ADGM MOVES TO BRING IN AVIATION FINANCE INDUSTRY

News / Airlines, Finance



Abu Dhabi Global Market has launched two initiatives to accelerate growth at the UAE's newest free zone.

It has adapted its rule book to encourage the aviation finance industry to set up on ADGM's Al Maryah Island base; and it is to host a global summit on financial technology in support of its ambition to be a regional hub for the booming fintech industry.

Ahmed Al Sayegh, the chairman of the ADGM, announced the moves at the inaugural Middle East meeting of the Bloomberg Markets Most Influential Summit.

On aviation finance, he said: "We have two of the biggest airlines in the world but no aircraft financing companies. We will make it a priority to enable companies to set up and register special purpose vehicles for financing aircraft in ADGM."

ADGM has written the Cape Town Convention and Aircraft Protocol 2001, which governs international aviation finance, into its rule book, enabling it to offer specialist services in the

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acquisition, use and financing of aircraft and aircraft equipment.

The new rules allow "greater legal certainty in an insolvency situation and, in turn, may reduce the costs of raising finance for aircraft equipment", ADGM said.

"The civil aviation sector is one of the largest industry sectors in UAE and Abu Dhabi, and continues to expand," it said.

"This growth is driven by the Middle East’s position as an air hub with airports increasing their handling capacity and -airlines, such as Etihad, -growing their fleet to meet increased global demand. This growth, in turn, fuels significant demand for aviation finance," it added.

The coming fintech summit, which will take place early next year, is the latest initiative in ADGM’s strategy to become a regional centre of excellence in the fast-growing industry in digital, mobile and internet-based banking.

Mr Al Sayegh said: "Strategically located in the East-West corridor of trade and finance space, Abu Dhabi and the greater UAE has been experiencing significant transformation and opportunities that innovation and fintech has brought from all parts of the world. Creating a vibrant innovation ecosystem is a shared responsibility."

Just last month, ADGM launched the first "regulatory laboratory" to encourage fintech start-ups to register on Al Maryah in a more flexible framework than full membership.

Richard Teng, the chief executive of the ADGM Financial Services Regulatory Authority, said: "Abu Dhabi will serve the entire Middle East region in fintech. It is an extremely important part of our strategy."

Fadi Ghandour, the entrepreneur who is backing many ventures in the financial digital space, told the Bloomberg summit: "The Arab world is very underbanked in terms of bank -account holders. But with fintech who needs conventional banks? This region has the ability to leapfrog the normal banking industry."

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