ تملكها.
 4. لا تسري احكام هذه المادة على المصارف الاسلامية والمتخصصة. ويقوم المصرف بوضع الاسس والقواعد التي تتناسب مع طبيعة هذه البنوك.

المادة 60

للمصرف، بعد موافقة مجلس الوزراء، ان يطبق ما يراه مناسبا من احكام هذا القانون على فئات معينة من المؤسسات المالية، بموجب اعلان ينشر في الجريدة الرسمية.

المادة 61

1. يحظر على اعضاء مجلس ادارة البنك وموظفيه ومراقبي حساباته ومستشاريه الافضاء باية معلومات تتعلق باي عميل الا بموافقة كتابية مسبقة منه، او بناء على نص في القانون، او بناء على امر او حكم قضائي. وعلى البنك اخطار العميل فور الافضاء بالمعلومات مع ابصاح الجهة التي تلقتها. ويظل هذا الحظر ساريا بعد انتهاء خدمة الاشخاص المشار اليهم .
2. يسري الحظر المنصوص عليه في الفقرة السابقة على الاشخاص المذكورين الذين انتهت خدمتهم قبل تاريخ العمل بهذا القانون.
3. مع عدم الاخلال باي عقوبة اشد ينص عليها قانون اخر يعاقب كل من يخالف هذا الحظر بالحبس مدة لا تزيد على سنة وبغرامة لا تجاور عشرة الاف ريال او باحدى هاتين العقوبتين.

الفصل العاشر

العلاقة مع الحكومة

المادة 62

1. يقدم المصرف المشورة للحكومة في الامور المتعلقة بالسياسة النقدية والائتمانية والمصرفية. وللحكومة ان تستشير في هذه الامور.
2. يجوز للحكومة ومؤسستها ان تودع اموالها لدى المصرف.
3. يقوم المصرف بالعمليات والخدمات المصرفية التي تطلبها منه الحكومة ومؤسساتها.
4. يجوز للوزير ان يعهد الى المصرف بادارة موجودات الحكومة لدى المؤسسات المالية الدولية التي تكون قطر عضوا فيها.
5. يجوز للمصرف بناء على طلب الوزير ادارة القروض العامة واتخاذ الترتيبات اللازمة لاصدار الاذونات والسندات وغيرها من الصكوك التي تصدرها الحكومة ودفع فوائدها واستردادها.

الفصل الحادي عشر الحسابات

المادة 63

تبدأ السنة المالية للمصرف في اليوم الاول من شهر يناير وتنتهي في اليوم الحادي والثلاثين من شهر ديسمبر من كل سنة.

المادة 64

يتولى ديوان المحاسبة مراقبة حسابات المصرف وفقا للقانون. كما يجوز للمصرف بالاضافة الى ذلك التعاقد مع مراقب حسابات خارجي.

المادة 65

1. على المصرف ان يقدم للوزير، بعد نهاية كل ثلاثة اشهر بيانا بموجودات المصرف ومطلوباته كما هي عند نهاية اخر يوم عمل في الاشهر الثلاثة.
2. على المصرف ان يقدم خلال اربعة اشهر من نهاية كل سنة مالية تقريرا سنويا الى الوزير عن ارباحه وخسائره، او بيانا مؤقتا بها تعذر تقديمها في الوقت المحدد.
3. على المصرف ان يصدر سنويا تقريرا عن اعماله مع ميزانيته العمومية وحساب ارباحه وخسائره.

الفصل الثاني عشر

أحكام عامة وإتقالية

المادة 66

تعفى ارباح المصرف وعملياته ورأس ماله وممتلكاته ووثائقه من الضرائب والرسوم.

المادة 67

يكون لديون المصرف ما لديون الحكومة من امتياز على اموال مدينيه، ويتم تحصيلها بنفس الطرق المقررة لتحصيل اموال الدولة.

المادة 68

لا يجوز تصفية المصرف الا بقانون يحدد اجراءات التصفية ومواعيدها.

المادة 69

تقوم مؤسسة النقد القطري في تاريخ العمل بهذا القانون بتصفية اعمالها وحساباتها واعداد الحسابات الختامية عن الفترة المحاسبية الاخيرة، كما تعد تقريرا مفصلا عن وضع موجوداتها ومطلوباتها وغير ذلك من النواحي التي تبرز مركزها المالي.

المادة 70

- 1- تؤول الى المصرف جميع اصول وخصوم مؤسسة النقد القطري، وفي حالة زيادة الاصول على الخصوم ترحل هذه الزيادة الى حساب احتياطي المصرف.
- 2- يتسلم المصرف من مؤسسة النقد القطري جميع المخزون من اوراق النقد والمسكوكات النقدية التي لم تطرح للتداول وجميع الادوات والاكليشبات والقوالب المتعلقة بطبع اوراق النقد وسك المسكوكات.
- 3- ينقل الى المصرف جميع العاملين في مؤسسة النقد القطري مع احتفاظهم بجميع حقوقهم الوظيفية.

المادة 71

تعتبر اوراق النقد والمسكوكات النقدية التي اصدرتها مؤسسة النقد القطري كأنها صادرة من المصرف.

المادة 72

استثناء من احكام المادة (63) من هذا القانون تبدأ السنة المالية الاولى للمصرف اعتبارا من تاريخ العمل بهذا القانون حتى يوم الحادي والثلاثين من شهر ديسمبر من السنة ذاتها او السنة التي تليها حسبما يقرره الوزير بناء على توصية المصرف.

المادة 73

على الوزارات والاجهزة الحكومية والمؤسسات والهيئات العامة والشركات المملوكة للدولة ان تقدم الى المحافظ جميع المعلومات والاحصاءات التي يحتاج اليها المصرف في دراساته.

المادة 74

يقوم المجلس باعداد اللوائح الداخلية لادارة اعمال المصرف، ولا تكون هذه اللوائح نافذة الا بعد اعتمادها من مجلس الوزراء، بناء على عرض الوزير.

المادة 75

يصدر المحافظ القرارات اللازمة لتنفيذ هذا القانون.

المادة 76

يلغى القانون رقم (7) لسنة 1973 بإنشاء مؤسسة النقد القطري كما يلغى كل حكم يخالف احكام هذا القانون.
والى ان تصدر اللوائح والقرارات المشار اليها في المادتين (74)، (75)، يستمر العمل باللوائح والقرارات المنظمة لادارة
مؤسسة النقد القطري، فيما لا يتعارض مع احكام هذا القانون.

المادة 77

على جميع الجهات المختصة كل فيما يخصه ، تنفيذ هذا القانون . ويعمل به بعد ستين يوما من تاريخ نشره في الجريدة الرسمية .

حمد بن خليفة ال ثاني
نائب امير دولة قطر
حمد بن خليفة ال - امير دولة قطر

APPENDIX D: Foreign Investment Law

Qatari Law No. (13) for the year 2000 for the Regulation of Foreign Capital Investment in Economic Activity. The following is an English translation of the official Arabic text of the new Qatari legislation regarding foreign investment as prepared by Al-Kaabi Lawyers and Legal Consultants in Doha.

We Jassim Bin Hamad Al Thani, Deputy Emir of the State of Qatar

Having perused the temporary amended constitution, particularly Articles (22), (23), (34) and (51) thereof,

And the Commercial Companies Law No. (11) for the year 1981 as amended by Law No. (9) for the year 1998

And Customs Law No. (5) for the year 1988 and the laws amending it.

And Law No. (25) for the year 1990 regulating non-Qatari capital investment in economic activity, as amended by Law No. (9) for the year 1995.

And Law No. (11) for the year 1993 concerning income tax.

And Law No. (22) for the year 1993 regulating the Ministry of Finance, Economy and Commerce and defining its powers.

And upon the proposal of the Minister of Finance, Economy and Commerce.

And the draft law submitted by the Council of Ministers.

And having consulted the Advisory Council.

Have promulgated the following law:

Definitions

Article 1

In the implementation of the provisions of this law, the following words and phrases shall have the meanings shown against each of them, unless the text indicates otherwise:

The Ministry: Ministry of Finance, Economy and Commerce

The Minister: Minister of Finance, Economy and Commerce

Foreign Investor: Non-Qatari persons, whether natural or juristic, who invest their monies in any of the projects in which direct investment is permitted by the government in accordance with provisions of this law. Invested Foreign Capital: What is being invested by foreign investors in cash or in-kind, monies or rights having financial value in the State of Qatar, including:

1. Cash remitted into the country through banks and licensed financial companies;
2. Assets in kind imported for the purpose of investment in accordance with the provisions of this law;
3. Profits, revenues and reserves emanating from investing the foreign capital in the project, whereby the capital of that project has been increased, or if invested in any of the projects permitted by the provisions of this law;
4. Intangible rights such as licenses, patents and trademarks registered in the State;

Foreign Investment: Foreign capital invested in any of the activities permitted in accordance with the provisions of this law;

The Investment of Foreign Capital

Article 2

1. Subject to Clause (3) of this Article, foreign investors may invest in all sectors of national economy provided they have one or more Qatari partners whose share shall not be less than 51% of the capital, and the company is incorporated in a correct manner in accordance with the rules of law.

2. It is however permissible, by a decision from the Minister, for foreign investors, to exceed the percentage of their participation from 49% to 100% of the project's capital in the sectors of agriculture, industry, health, education, tourism and the development and exploitation of natural resources or energy or mining, provided it is in conformity with the development plan in the state. Preference to projects that achieve the optimum exploitation of locally available raw materials, export industries or those providing a new product or using modern technology, in addition to projects that assist in residing internationally famous industries and projects that give attention to national manpower and its rehabilitation.

3. It is prohibited for the foreign investments referred to in the two previous Clauses to invest in the fields of Banking, Insurance Companies, Commercial Agencies and the purchase of real estate.

Article 3

The Minister may, after consulting the relevant authority, authorize foreign companies which are engaged in contracts in the state, to perform such contracts if they facilitate the performance of a public service or utility.

Article 4

Where no specific provision is provided for this law, the provisions of the laws prevailing in the state must be followed with regard to the foreign investor obtaining the necessary licenses to engage in any of the activities in which he is authorized to invest.

Investment Incentives

Article 5

Necessary land must be allotted to any foreign investor establishing his investment project, through long term lease for a period not exceeding (50) years, renewable.

Article 6

Foreign investor may import for his investment project, what ever is required for the establishment operation and expansion of the project, in accordance with the laws prevailing in the state.

Article 7

The Ministry may:

1. Exempt the foreign capital invested in the fields provided for in Article (2) of this law from income tax for a period not exceeding ten years from the date of operation of the investment project.

2. Grant foreign investment projects customs duties exemptions with regard to imported machinery and equipment necessary for its establishment.

3. Grant foreign investment projects in the field of industry, custom duties exemption with regard to primary or semi-manufactured materials necessary for production not available in local market.

Article 8

1. Foreign investment shall not be subject, whether directly or indirectly, to expropriation or any other action with similar effect, unless it is for public benefit and done on a non-discriminating basis against quick and adequate compensation in accordance with legal procedures and the general principles provided for in Clause (2) of this Article.

2. Compensation shall be equivalent to the real economic value of the investment that has been expropriated at the time of expropriation or at time of the announcement relating thereto, and it shall be determined in accordance with normal economic situation prior to any threat of expropriation, and the due compensation must be paid without delay, and shall be freely transferable. The compensation aforesaid will carry interest at the prevailing rate in the state until the date of payment.

Article 9

1. Foreign investors have the freedom to transfer investments to and from abroad without delay, such transfers include:

I - Investment returns;

II - The proceeds of sale or liquidation of all or part of the investment;

III - The proceeds of monies resulting from settling investment disputes;

IV - The compensation provided for in Article (8) of this law.

2. Transfer of funds into any convertible currency shall be at the exchange rate prevailing on the date of transfer.

Article 10

A foreign investor has the right to transfer his investment to another foreign investor or to a Qatari citizen, or to relinquish the same to his Qatari partner in the case of partnership, provided it is carried out in accordance with the prevailing laws and regulations.

In aforesaid cases, the investment shall continue to be treated in accordance with this law, provided the new investor continues to work in the project, and who shall replace the previous investor in rights and obligations.

General Provisions

Article 11

Any dispute arising between the foreign investor and others may be settled through an international or local arbitral panel.

Article 12

The provisions of this law shall not apply to:

1. Companies and individuals to whom the state entrusts the task of extraction, exploitation or management of natural resources by virtue of a concession or special agreement, to the extent which does not contradict what is provided for in the concession contract or any special agreement.

2. Companies incorporated by the government or in which the government and other public corporations or departments participate in association with foreign investors in accordance with Article (9) of the commercial company's law referred to above.

Article 13

The foreign investor must protect the environment from pollution, and must abide by the laws, regulations and directives relating to public security and safety, and must refrain from any act which might infringe the state's public order and public morals.

Article 14

The provisions of this law shall not prejudice the benefits and tax exemptions and any other guarantees and incentives awarded to the companies and firms existing at the time when it shall come into force. Such companies and firms shall continue to retain those benefits, exemptions, guarantees and incentives in accordance with the legislation, agreements and contracts they are derived from Penalties and Final Provisions

Article 15

The Ministry shall notify the foreign investor if he contravenes any provision of this law requiring him to rectify such violation within a period not exceeding three months from the date of notification.

Article 16

Without prejudice to any more severe penalty stipulated in any other laws, any foreigner who practices an economic activity contrary to the provisions of this law shall be punished by a fine of not less than fifty thousand Riyals and not exceeding one hundred thousand Riyals. Additionally, any citizen who participates with a foreigner in such activity shall be subject to the same punishment.

Article 17

The technical staff of the Ministry delegated by the Minister shall have the capacity of legal seizure officers, to investigate and identify crimes committed in contravention of the provisions of this law and the implementing decisions thereof. They have, in this respect, the right to access premises and firms subject to this law and to inspect and examine their documents and records.

Article 18

Law No. (25) for the year 1990 referred to above shall be repealed.

Article 19

The Minister will issue bills and decisions necessary to execute the provisions of this law, including determining the fees.

Article 20

All parties concerned, each in its own competence, shall execute this law, and it will come into force from the date of its publication in the official Gazette.

Jassim Bin Hamad Al Thani
Deputy Emir of the State of Qatar
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