

*From Partnership to Prosperity: Women in the Arab World,
France and the International Community*

*Paris, France
3 – 5 March 2009*

Plenary Session 1
Wealth Management for Women Leaders

Speech by Dr Afnan Al Shuaiby
Secretary General & CEO, Arab British Chamber of Commerce, UK

Your Excellencies
Ladies and gentlemen

When I was last invited to address a conference organised by the Arab International Women's Forum (AIWF) it was in Washington in June 2008 and the global financial climate was rather different than it appears today.

We now meet here in Paris against the backdrop of one of the severest financial crises in living memory which makes our theme highly topical and, indeed, it is particularly courageous of the AIWF to be holding such a conference in these inauspicious times.

It is certainly a challenging task to be able to focus on the positive amidst all the doom-laden forecasts and prognostications that we all too frequently encounter at the moment.

So I warmly thank the organisers for giving me this opportunity to contribute to the discussion on what is an increasingly important topic not only for Arab women but for everyone.

I speak as one who is not directly involved in the financial sector and the thoughts that I wish to share with you come from a wider perspective of someone closely involved in business, trade and commerce between the Arab countries and their partners around the world.

"The Arab renaissance [*izdihar*] cannot be accomplished without the rise of women in Arab countries", so declared *The Arab Human Development Report* published by the UN Development Programme in 2005; only four years ago, but we have moved far since then.

The Arab world has been progressively closing the gap between the status of men and women, although their status still varies immensely from country to country, which is inevitable given such a vast region with many countries at various stages of development.

Over the last decade, most Arab countries have adopted ambitious reforms designed to enhance the participation of women in their societies and Arab society continues to show increasing sensitivity towards gender issues.

It is also due in no small measure to the tireless endeavours of organisations such as the AIWF that it is now widely accepted that women have a vital role to play in a nation's economic development.

Ladies and gentlemen,

The past few years have been a period of tremendous wealth generation in the Arab world as investment has been stepped up to develop oil and natural gas reserves, and in new areas like real estate, tourism, healthcare, IT and education.

Thankfully, the major Arab economies have shown a good deal of resilience coupled with swift government responses aimed at containing the fallout from the current global downturn which has allowed the local markets to continue their normal course.

With the rapid growth in private wealth in the Arab world, the need for wealth management services has achieved greater prominence.

Promoting professional wealth management services to high net worth individuals and their families is a growth industry.

There is now a significant and expanding market among Arab women for professional advice on financial matters and global players are increasingly recognising the opportunities that exist.

We see major investment firms and private banks making more efforts to attract Arab women customers.

The *Middle East Economic Digest* has estimated that Arab women in the Gulf States control around \$246 billion and predicted that this figure would reach in excess of \$385 billion by 2011.

Arab women have considerable liquid assets at their disposal, a fact that can in part be explained by Islamic inheritance laws. Under Shari'a, a married woman's wealth remains her own.

In Saudi Arabia, for example, women own about a third of all brokerage accounts and 40% of family-run firms, often as silent partners. Saudi women also had an estimated \$11 billion sitting in bank accounts in 2008.

A 2007 study by the International Finance Corporation (IFC) found that a third of women-owned enterprises in the United Arab Emirates generated over \$100,000 a year, compared to only 13% of American women-owned firms.

We all operate in a global market place and Arab women now generally possess a tremendous level of awareness and detailed knowledge about financial matters.

It should be noted that Arab women have always been closely involved in the wealth management decision making process within their families, and in many instances they are the primary decision makers in the household.

From these personal experiences women develop a firm grasp of the complexities of managing budgets and this grounding gives them the confidence to be more astute in the public world of business and finance.

In 2007 a Barclays Wealth Survey discovered that Arab women are the world's most confident when it comes to investing in funds. They were also found to be the most confident in their knowledge of estate and retirement planning.

Before choosing the appropriate firm to entrust responsibility for their investments Arab women will seek out the best options available. They will expect the most reliable advice from the most talented managers and the highest quality investments available to them on the market.

Trust between client and financial adviser is a fundamental requirement for a successful long-term partnership in respect of wealth management just like any other area of business.

Arab women will naturally be looking to find investments that will deliver superior returns.

Arab women clients need an experienced investment management team to work on their behalf to deliver the best returns on investment. They will naturally demand the best advice and will have high expectations that their advisers can draw on a wide network of industry specialists.

They will also insist that robust and thorough due diligence is at the heart of a firm's investment process.

They will expect that their investments are subject to detailed monitoring to ensure on-going and effective governance.

They will expect transparency and regular reporting in order to be kept fully updated as to the performance of the investments made on their behalf.

Ladies and gentlemen,

Much of what occurs in the world of finance seems so opaque that we doubt that even those involved in running the system really know exactly what is going on. A greater degree of transparency is certainly needed.

Like all investors, Arab women expect to be told the basics, but the simple issues can often be ignored.

Women need to know:

- The value of investments and the income from them may go down as well as up and you may not get back your original investment.

- Past performance is not necessarily a guide to future performance.
- Different funds have different levels of risk.
- Funds that specialise in a particular region or market sector are more risky than those which hold a very broad spread of investments.
- Diversity across a broad spread of investments is generally an appropriate approach to spreading risk within an investment portfolio.

All this seems like commonsense but these are issues that wealth management companies need to keep in focus.

Repeated surveys have indicated that an enthusiasm for combining ethics with investment is a growing global trend. The demand for more sustainable and responsible investment has been fuelled by awareness raised by more sophisticated and diverse media, the widespread use of the Internet and better access to education and information.

Arab women are not simply interested in short-term gain; rather they will tend to consider the longer term prospects and wider implications of their decisions.

They are sensitive to how the choices they make with regards to finance can impact on the different areas of life. They have an ethical perspective on investment.

Ethical concerns of course are intrinsic to Islam and Shari'a principles have always guided business and financial transactions in the Arab world.

Arab women investors seeking to put their assets into cross-border investment options will certainly want fundamental principles to be adhered to.

In addition, there is an increased sensitivity to issues such as global warming, climate change and environmental degradation. This has stimulated a growth in green and environmental funds investing in companies whose products, services or processes contribute towards ecological protection or to the promotion of a cleaner and healthier environment. Arab women are concerned with these matters too.

Women think carefully about the future and wish to become better acquainted with wealth structuring strategies and investments to ensure wealth preservation for future generations.

Global financial institutions need to address issues of social responsibility because many of their potential women customers have a keen ethical awareness and will expect such issues to be addressed by those to whom they select to manage their finances.

Arab women clients need to be reassured that their investments will be strictly managed according to clear instructions. If there are flaws in a portfolio this can lead

to serious mismanagement of investment and risk leading to losses that otherwise could be avoided.

Those institutions best able to demonstrate an ability to help people to improve their lives and achieve their aspirations through sound financial advice and planning will be more successful in attracting Arab women clients.

Professional financial advisers have to compete with many other sources of advice. And more women are turning to the Internet for guidance on money matters. Younger women now habitually go online to gather information.

Friends and family members are still seen as the second most important source of reliable advice, while professional financial advisors are the third most commonly used source, according to a survey conducted last year.

Arab women, increasingly well educated and career-oriented, are seeking greater financial independence.

The past few years have seen women's banks and investment companies proliferate across the Middle East.

Women-only bank branches are a common sight on the Arab high street and they are popular with customers.

Arab banks now customise products to meet the needs of working women, issuing them credit cards and loans for cars and apartments.

In the Gulf and elsewhere women are looking to invest in more sophisticated vehicles than the banks and property solutions traditionally open to them.

The Kuwait Stock Exchange, for example, has its own floor dedicated for women.

More women in the Gulf are now day-trading online.

High-profile women investment bankers such as Nahed Taher, head of Gulf One Investment Bank, in Saudi Arabia; Lubna Olayan of Olayan Financing Company; Maha al-Ghunaim of Kuwait's Global Investment House and many others provide much inspiration as role models for Arab women.

More Arab women are enrolling as students on financial courses and this is a trend that has been going on for a long time. For example at the American University of Beirut in the mid-1980s, about 15% of finance students were women; by the year 2000, they made up over half.

Financial companies have found that they can reach out to more women customers by employing more women staff. Firms increasingly recognise the benefits of female finance graduates and are training them to work as independent financial advisers to female clients.

All these developments add to the increasingly sophisticated awareness of Arab women of the financial options that are available.

And these developments are helping to empower Arab women in greater numbers.

In conclusion

It is clear that tremendous social and economic gains can be made by bringing more women into the financial sector and in facilitating more sophisticated wealth management services for them.

After the recent credit crunch and the shocking revelations of bad practices in international finance, there is widespread scepticism about the entire sector.

As the head of the IMF Dominique Strauss-Kahn has indicated, much work now needs to be undertaken to fix the damaged banks and to clean up the financial system.

It is to be anticipated that the increasing participation of women at all levels in the sector will help bring about a restoration of public confidence because strong banking and financial services remain absolutely vital for constructing a prosperous future for all.

We therefore look forward to Arab women playing a more active role in wealth management and the wider finance industry. They certainly have much of value to contribute.

The new financial architecture that will be constructed will prove more robust and capable of making a positive contribution towards global economic stability and regeneration.

Once this is achieved, as it surely will, we will all be the winners.