

The bank (dubai bank)

Literature, Russian Literature



Dubai Bank is an Islamic bank which was established in September 2002. It is based in Dubai, UAE. It became Sharia compliant in 2007 and aimed to focus mainly in the Islamic banking sector being a formidable part of the Dubai Group which is a Dubai Holdings Company. By 2007 the bank had its capital standing at AED 1.5 billion but still on an upward increasing trend, by March 2008, the capital had reached AED 14.4 billion. The bank being on an expansion spree, it had added 15 new branches as of the end of 2007 and 2008 plans were to open 10 more branches.

The bank engages mainly in commercial banking activities which include deposits, withdrawals, loans and credit card services, investment banking activities such as asset management and investment advisory services among other services all according to the Islamic law on banking. It should be noted that the Arab banks have continued to post record profits not only because of the oil industry but also the continued growth of strong regional institutions which have created a real financial motivation in the region.

To show evidence of the growth in the Arab banks the National Commercial Bank of Saudi Arabia leads the list of the Top 100 Arab banks (Tier 1 banks based on capital and assets) and continues with its rapid growth trend. Another worth noting bank in the Gulf region is the National Bank of Kuwait (NBK) which reported a massive record net profit of \$790m in the first three quarters of 2007 thus reflecting a 16% growth from the previous year. Further, the Gulf International Bank (GIB) of Bahrain also showed a massive 23% growth from 2006 to realize a net profit of \$232.2m in 2007.

All these three banks only serve to show how the Arab banks continue to post profits and registering a continued upward growth trend which

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seemingly is here to stay if things do not change in any way that can impede on the banking sector in the Gulf region. Dubai Bank also called the Dubai Islamic Bank being one of the Arabian banks and based in UAE also shows the same continued upward growth trend and ranks relatively well in the top 34 Arabian banks ranked in terms of capital. The Bank comes to the 13th position in 2008 up from the 29th position it held in 2007.

Below is a table showing the top 34 Arab banks in terms of capital. The table was originally showing the top 100 Arab banks but has been down scaled to top 34 because our focus is mainly on Dubai bank which appears within the top 34. If the Arab banks are ranked in terms of assets, Dubai Islamic Bank ranks at position 22 in the top 100 banks with an asset base of over \$17.5 billion. According to the above table it is very clear that the Dubai Islamic Bank ranks fairly good in the 18 UAE banks in which it takes position four overall in the UAE banking sector in terms of capital.

Therefore this analysis on ranking proves one very important point that will give direction to this paper, that Dubai Islamic Bank owns a powerful market advantage not enjoyed by majority banks in the UAE. This edge in the banking market may be as a result of the great strengths that the bank has and other strategies it has laid down to help in its upward thrust. Its few weaknesses deny it the first position and if identified and addressed, then the bank can comfortably claim position one overall the 18 or more UAE banks.

The bank believes in human capital as the basis of performance and does all it can to not only hire competitively but also nurtures and develops talents in a performance oriented culture. This has gained the bank its competitive

advantage in the market as can be seen from the foregoing rankings (Bartlett & Ghoshal, 2002). Vision and Mission of the Bank The bank's vision is to be a service provider of choice. Their mission is among other things to be able to: ? Create value for their stakeholders through offerings of premier services and products that are Sharia compliant.

? Differentiate services and products through innovation. ? Commit to excellence ? Gain an in-depth understanding of customers' needs ? Afford fast and efficient services through the aid of state-of-the-art technology? Understand that human capital forms a formidable foundation for performance and thereby become an employer of choice that not only nurtures but also develops talent within performance driven culture (DIB Annual Report, 2007: p5). Strengths and Strategies of the Dubai Islamic Bank

The fact that the bank became Sharia compliant in the highly Muslim clientele has not only increased its growth rate but also have made it a bank of choice among a majority of other banks some of which are not Sharia compliant. There are only four other banks in UAE which have gained Sharia compliance. These are: Emirates Islamic Bank, Sharjah Islamic Bank, Abu Dhabi Islamic Bank and Islamic Commercial Bank. This compliance is in line with the banks mission which states that the bank shall create value for their stakeholders through offering of premier services and products that are Sharia compliant.

Therefore, the fact that the bank gained Sharia compliance in 2007 and the very same year it recorded astronomically high gains tells something. It is true that the bank has been growing in the previous years but with the Sharia compliance, the growth rate doubled or even tripled in given sectors.

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These are some of the growths realized with the Sharia compliance: ? Assets grew by a massive 93 % from AED 5. 6 billion to stand at AED 10. 9 billion ? Deposits grew by 73% to reach AED 7. 7 billion up from AED 4.

5 billion in 2006 ? End year profits doubled reaching AED 210. 8 million in 2007 up from AED 104. 9 million in 2006 representing a massive 101% increase. ? Capital tripled to stand at AED 1. 5 billion mainly through a rights issue so as to financethe ever growing demand for the services of the bank by the Islamic clientele. ? The bank managed to open 15 more branches at strategic points in the UAE to cater for the increasing demand of its services to the Islamic clientele (DIB Annual Report, 2007: p8).