CBUAE issues specialised banks with low risk regulation

**Abu Dhabi (May 1st, 2021):** The Central Bank of the UAE (CBUAE) has issued a new regulation covering licensing, prudential and conduct requirements for specialised banks.

Specialised banks are licensed under the CBUAE’s new regulation and are allowed to practice different financial activities to serve the local community, such as account opening, card issuance, and retail and wholesale lending. Specialised banks are permitted to provide their services to UAE nationals and UAE residents only.

The objective of the new regulation is to provide a regulatory framework in which specialised banks can operate in the UAE financial sector in a robust and prudent manner.

Specialised banks are allowed to conduct their activities in the UAE Dirhams only and operate according to a low credit risk model. They can be established either as a conventional specialised bank without Islamic windows, or as an Islamic specialised bank.

The regulation sets a minimum paid-up capital requirement of AED 300 million that specialised banks must maintain and a risk-based capital adequacy requirement that they should continuously adhere to. It also sets the total consolidated assets of specialised banks which shouldn’t exceed AED 25 billion.

The CBUAE stresses the importance of specialised banks’ compliance with all regulations, standards, and notices issued for the banking sector, except where there are specific provisions contained in the new regulation which apply to specialised banks only.

The new regulation has been published in the Official Gazette on 31 March 2021 and came into effect on 30 April 2021.

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