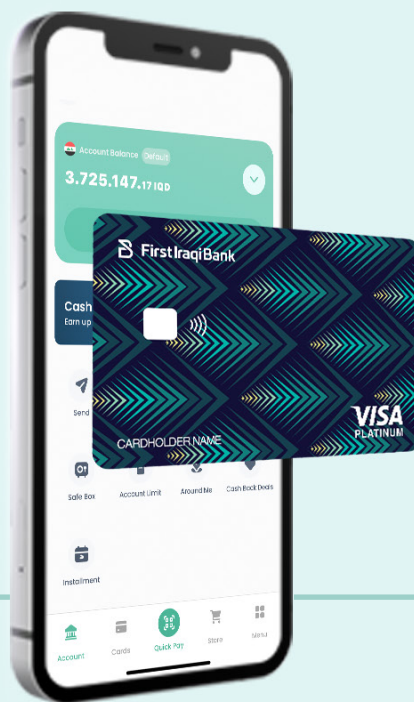




Economic Bulletin - June, 2024

BULLETIN



INTRODUCTION

We present to you a special monthly economic bulletin dedicated to educating our clients about digital banks, highlighting their key advantages, the services they offer, and the latest news related to them both regionally and globally. As the first digital bank in Iraq, we take on the responsibility of ensuring the success of this new financial revolution within the Iraqi banking sector, following in the footsteps of global pioneers who have already proven its success and vast expansion. We aim to be a role model for those who will follow us, and we are confident in becoming the leading bank in both name and substance. This Bulletin will also focus on tracking news from the Central Bank of Iraq and covering all significant updates in the banking market both regionally and globally.

First Iraqi Bank (FIB)

The First Digital Bank in Iraq



How Will It Serve the Banking Sector?

Iraq now has one licensed digital bank, operating under the regulations and guidelines issued by the Central Bank of Iraq. We are honored to have First Iraqi Bank (FIB) as the first digital bank in the Iraqi banking sector. Our goal is to elevate it to the ranks of leading digital banks in Iraq, both in name and substance.

What are these digital banks, how will they serve the banking sector in Iraq, and what is their expected success?

Digital banks, also known as (neo-banks), are financial institutions that operate entirely online. Unlike traditional banks, digital banks typically do not have physical branches in cities. Instead, they provide their services through websites and mobile applications. These services cater to the needs of citizens, merchants, and institutions through mobile apps, with only a general administration office but no physical branches.

When discussing digital banks, it is essential to highlight the key services that have made their presence significant and distinguished them in the banking market. Digital banks rely primarily on non-cash electronic transactions within an advanced banking system. Financial service providers must therefore offer more engaging digital experiences to better meet customer needs. This is the focus of First Iraqi Bank, aiming to bring a significant shift in the Iraqi banking market by facilitating remote transactions, as most people now prefer to conduct their banking activities via computers, smartphones, and tablets.



Through the internet, customers can directly issue a bank card with various features, make deposits, transfer funds, pay bills, set up direct debits, and apply for loans with ease. The idea behind digital banks is to simplify banking operations and services for clients in an efficient and flexible manner, allowing customers to complete their services whenever they wish. Additionally, digital banks aim to keep up with the latest developments in the financial and technological sectors, focusing on the preparation and training of human resources to ensure they are highly skilled in serving customers and showcasing their strengths. The key advantages unique to digital banks include:

Ease

Ease of opening accounts and managing balances, convenience, and accessibility, allowing customers to access their accounts anytime and anywhere with an internet connection.

Secure

With current concerns about privacy breaches, digital banking platforms use secure software and servers to encrypt data and maintain customer confidentiality, enhancing security.

Speed

In a fast-paced world, saving time is crucial. Digital banks excel in this aspect, enabling transactions to be completed in a fraction of the time it takes to visit a physical bank branch.

Low Fees

Lower costs and fees compared to traditional banks.



Digital banking services will significantly transform the traditional banking landscape. They have revolutionized the financial industry, offering customers unparalleled levels of convenience, flexibility, and control over their financial lives. The success of digital banks will primarily depend on the bank itself, its strategic planning, implementation processes, and service quality. Additionally, the final judgment will rest with the target market, which has been overtaken by technology, with the newer generation already familiar with using financial technology for withdrawals, transfers, and more.

First Iraqi Bank (FIB) will offer you a unique experience in digital banking services, enabling you to manage your money and conduct transactions securely and effortlessly.



The Central Bank of Iraq Enhances the Banking Sector with Specialized Training Programs

The Banking Studies Center at the Central Bank of Iraq, in cooperation with the German International Cooperation Organization (GIZ) and the Financial Management Improvement Project in Iraq (FFM), held a celebration to launch the specialized certification program accredited by Frankfurt University and funded by the European Union and the German government.

This program, aimed at enhancing the practical skills of banking sector employees, includes several certifications such as Certified Credit Analyst and Risk Management Expert.

On the sidelines of the celebration, Dr. Haider Hussein Ahmed, Director of the Banking Studies Center at the

Central Bank of Iraq, emphasized that the bank, in partnership with the concerned entities, is committed to offering the best training programs to develop the practical capabilities of banking sector employees and to keep pace with technological and knowledge advancements.

It is noted that the specialized certification training program will commence in June 2024 and conclude in October of the same year.



The Central Bank of Iraq

The Central Bank of Iraq Supports the 2030 Sustainable Development Goals

Al-Alaq emphasized that "central banks have faced increasing challenges after decades of traditional roles and functions that could be considered somewhat static, each period bringing different challenges that required a specific approach to address them." He pointed out that "after long periods of low-interest rates and inflation, the global economy is entering a phase characterized by rising inflation and high levels of public and private debt. This has necessitated central banks to recognize the urgent need to incorporate financial stability and deflation concerns into their economic models and develop unconventional tools to address them."

The Iraqi Banking Sector Witnesses Significant Developments

The Governor of the Central Bank, Ali Al-Alaq, announced at the conference "Challenges Facing Arab Banks in Complying with International Laws and Regulations to Meet Correspondent Banking Requirements," held in Baghdad with a large presence of Arab banking and economic officials, that the banking sector is witnessing significant qualitative developments. He called for cooperation and coordination between Arab central banks, commercial banks, and non-banking financial institutions to achieve economic stability and growth.



He explained that "over the past ten years, the Iraqi banking sector has experienced significant qualitative developments in response to the Central Bank of Iraq's policies and initiatives. For the first time, concepts and practices of compliance, governance, risk management, prudential supervision, risk-based supervision, total quality management, business continuity, digital services, and financial inclusion have been introduced and implemented."

He noted that "despite all these developments, significant and increasing challenges remain, particularly in compliance with international laws, regulations, requirements, and standards." He explained that "these challenges are directly related to the integration of local financial institutions with their international counterparts."



Implementation of the National Lending Strategy in Iraq Contributes to Increased Credit

The Central Bank announced the formation of a committee to monitor the implementation of the national lending strategy, noting that the strategy has contributed to increasing credit by more than 7 trillion dinars.

Deputy Governor of the Central Bank, Ammar Hamad Khalaf, stated that "the Central Bank has prepared the national strategy for banking lending in Iraq for 2029-2024," explaining that it "will help reduce the credit gap for the private sector by attracting deposits and granting loans to various production projects."

He added that "the success of the strategy depends on the cooperation of various government institutions, including the Ministries of Commerce, Planning, Labor, and Justice, as well as the Iraqi Federation of Industries and the private sector in working together to achieve the objectives."

He further noted that "there are great opportunities in Iraq for the success of this strategy through various government plans to stimulate the private sector and reform the financial sector," highlighting "the formation of a specialized committee within the Central Bank to monitor the implementation of the strategy in collaboration with the relevant ministries and entities."