



Dubai International
Financial Centre

DIFC ANNUAL REPORT

2020



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His Highness Sheikh Mohammed bin Rashid Al Maktoum
Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai



Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum
Deputy Ruler of Dubai and President of Dubai International Financial Centre



H.E. Essa Kazim
Governor of DIFC

Chairman of DIFC Authority
Board of Directors

Governor's Message

I am delighted to present the 2020 DIFC Annual Report. In a year that saw the global economy stall, DIFC flourished.

The impact of the COVID-19 pandemic was devastating to communities of all kinds around the world. The people, businesses and communities of Dubai were guided by the strength of purpose, imagination and care of a leader with limitless vision. His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, put in place far-reaching practical measures to save lives and livelihoods across the emirate, providing security and safety for those who needed it most.

Economic stimulus was available to financial institutions and all clients in DIFC which has allowed them emerge stronger. Dubai and DIFC's positive reputation meant we continued to attract new businesses and make progress on our 2024 strategy.

It is undoubtedly a powerful testament to these economic foundations and international reputation that DIFC maintained a sustainable trajectory of growth that amounted to its best annual performance in its entire history.

It is also significant that DIFC has made an important contribution to Dubai's 2021 plan, becoming a pivotal hub in the global economy for finance and contributing across all areas. DIFC remained at the forefront of innovation in 2020, leading the charge for disruptive digital solutions in financial services. The number of FinTech and innovation companies grew exponentially and almost tripled throughout the year. Our ecosystem is committed to driving the future of finance. Together, we never stand still, and challenge the status quo in our evolution.

During 2020, we have delivered exceptional growth across all business sectors, which reflects the confidence the global finance industry places in DIFC. In 2021 we will continue to demonstrate resilience following the COVID-19 pandemic. We are very well-positioned to make further progress on our key 2024 priorities and will contribute further to Dubai's long term economic growth.



Arif Amiri

CEO of DIFC Authority

CEO's Message

It is with a sense of pride that during 2020 DIFC delivered an exceptional, record-breaking year of growth. The global context presented obvious challenges, yet the Centre and thousands of businesses operating within it adapted quickly and sought alternative opportunities. As the year closed, DIFC recorded impressive increases across key metrics, leaving it very well placed to meet its 2024 growth strategy.

Reporting its highest number of newly registered companies since inception, DIFC saw growth across all business sectors in 2020. The number of FinTech and Innovation firms rapidly grew to a total of 303, reflecting the Centre's reputation as a true enabler of entrepreneurial success bolstered education, networking, laws, regulations, licenses and funding sources suited to drive start-up growth.

Catalysing innovation

Across the board, businesses within DIFC shared widespread success, posting a higher total value of banking assets, higher lending and higher combined assets under management. Start-ups within DIFC FinTech Hive have now raised over AED 1.1 billion, a figure that reflects the Centre's ability to bring investors closer to the region's most exciting innovation ecosystem. Moreover, these developments show that DIFC is truly forging the future of finance, reshaping the digital economy and catalysing economic growth.

The Centre's FinTech and Innovation landscape, built around the new DIFC Innovation Hub was enhanced by the addition of global and regional names such as Ebury, Ripple, Adyen, KoFax Me and Tabby: game-changers that are transforming how financial services and the markets operate. These companies - and more - chose to invest in their future growth at DIFC during the global economy's most unpredictable and challenging year in living memory. This is a powerful endorsement of the strategy of focusing on core client needs by developing new propositions, laws and regulations that deliver outstanding results. This will continue into 2021 and beyond.

It is an enabling strategy built around a focus on collaboration with clients, the community, partners and stakeholders that will help them navigate challenging market conditions so they can take advantage of new growth opportunities in 2021. DIFC will continue to lead the way in the region.

The global economy look set to recover in the medium term. DIFC will provide a platform that helps the industry to thrive. Learnings from 2020 allow DIFC to continue forging a new financial landscape.

I wish to express my thanks to our Chairman and the Board of Directors for their enduring support over the past year. Their combined insight, guidance and unyielding determination have been instrumental in helping the Centre excel in a year like no other.

DIFC Authority Board of Directors



H.E. Essa Kazim

Governor of DIFC
Chairman of DIFC Authority Board of Directors



Abdulla J M Kalban

Board Member
Dubai International Financial Centre



Hesham Abdulla Al Qassim

Board Member
Dubai International Financial Centre

DIFC Authority Board of Directors



Salem Al Sharhan
Board Member
Dubai International Financial Centre



Khalfan Belhoul
Board Member
Dubai International Financial Centre



Abdullah Salim Al Turifi Al Shamsi
Board Member
Dubai International Financial Centre



H.E. Dr. Ahmad Bin Hassan Al Shaikh
Board Member
Dubai International Financial Centre

Section 01

A Year In Review



As 2020 progressed, DIFC recorded its highest ever number of annual registrations. The resilience of DIFC as a pivotal international financial hub and first-class destination for investment is due in part to the unique qualities of Dubai as a global business and trading hub. It is well-recognised for ease of doing business. The Centre's sustained growth throughout a uniquely challenging year also rests on the strength of its physical and digital infrastructure, its regulatory framework and perhaps most importantly, its ability to accelerate the success of entrepreneurs and innovators.

\$784bn

(AED2.876 trillion)

Market size of DIFC-based activities

As a historic year of growth at DIFC ended, the value of total banking assets that were booked at the Centre increased by 6 per cent to US\$189 billion. An additional US\$64 billion of lending was also arranged by DIFC firms. DIFC based Wealth and Asset Management portfolio managers invested US\$203.5 billion, up by 106 per cent from US\$99 billion in 2019 with the industry now worth US\$528.5 billion. Gross Written Premiums for the insurance sector reached US\$1.7 billion. DIFC's underlying operating profit was US\$125 million, broadly consistent with the prior year. In total, the market size of DIFC-based activities grew to AED2.876 trillion (US\$784 billion) in 2020, an increase of 12 per cent from the previous year.

"The remarkable growth in 2020 enhances the diversity and sophistication of DIFC's financial ecosystem, further raising Dubai's status as a major focal point for global finance and a growth multiplier for the industry"
– HH Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Deputy Ruler of Dubai and President of DIFC



735

New Companies



189

New FinTech Companies



1,135

New Jobs Created

Unleashing Economic potential

As a stable, enabling and innovative environment, DIFC has come to the fore over recent years as a powerhouse for the development of the region's FinTech ecosystem. It is giving rise to a fast-growing stable of disruptive start-ups that are forging the future of financial services and markets. In 2020, the number of FinTech and innovation firms registered at the DIFC almost tripled to 303 and DIFC FinTech Hive start-ups have now raised over AED 1.1 billion (US\$ 298.8 million) to accelerate their growth.

Reaffirming Dubai's growing reputation across the global finance industry, the number of new firms operating in DIFC grew 20 per cent, taking the total to 2,919. A total of 915 financial companies are now active in DIFC, up 24 per cent from 735 in 2019. These record-breaking growth figures powerfully reaffirm Dubai's resilience amidst the global pandemic.

The strength of DIFC's enabling ecosystem was recognised by several notable financial services firms opening headquarters and regional offices in DIFC during 2020, including **TATA Asset Management, Samba Financial Group, Caixabank and AfricaRe**. FinTechs included global and regional names such as **Ebury, Ripple, Adyen, KoFax Me and Tabby**.

Future of Finance Hub

The rise in the number of FinTech and innovation start-ups brought the Centre kudos as an enabling platform for innovation, enterprise and capital raising. In 2020, the DIFC FinTech Hive received a record 720+ applications, which, after enormous consideration, were whittled down to 17. The new ventures selected cover Islamic FinTech and broader FinTech. As many as 111 start-ups have now participated in the programme since it launched in 2017. To meet demand, the DIFC FinTech Hive tripled in scale during 2020 to capitalise on exponential sector growth.

DIFC became a major part of the Dubai Future District and a signature initiative was the creation of the new DIFC Innovation Hub - the region's only comprehensive technology ecosystem, providing education, and both incubator and accelerator programmes. The Hub also provides access to regulatory and operating licenses, mentoring, networking and potential to VC funding, including the DIFC FinTech Fund.

The DIFC Innovation Hub is within DIFC's Gate Avenue, bringing access to best-in-class learning for undergraduates, post-graduates and executives through the DIFC Academy, the region's most successful executive learning environment. The DIFC Academy's fourth initiate schools, including the Future Campus will be able to graduate up to 25,000 students a year. They will bring new skills and knowledge to the finance industry globally, regionally and locally.

FinTechs looking to get financially regulated can also make use of the Innovation Testing License (ITL) programme, a regulatory sandbox with a clear path to a full license.

The DIFC Innovation Hub elevates the Centre's contribution to the UAE Innovation Strategy and Dubai Plan 2021.



303

FinTech and innovation companies operating out of the Centre



6

FinTech Fund investment



\$298.8m

Funding raised by FinTech start-ups in FinTech Hive



720+

Total number of applications for accelerator programme



17

Start-ups were accelerated in 2020



57

FinTech Hive Partners

Industry development

DIFC's success in 2020 can be measured against its 2024 strategy. The wide range of new clients that chose to register at the Centre in 2020 further contributes to the breadth and depth of DIFC and its economic influence nationally, underscoring the solid foundations that the Centre has been built on. Business sectors across DIFC grew, including banking, capital markets, wealth and asset management, FinTech and professional services.

DIFC is a proud champion of enterprise, with a deep commitment to providing a supportive environment for businesses across the spectrum – from the world's largest financial institutions to local entrepreneurs.



The breadth of growth across financial and professional services within DIFC in 2020 reflects an unrelenting focus on diversification and value chain enrichment through value-add, innovation and the encouragement of entrepreneurialism. DIFC is a proud champion of enterprise, with a deep commitment to providing a supportive environment for businesses across the spectrum – from the world’s largest financial institutions to local entrepreneurs. The Centre registered a 24 per cent growth in the number of financial firms in 2020 and to 18 per cent growth of non-financial firms: a robust, broad-based evolution that is making a demonstrable contribution to industry development.

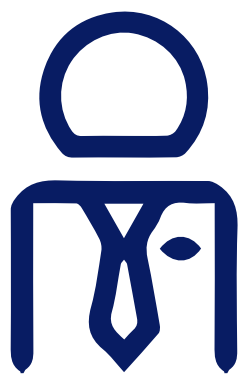
Within DIFC, job creation accelerated during the year. 1,135 new jobs were created, taking the total workplace community to 26,773. In the context of rising unemployment across much of the world, this growth of close to 5 per cent is a testament to DIFC’s inherent job-creating infrastructure and its success as a springboard for business growth.

Harnessing human capital

Throughout 2020, the Centre continued to attract and retain the best financial talent. The workforce contributes to the Centre’s role as a developer of skills and enriches its cultural diversity.

The Centre is now home to 145 different nationalities, hundreds of languages, multiple belief systems, ways of life and cultural attitudes that engender and enhance DIFC’s role as an inclusive and tolerant place to build a career. As a community of companies from every corner of the world, DIFC is truly an international hub of diverse talent.

The workforce saw positive changes to the structure of employee benefits in 2020. In February, the DIFC Employee Workplace Savings Plan (DEWS) was rolled-out, replacing the end of service gratuity scheme. By year-end, 19,182 DIFC employees from 1,187 employers had enrolled in the scheme, enabling individuals to plan their financial futures with contributions from the employer and an option for additional voluntary payments.



26,773

**Total community
workforce**

1,135

**New Jobs
Created in the Centre**

The change in the DIFC Employment Law stipulates that the employer contribution should not be less than the monthly gratuity accrual. The contribution percentage for employees with a service period of fewer than five years is 5.83 per cent of basic salary and 8.33 per cent of the basic salary for employees that have served for more than five years. This development represents a maturing of the Centre’s approach to attracting and retaining the best talent.

Understanding best practice

A number of initiatives were deployed in 2020 to help those working within the Centre keep abreast of industry best practice, laws and regulatory changes. These included a partnership between the DIFC Academy and the specialist financial crimes consultancy Kharon to increase understanding and expertise in Financial Crime Compliance.

DIFC also signed new partnerships with professional development entities, including the Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), Chartered Institute for Securities & Investment (CISI), and the International Compliance Association (ICA). DIFC now has agreements with 30 leading educational institutions and government entities.

Enabling infrastructure

DIFC continues to be the most sought-after business address in Dubai, with over 94 per cent of its commercial office space leased. In 2020, over 200,000 sq. ft. additional commercial space was leased.

New flexible and innovative work environments were introduced, reflecting the future of work in a post-pandemic world.

Gate Avenue at DIFC was awarded the prestigious LEED (Leadership in Energy and Environmental Design) Gold accreditation from the US Green Building Council and Green Building Certification Inc., reflecting DIFC's continued commitment to enhancing sustainability and developing a world-class physical infrastructure.

An international lifestyle

DIFC continues to be a magnet for some of the world's finest restaurants, leading fashion boutiques, home-grown brands and galleries. DIFC, encompassing Gate District, Gate Village and Gate Avenue, raised its profile as a vibrant business and leisure community, with its retail and dining venues growing to 351. This includes 90 new retailers that joined in 2020. The Centre is also attracting global and local visitors by virtue of its dynamic art and cultural scene, three five-star hotels and eight art galleries.

In 2020, DIFC welcomed more than 20 fine dining restaurants and gourmet concepts, including Clap Restaurant, L'Atelier de Joel Robuchon, Cé La Vi, Hutong and The Arts Club, the first international outpost of the renowned private member's establishment established in London. DIFC also launched a new urban dining destination, the 'South Market' in Gate Avenue.

DIFC's Grand Mosque opened in October 2020, completing the sequence of structures on Gate Avenue's promenade. Designed by leading architectural firm RMJM, the mosque accommodates up to 500 worshippers. The design incorporates tradition by reinterpreting the essence of a traditional mosque design with a contemporary style.

In November 2020, DIFC Art Nights returned for the 10th year, offering lifestyle, arts and culture enthusiasts the opportunity to discover eclectic art pieces from established and emerging artists.

Section 02

Success Through Diversity

Success Through Diversity

DIFC, a financial free zone as defined in Federal Law No. 8 of 2004, was established by Federal Decree No. 35 of 2004 concerning the establishment of a Financial Free Zone in the Emirate of Dubai as part of its vision to transform the UAE into a hub for institutional finance and a gateway to attract capital and investments into the region. The following three independent bodies have been established in DIFC to achieve its purpose and objectives.



Dubai International Financial Centre Authority (DIFC Authority) was established by virtue of Dubai Law No. 9 of 2004, as amended. The DIFC Authority is responsible for the strategy and overall public administration of DIFC. It also is the body charged with the development and administration of laws and regulations other than those relating to the regulation of financial services.



Dubai Financial Services Authority (DFSA) was established by virtue of Dubai Law No. 9 of 2004, as amended. The DFSA is the independent regulator of all financial services and related activities carried out in and from DIFC.



Dubai International Financial Centre Courts (DIFC Courts) administers a unique English-language common law system – offering swift, independent justice to settle local and international commercial or civil disputes. The Courts, based in Dubai, provide certainty through transparent, enforceable judgments from internationally recognised judges, who adhere to the highest global legal standards. The DIFC Courts are independent from, but complementary to, the UAE's Arabic-language civil law system – offering a choice that strengthens both processes while ensuring public access to world-class justice.



Section 03

Catalysing National Growth

Sustainability

Environmental

DIFC and its community of nearly 3,000 businesses flourished in 2020 thanks to an operational culture deeply rooted in economic competence, world-leading regulations & legal systems and enabling physical infrastructure. These are the keys to sustainable operations that can withstand a global crisis - and that enable the entire DIFC ecosystem to thrive whatever the weather.

These dynamics of economic sustainability have delivered significant growth borne out in success across almost every metric - of workforce, start-ups and the market size of DIFC-based activities and assets.

They also underpin the rationale behind the Dubai Sustainable Finance Working Group (DSFWG), founded by DIFC and DFM in 2019, whose objectives proved especially relevant in 2020. It is sharply focused on creating and maintaining a sustainable financial hub in the region, particularly in the areas of Environment, Social and Governance (ESG) integration. The Group is encouraging responsible investing, cultivating sustainable companies and use of green financial instruments.

This is a culture of responsibility that is also reflected in DIFC's commitment to environmental sustainability, guiding developments in sustainable physical infrastructure and the use of natural resources throughout the Centre. In 2020, Gate Avenue received the LEED Gold accreditation and by year end, the DIFC Authority had reduced its paper consumption by 85 per cent between 2017 and 2020. This strategic shift towards operating as a paperless organisation was also advanced by the Centre's digital transformation with most services becoming 'digital-first' - including Digital on Boarding, DocuSign for leases and contracts, a new IT Service Desk, Client Portal, and the deployment of the digital enterprise systems SAP S4 Hana, SAP Ariba and Gateway.

