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UAE Financial Services Market

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UAE Economy *Overview*

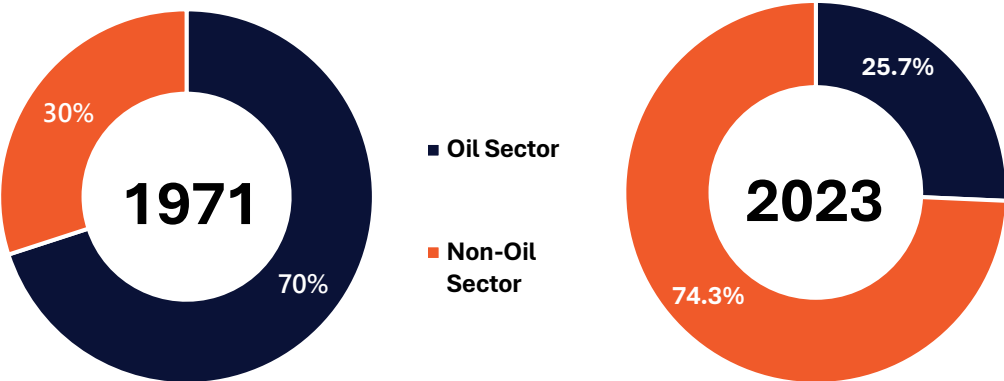
The UAE, a nation of significant economic prowess, is the third-largest economy in the Middle East. **With a projected GDP of USD 509 billion in 2023**, it trails only behind economic powerhouses Saudi Arabia and Israel. This ranking underscores the UAE's economic might and potential for further growth. Additionally, **the nation boasts a per capita income of USD 53,707 in 2024**, a testament to its wealth and prosperity.

Furthermore, the country's recent economic success is attributed to strategic positioning, robust financial reserves, a substantial sovereign wealth fund, investor confidence, economic diversification initiatives, thriving free zones, and significant foreign investment.

Moreover, the UAE has made remarkable strides in reducing its dependence on oil through deliberate economic diversification efforts. **In 2023, the non-oil sectors contributed 74.3% of the total GDP**, completely reversing the share from 1971.

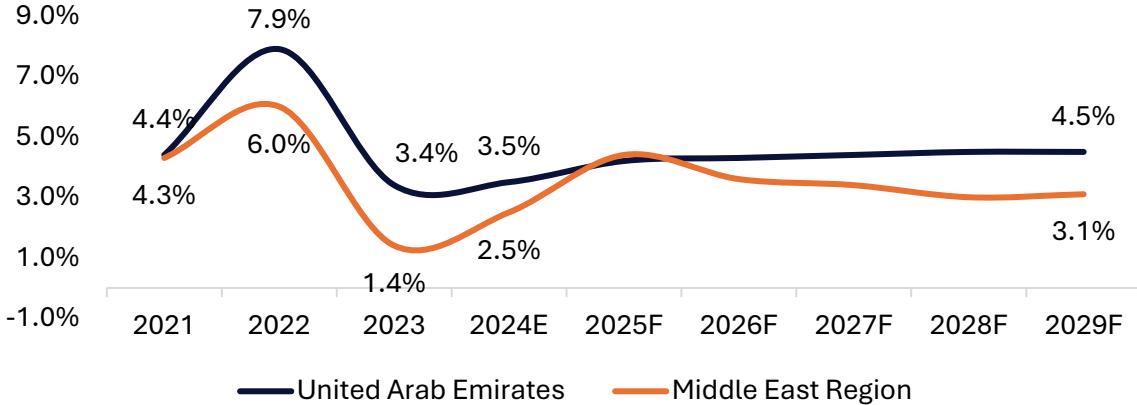
The region is touted to grow faster than the rest of the Middle East region for the rest of the decade.

Figure 1. Diversification of GDP By UAE, 1971 & H1 2023



Source: Ministry of Finance & Stratrich Analysis

Figure 2. UAE & Middle East GDP Growth Comparison, 2021-2029F



Source: World Bank

UAE Financial Services *Market*

Overview

Over the past few decades, the UAE has solidified its position as the financial hub of the Middle East. The significant economic centers in Abu Dhabi and Dubai have become home to sovereign wealth funds, banks, and various financial institutions serving clients and deploying capital across the Middle East, South Asia, Africa, and beyond. Furthermore, the UAE's financial services sector includes banking, insurance, capital markets, asset management, fintech, and financial free zones such as the **Dubai International Financial Centre (DIFC)** and **Abu Dhabi Global Market (ADGM)**. These free zones are crucial in attracting international financial institutions and investments. The UAE is known for its business-friendly regulations, advanced infrastructure, and stable political environment, making it a regional hub for financial services.

UAE Financial Services Export-Import (In USD Million), 2017 & 2019

Financial Service Type	Exports of Financial Services		Imports of Financial Services	
Time Period	2017	2019	2017	2019
Transaction Type				
Explicit Charges	241.80	2129.53	70.58	1,712.94
Margins Related to Buying and Selling Transactions	251.79	4,048.56	177.35	4,050.87
Asset Management Costs Taken out of Income	0.00	5.17	1.26	2.41
Total	493.59	6,183.26	249.19	5,766.21

Growth *Drivers*

I. Strategic Location

Located at the crossroads of East and West, the UAE offers a strategic geographical advantage that enables smooth connectivity to key global markets. Its cutting-edge infrastructure, featuring world-class airports, ports, and logistics systems, provides businesses with unmatched access to over 2 billion consumers within a four-hour flight.



II. Financial Free Zones

The UAE's free zones remain a magnet for global financial institutions, driven by their world-class infrastructure, favorable regulatory frameworks, and attractive business incentives. These zones are at the forefront of innovation, fostering growth through fintech hubs, venture capital initiatives, and startup incubators, further enhancing their appeal to emerging and established financial players.



a. Specialized Free Zones

- Dubai International Financial Centre (DIFC): DIFC is the largest financial free zone in the UAE. It offers a world-class banking, asset management, fintech, and legal services infrastructure. It attracts top global financial institutions, promoting Dubai as a regional economic hub.
- Abu Dhabi Global Market (ADGM): ADGM focuses on wealth management, fintech, and global financial intermediation. Its regulations are more focused on sustainable finance and investment management.

Growth *Drivers*

b. Liberal Regulatory Framework

- **Independent Legal and Regulatory Systems:** Financial-free zones like DIFC and ADGM have standard law systems separate from the UAE's civil and commercial law. This ensures internationally recognized legal practices and contract enforcement.
- **Flexible Tax Regime:** No corporate or personal income tax is levied in financial-free zones, and businesses are allowed 100% foreign ownership. These policies make the UAE attractive to international banks, insurers, asset managers, and investors.
- **Regulatory Authorities:** The Dubai Financial Services Authority (DFSA) and the Financial Services Regulatory Authority (FSRA) in ADGM set standards aligned with international best practices, enhancing confidence in the UAE's financial service market.

c. Enhanced Investment and Asset Management Environment

- **Wealth Management Services:** ADGM has positioned itself as a global wealth and asset management hub, attracting high-net-worth individuals (HNWIs). DIFC offers extensive support for family offices, private equity firms, and asset managers, significantly expanding the UAE's global financial services market role.
- **Fund Structures and Management:** DIFC and ADGM offer a variety of fund structures (e.g., private equity, venture capital, real estate investment trusts), allowing international investors flexibility in managing their assets and benefiting from UAE's tax-free environment.

Growth *Drivers*

III. Robust Government Policies and Reforms

Government-led initiatives and reforms in the UAE, such as the **Abu Dhabi Economic Vision 2030**, are pivotal to transforming the country into a diversified, innovation-driven economy.

1. Abu Dhabi Economic Vision 2030

Vision 2030 is a long-term development plan that aims to diversify the economy away from oil dependency and create a sustainable, knowledge-based economy by 2030. Financial services are identified as one of the critical sectors for driving this transformation.

Key Focus Areas:

- **Diversified Economy:** One primary goal is to build a diversified economy that reduces reliance on oil revenues. The financial services sector is central to this diversification, providing capital to infrastructure, renewable energy, healthcare, and technology sectors.
- **International Financial Hub:** The **Abu Dhabi Global Market (ADGM)** is leading the charge in positioning Abu Dhabi as a global financial hub. ADGM attracts international financial institutions, asset managers, and fintech companies by providing a robust regulatory framework and an environment conducive to business growth.

2. Financial Services Regulatory Authority (FSRA): The FSRA's establishment in 2018 consolidated financial regulatory functions and provided a more unified regulatory framework.

3. Regulatory Sandbox: The UAE has introduced a regulatory sandbox to encourage innovation and experimentation in the financial services sector.

4. International Standards: The UAE has adopted international financial regulation and supervision standards, enhancing its credibility and attractiveness to international investors.



Key Financial Services *Sub-sectors*

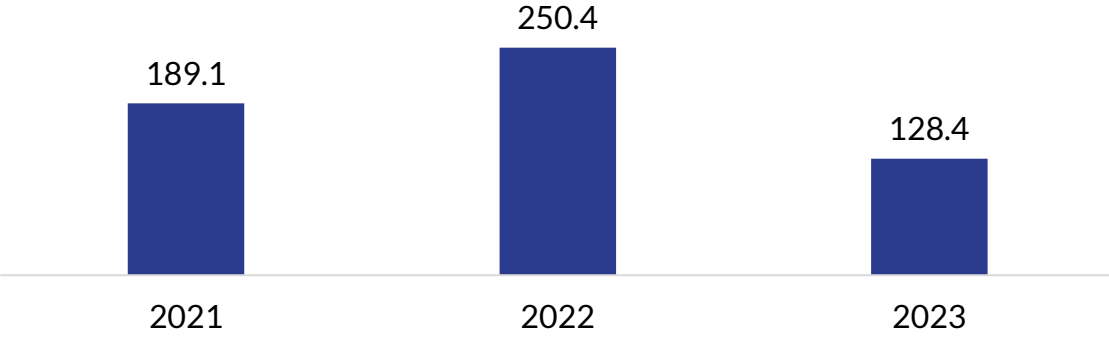
Key Subsectors

- **Banking Sector:** The UAE banking sector is well-developed, with significant players such as Emirates NBD, Abu Dhabi Commercial Bank (ADCB), and First Abu Dhabi Bank (FAB). The industry has seen a digital transformation with the rise of mobile banking and fintech solutions. Additionally, In the first quarter of 2024, the total assets of banks operating in the UAE rose by 4.4% quarter-on-quarter (Q/Q), reaching **USD 1,158.33 billion**. Furthermore, **between March 2023 and March 2024**, the aggregate assets of these banks grew by **13.0% year-on-year (Y/Y)**.
- **Fintech Sector:** The fintech landscape is expanding rapidly, supported by regulatory sandboxes and initiatives like **DIFC Fintech Hive and ADGM RegLab**. Areas of growth include digital payments, blockchain technology, and robo-advisory services. Furthermore, the UAE fintech market, measured by assets under management (AUM), is projected to grow from **USD 3.16 billion in 2024 to USD 5.71 billion by 2029**, reflecting a compound annual growth rate (CAGR) of **12.56% over the forecast period (2024-2029)**. In the Digital Payments sector, the number of users in the UAE is projected to reach 9.19 million by 2028. The total AUM in the Digital Assets market is estimated to be USD 453.20 million in 2024.

Figure 3. UAE Fintech Market (In billion)



Figure 4. Rounds of Funding in UAE-Based Fintech Companies (In USD million)



Source: S&P Global

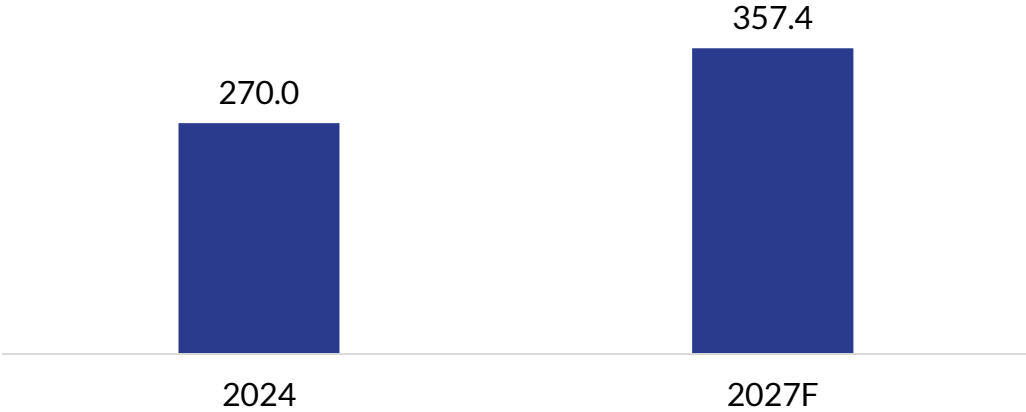
Key Financial Services *Sub-sectors*

- **Wealth Management Sector:**

The average assets under management (AUM) per user in the UAE digital Assets market is projected to amount to USD 164.1 in 2024.

As of March 31, 2024, the total number of operational entities in the Abu Dhabi Global Market (ADGM) increased by 30%, reaching 1,950, with 291 being financial services entities.

Figure 5. UAE Wealth Management Market Size (USD Billion), 2024 & 2027F



Source: Statista Market Insights

The UAE has recently emerged as a global private wealth hub. The assets under management (AUM) in the wealth management market in the United Arab Emirates (UAE), currently at **USD 270 billion in 2024**, are projected to grow at approximately 10% annually for the following three years to reach **USD 357 billion in 2027**.

Furthermore, the Abu Dhabi Global Market (ADGM) reported a record **211% surge in assets under management (AUM) from Q1 2023 to Q1 2024**, driven by its continued appeal to global investment firms and hedge funds. During the first three months of the year, 107 asset managers established operations in Abu Dhabi, including investment firms and hedge funds overseeing 137 funds.

Abu Dhabi Global Market (ADGM)

ADGM is a prominent international financial center in the heart of the Abu Dhabi Emirate. Known for its forward-thinking approach, ADGM has positioned itself as a proactive and innovative hub for financial services & wealth management.

Key Advantages

Comprehensive Regulatory Framework: ADGM has established a detailed regulatory regime for digital assets through its Financial Services Regulatory Authority (FSRA). This framework ensures clear licensing, compliance, and operational requirements guidelines, promoting a secure and transparent business environment.

Tax Incentives: ADGM offers substantial tax benefits, including a 50-year exemption from corporate income and profit taxes. This fiscal advantage makes ADGM an attractive location for crypto businesses seeking to minimize tax liabilities.

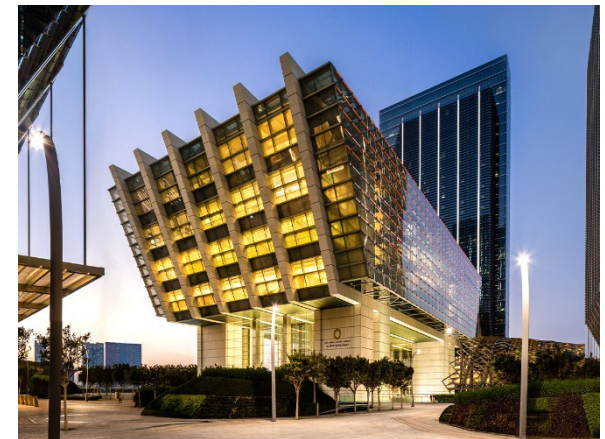
Legal Certainty: Operating under a common law framework, ADGM provides legal stability and certainty, especially for international firms accustomed to common law jurisdictions.

Supportive Infrastructure: ADGM boasts state-of-the-art infrastructure, facilitating seamless business operations and growth. The free zone also provides dedicated support services, including regulatory guidance and business development assistance.

Ideal For: Established institutions, large-scale financial services businesses, ventures seeking a highly regulated and secure environment, and those targeting partnerships with traditional finance players.



www.adgm.com



Dubai International Financial Centre (**DIFC**)

DIFC is renowned for its flexible regulatory environment and vibrant fintech ecosystem, making it a prime choice for cryptocurrency enterprises.

Key Advantages

Regulatory Flexibility: The Dubai Financial Services Authority (DFSA) within DIFC has developed a flexible regulatory regime that supports innovation while ensuring investor protection. The DFSA's crypto token regime clarifies crypto-asset issuance, trading, and custody.

Innovative Ecosystem: DIFC hosts a dynamic fintech ecosystem featuring accelerators, incubators, and innovation hubs. This fosters collaboration and innovation, providing crypto businesses access to a network of industry peers and potential partners.

Access to Capital: As a leading financial centre, DIFC provides access to various financial services, including venture capital, private equity, and banking. This access to capital is crucial for scaling operations and driving business growth.

Strategic Location: Located in the heart of Dubai, DIFC offers strategic access to regional and international markets, facilitating business expansion and connectivity.

Ideal For: Businesses seeking international exposure, access to global investors, and a dynamic financial ecosystem. Well-suited for ventures involved in cross-border transactions or ICOs.



www.difc.ae



ADGM v/s DIFC Comparative *Analysis*

Parameter	ADGM	DIFC
Location	Abu Dhabi, strategic financial hub	Dubai, leading international financial centre
Setup Cost	Moderate , includes registration and licensing fees	Higher , due to premium location and infrastructure
Operational Costs	Moderate , with competitive tax incentives	Higher , aligned with premium services and facilities
Regulatory Environment	Robust, focus on financial stability	Streamlined, conducive to innovation
Tax Benefits	50-year exemption from corporate taxes	No corporate income tax, but VAT applies
Skill Availability	High , access to skilled professionals in finance and technology	Very high, strong talent pool due to established fintech ecosystem
Infrastructure	State-of-the-art , supportive of fintech and crypto businesses	World-class , includes innovation hubs and accelerators
Access to Capital	High, proximity to major financial institutions and investors	Very high , robust financial services network
Ease of Business Setup	More complex, longer timelines	Streamlined, faster than ADGM
Legal Framework	Common law framework, providing legal certainty	Common law framework, supportive of international businesses
Government Support	Strong, proactive in developing crypto-friendly regulations	Strong, committed to fintech and innovation

About **Stratrich**

Stratrich Consulting removes the complexities of entering and operating in the Indian and UAE markets. We are your one-stop shop, guiding you through every stage of your journey, from pre-incorporation planning to post-incorporation support. Our team of experts in both regions ensures a smooth transition and helps you navigate the unique regulatory landscapes.

Strategic Approach, Agile Execution

We combine a comprehensive strategy with an agile execution to equip you with the tools you need to succeed.

Our services are designed to help you:

Overcome challenges: We understand the hurdles foreign businesses face in India and the UAE. We have the experience and knowledge to help you navigate them efficiently.

Capture growth opportunities: We identify and capitalize on market opportunities, ensuring your business thrives in these dynamic economies.

Achieve sustainable growth: Our focus goes beyond just market entry. We provide ongoing support to ensure your long-term success.

Tailored Solutions for Your Business

We understand that every business is unique. Our solutions are customized to fit your specific needs and goals, whether you're a startup seeking to enter the Indian market or an established company looking to expand your reach in the UAE.

Your Trusted Partner

Stratrich Consulting is your reliable advisor throughout your market entry and growth journey in India and the UAE.

Let us help you navigate the complexities and unlock your full potential in these exciting markets.



Global *Scale*



Our Offices | IND | UAE | USA | UK

300+
Employees

400+
Clients

7
Offices

Our *Services*

Advisory & Regulatory



Business Setup & Incorporation



Tax



Corporate Services



Our *Services*

Whether you are growing in one market or many, transforming your business, looking to operate more effectively, managing risk and compliance, or realising stakeholder value, Stratrich Consulting has the right experts to meet your needs.

Advisory & Regulatory

Our adaptable advisory services seamlessly integrate with your team, guiding you through challenges, uncovering opportunities, and charting a course for sustainable growth.

- Business Consulting
- Business Risk Services
- Regulatory Advisory Services
- M&A and Transactions Advisory
- Market Research and Intelligence
- Market Entry Strategy & Entry Routes
- Supply Chain Services
- Business Planning and Techno-economic Viability Report/Detailed Project Report
- Location Analysis and Selection, and Incentive Benchmarking/Optimization

Business Setup & Incorporation

Let our experts handle your Business Setup & Incorporation. Our cost-effective services free you and your stakeholders to focus on what matters most – running your business.

- Incorporation and PRO
 - Companies (Public or Private)
 - Limited liability Partnerships (LLPs)
 - Liaison Offices
 - Branch Offices
 - Wholly Owned Subsidiary
 - Joint Ventures
 - Project Office

Tax

Our team leverages deep industry expertise, both local and global, alongside powerful tax tools to simplify compliance and identify optimal tax strategies for your business.

- Corporate Tax
- Expatriate Services
- International Tax Services
- Transfer Pricing
- GST/VAT Services

Corporate Services

Our comprehensive suite of corporate services streamlines essential tasks, unlocks talent potential, and provides the expertise you need to navigate challenges.

- Accounting & Bookkeeping Support
- Payroll Compliance & Management
- Legal & Regulatory Services
- Audit Support Services
- Human Capital Consulting

Our *Leaders*



Rajat Chawla

Chief Business Officer

Leads Business Development, Assurance, Market Entry & Technology



Richa Juneja

Director

Leads International Taxation, Transfer Pricing & Tax litigation



Vipin Sachdeva

Deputy Director

Leads Operations, Incorporation, Compliance Accounting & FPNA



Priyam Pandit

Business Development Manager

Leads Business Advisory and Pre-Incorporation Support Services



Chandan Singh

Business Development Manager

Leads Business Setup and Incorporation Services

Industry Expertise



Automobile



Banking & Financial Services



Civil Aviation



Defence



E-commerce



Education



FMCG



Healthcare



Infrastructure



IT & AI



Pharmaceuticals



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