

# Survey of Financial Services Sector Bulletin - Dubai 2007

The financial services sector is considered to be as one of the main sources of financing investments and contributes to the preservation of the economic value of projects.. The financial services survey aims to provide a comprehensive statistical and economic database of the activities of financial institutions operating in the Emirate of Dubai which includes financial intermediaries, insurance companies, and supporting financial intermediaries, this will help in the identification of the contribution of this sector to Gross Domestic Product, also the survey will reveal total value-added, capital stock, number of employees, interest income on loans, investment income, and other income, etc. in the financial sector.

The survey covered all establishments engaged in the financial sector operating in the Emirate of Dubai, which at the end of 2006 were around 463 financial institutions.

## 1- Output

Table 1 and Figure 1 show the output and input requirements of financial sector activities where the financial intermediaries had the highest output at AED (20.7) billion, contributing to around 85.5% of the total output of the financial sector, followed by supporting financial intermediaries at AED (1.8) billion or 7.4% of the total output, and then insurance at AED (1.7) billion or 7.1% of the total output of the financial sector.

Table (1) and Figure (2) show that the input requirements of financial intermediaries was AED (2.7) billion or 77.5% of total input requirements of the financial sector, while the input requirements of supporting financial intermediaries was AED (391) million or 11.1%, and insurance at AED (405) million or 11.4%.

Table (1) Output, input requirements, and value-added by economic activity\*

(Thousand AED)

Description	No. of Establishments	Output	Input requirements	Value added
Financial intermediaries	173	20,757,716	2,747,958	18,009,759
Supporting financial intermediaries	222	1,802,396	391,153	1,411,242
Insurance	68	1,726,946	405,143	1,321,803
<b>Financial sector</b>	<b>463</b>	<b>24,287,058</b>	<b>3,544,254</b>	<b>20,742,804</b>

\* Fiscal year 2006

Figure (1) Financial Sector Output

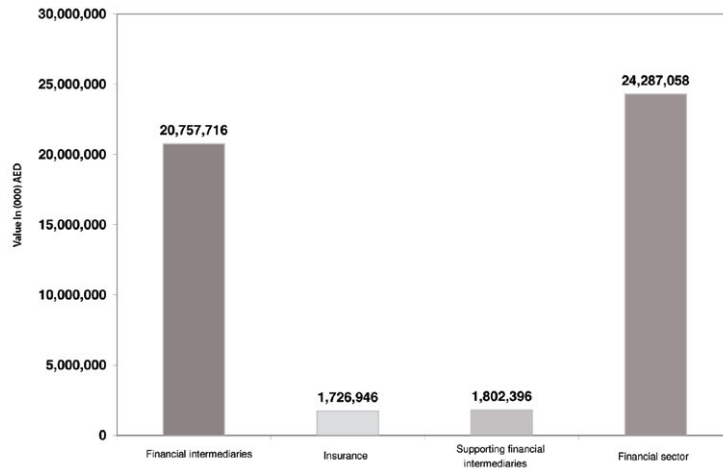
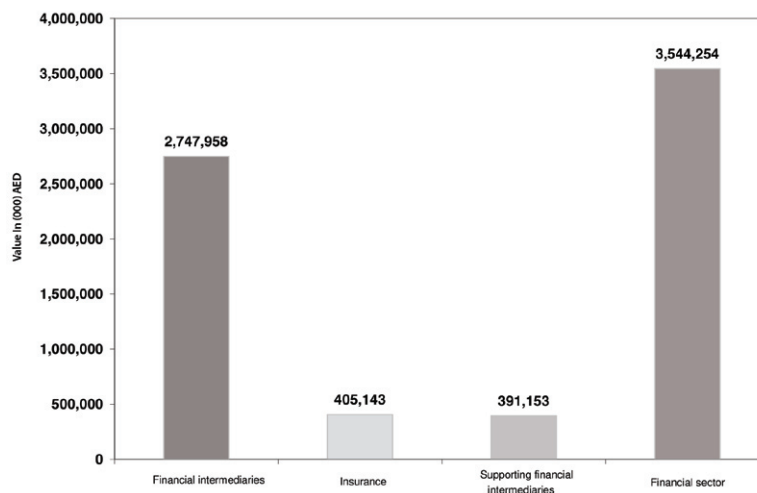


Figure (2) Financial Sector Input requirements



## 2- Total value-added

Table 1 and Figure 3 show the total value-added of the financial sector which was around AED (20.7) billion, where the value added of the financial intermediaries activity amounted to AED (18) billion which was the highest proportion in terms of its contribution to total value added of the financial sector with a contribution percentage of 86.8%.

Whereas the value-added of supporting financial intermediary's activities covered by the survey was AED (1.4) billion or 6.8% of total value-added of the financial sector. Total value-added of insurance activity covered by the survey was AED (1.3) billion or 6.4% of the total value-added of the financial sector.

It is evident that the contribution of the supporting financial intermediaries and insurance activities in the total value-added is relatively small when compared to Financial intermediaries.

Figure (3) Financial Sector Total value-added

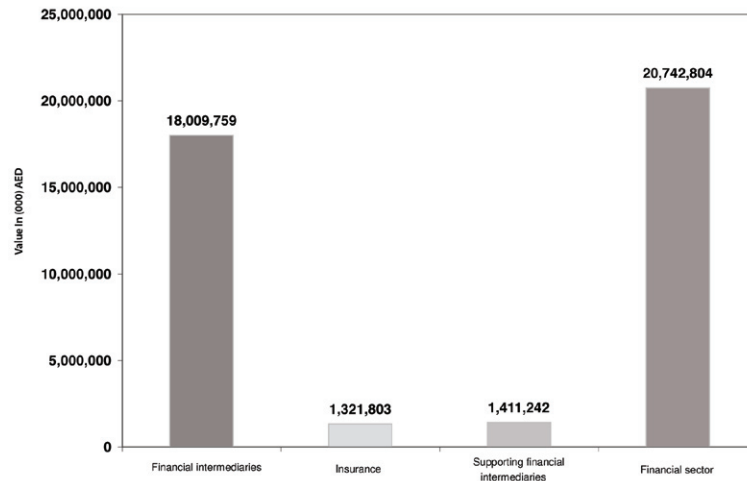


Table 2 and Figure 4 show that the input/output ratio of the financial sector as a whole was 14.6% and 13.2% for the financial intermediaries compare to 21.7% and 23.5% for supporting and insurance activities respectively. This low ratio for the financial intermediaries' activity is due to the fact that they use fewer raw materials and other intermediate inputs compared to supporting financial intermediaries and insurance activities.

Table (2) Input /output ratio and value-added

Description	Input/value-added ratio %	Input/output ratio %
Financial intermediaries	15.3	13.2
Supporting financial intermediaries	27.7	21.7
Insurance	30.7	23.5
<b>Financial sector</b>	<b>17.1</b>	<b>14.6</b>

Figure (4) Percentage distribution of input/output ratio of the financial sector

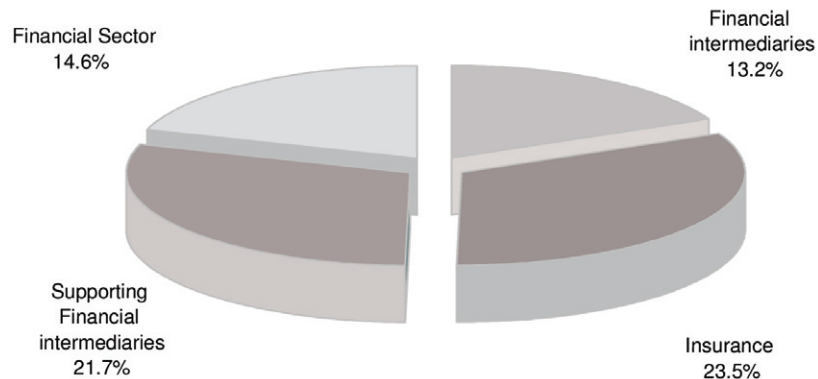
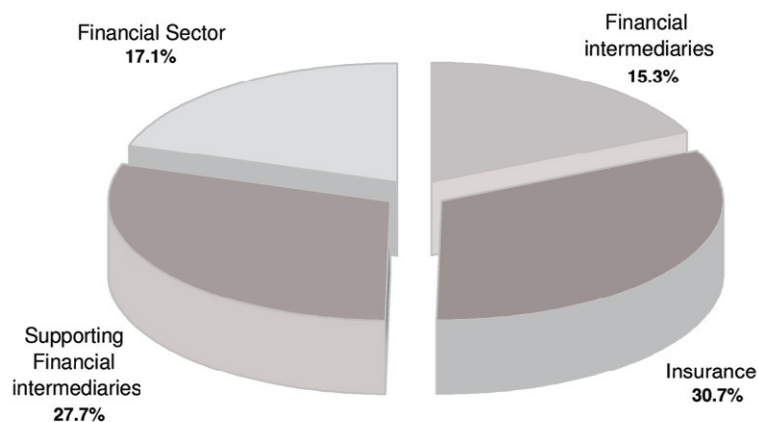


Table 2 and Figure 5 show that the ratio of input to the value-added of the financial sector was 17.1% which means that the financial sector requires 0.7 dirham worth of inputs to create 1 dirham's worth of value-added in the economy.

The ratio of input to value-added for financial intermediaries was 15.3% which means that these financial intermediaries require 15.3% of dirham worth of inputs to create 1 dirham's worth of value-added in the economy which is the lowest ratio compared to other financial sector activities. The ratio of input to value-added for supporting financial intermediaries was 27.7%, and was 30.7% for insurance, and the cost of creating a unit of value-added in both supporting financial intermediaries and insurance is considered high compared to financial intermediaries, which means that the two combined activities require 29.1% of a dirham to create 1 dirham's worth of value-added in the economy.

Figure (5) Percentage distribution of input/value-added ratio in the financial sector



### 3- Productivity

Table 3 and Figure 6 show that the average labour productivity (output per worker) in the financial sector was AED 671,000. Labour productivity in the financial intermediaries activities were the highest within the financial sector at AED 737,000, due to the fact that these activities use fewer labour than other activities in the sector, this explains the impact of financial intermediaries on the productivity of the financial sector as a whole.

Table 3 also shows that labour productivity in financial intermediaries is greater by 9.8% than the average productivity in the financial sector, which indicates increasing demand for the financial intermediaries services, as the growth of the economy rely heavily on them for their production services.

Labour productivity in the supporting financial intermediaries activities was AED 334,000 which is relatively low compared with the average labour productivity in the financial sector, the reasons for this low labour productivity is due to the fact that these activities rely heavily on labour for their production activities.

The Labour productivity in insurance activity was AED 656,000 and this productivity is nearly equal to the average of the labour productivity in the financial sector. The reason for this relatively high labour productivity is its high output compared with the number of workers employed. Insurance activities usually do not depend on the size of workers directly, but are affected by the increase in the demand for their services, caused by the growth in other economic activities in the economy.

Table (3) Average labour productivity by the financial sector

(Thousand AED)

Description	Number of workers	Output	Average labour productivity
Financial intermediaries	28,170	20,757,716	737
Supporting financial intermediaries	5,404	1,802,396	334
Insurance	2,631	1,726,945	656
<b>Financial sector</b>	<b>36,205</b>	<b>24,287,058</b>	<b>671</b>

Figure (6) Average labour productivity by the financial sector

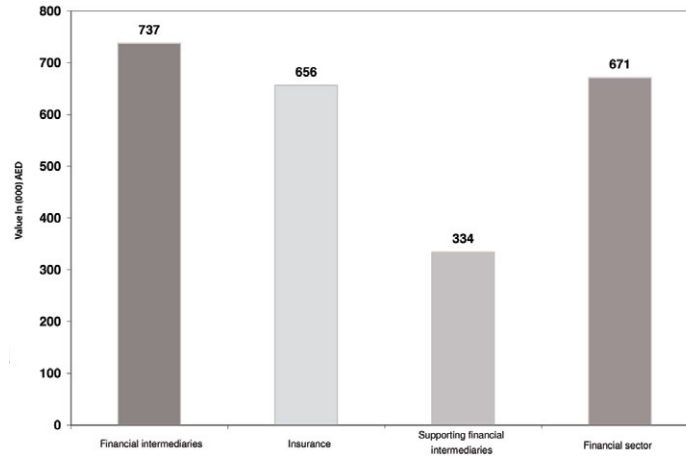


Table (4) Establishment and Labour Share in value-added in the financial sector

Description	Establishment's Share in value-added	Labour Share in value-added
Financial intermediaries	104,103,000	639,000
Supporting financial intermediaries	6,357,000	261,000
Insurance	19,438,000	502,000
<b>Financial sector</b>	<b>44,801,000</b>	<b>573,000</b>

Table 4 and Figure 7 show that the establishment's share in value-added in the financial sector was AED (44.8) million. While the financial intermediary establishment's share was AED (104.1) million which indicates the relatively large contribution of financial intermediaries in the total value-added due to the fact that these institutions are large in size compared to other financial institutions (e.g. insurance) in the sector. This can be demonstrated clearly, where the share of value-added in the financial intermediaries is 132% higher than the share of total value-added in the financial sector, and 1,538% higher than the supporting financial intermediaries, and 436% higher than the insurance.

The share of establishment in the value-added in the supporting financial intermediaries was AED (6.4) million or 14.2% of value-added in the financial sector. The share of value-add of an establishment working in insurance was AED (19.4) million or 43.4% of value-added in the financial sector which shows the relative superiority of the financial intermediaries in terms of contribution to the value-added compared to the supporting financial intermediaries and insurance establishments.

Figure (7) Establishment's Share in value-added

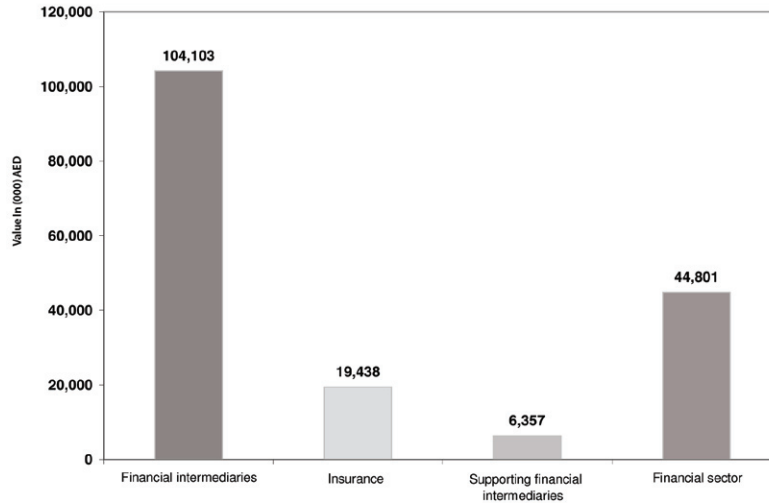
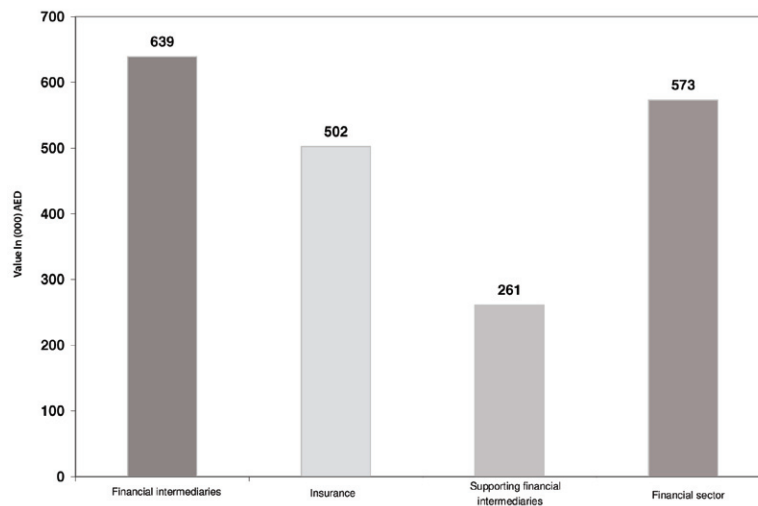


Table 4 and Figure 8 show that the labour's share in the value-added was AED 573,000 in the financial sector. The highest labour share was in the financial intermediaries which was AED 639,000 of the value-added, which is higher by 11.5% than the labour's share in the financial sector, higher by 144.8% than the labour's share in the supporting financial intermediaries, and higher by 27.3% than the labour's share in insurance.

In the Insurance activities, the labour share in value-added was AED 502,000 or 86.9% of the share of the financial sector, while the labour's share in value-added was AED 261,000 in the supporting financial intermediaries or 45.5% of the share of the financial sector which is the lowest share compared to the labour's share of other financial activities.

Figure (8) Labour Share in value-added



## 4- Number of establishments, number of workers, and workers' compensation

### 4.1 Number of establishments

Table 5 shows that the total number of establishments operating in the financial sector was 463 establishments, and the number of establishments operating in financial intermediaries was 173 establishments which represent 37.4% of the total establishments in the financial sector.

The highest number of establishment were operating in the supporting financial intermediaries activities, they represented 222 establishments or 47.9% of the total number of establishments operating in the financial sector, while the number of the establishments operating in insurance activities was 68 or 14.7% of the total number of establishments operating in the financial sector.

Table (5) Distribution of establishments, number of workers, and workers' compensation in the financial sector

Economic activity	No. of establishments	No. of workers	Number of Workers' paid	Workers' Compensation (000 AED)	Annual Average wages (AED)
Financial intermediaries	173	28,170	28,065	3,821,780	136,000
Supporting financial intermediaries	222	5,404	5,249	462,742	88,000
Insurance	68	2,631	2,580	253,285	98,000
<b>Financial sector</b>	<b>463</b>	<b>36,205</b>	<b>35,894</b>	<b>4,537,807</b>	<b>126,000</b>

### 4.2 Number of Workers

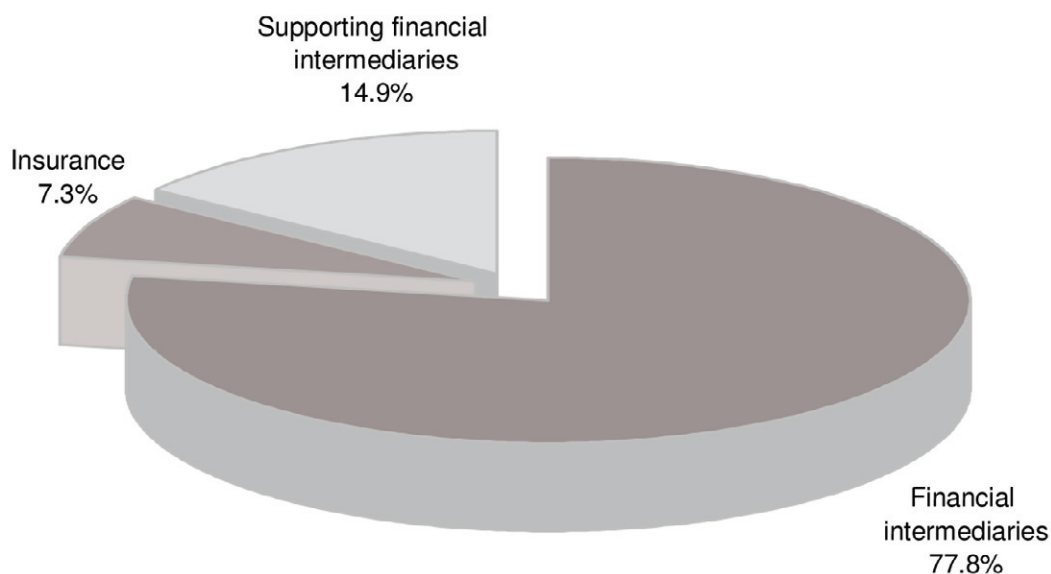
Table 5 and Figure 9 show that the number of workers in the financial sector was 36,205 workers, and in the financial intermediaries' activities were 28,170 workers or 77.8% of the total number of workers in the financial sector. The number of paid workers in the financial intermediaries was 28,065 workers or 99.6% of the total number of workers in the financial intermediaries. This large number of workers reflects the growth of financial intermediation activities and economic development in the emirate of Dubai.

The number of workers in supporting financial intermediaries was 5,404 or 14.9% of the total of which, 5,249 workers were wage earners representing 97.1% of workers in supporting financial intermediaries.



The number of workers in insurance was 2,631 workers or 7.3% of the total number of workers in the financial sector, and 2,580 or 98.1% of these was wage earners.

Figure (9) Distribution of the total number of workers in the financial activities

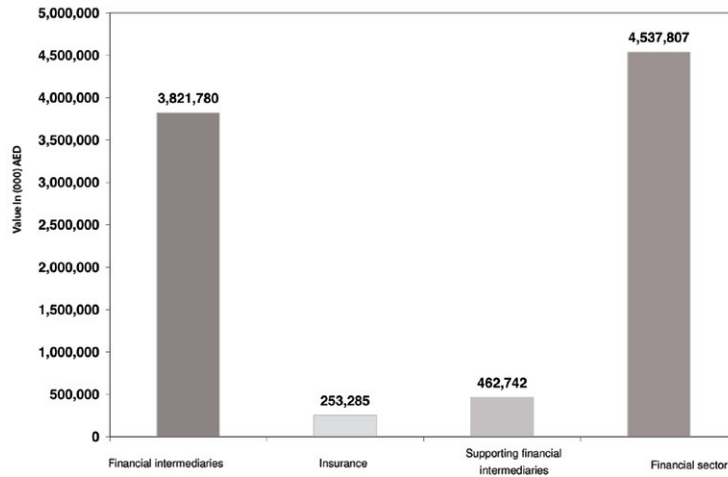


#### 4.3 Workers' compensations

Table 5 and Figure 10 show that the workers' compensation in the financial sector was AED 4.538 billion. The highest compensation was received by workers in financial intermediation at AED 3.822 billion or 84.2% of total compensations. It is also shown that the compensation of employees in financial intermediation is 726% higher than the compensation in supporting financial intermediaries, and 1410% higher than compensations in insurance activities. The highly paid workers in the financial intermediation activities is due to the fact that these activities demand highly skilled and qualified workers, and these types of workers are paid much higher wages to be compensated for their higher qualifications and specialisations.

Workers' compensations in supporting financial intermediaries was AED 463 million or 10.2% of total compensations in the financial sector, while the workers' compensations in insurance was AED 253 million or 5.6% of the total compensations paid to workers in the financial sector.

Figure (10) Workers' compensations in the financial sector



#### 4.4 Annual average wages

Table 5 and Figure 11 show that the annual average wage for a worker in the financial sector was AED 126,000. The highest annual average wage received by the workers was in the financial intermediation at AED 136,000. This high wage is due to the low annual average wage of a worker in other financial activities, which is evident by the fact that the average wage of a worker in financial intermediation is 8% higher than the average wage in the financial sector, and higher by 54.5% than the annual average wage in supporting financial intermediaries, and higher by 38.8% than the annual average wage in insurance activities.

The annual average wage of a worker in supporting financial intermediaries was AED 88,000 or 69.8% of the annual average wage in the financial sector, which is the lowest average wage, whereas the annual average wage of workers in insurance activities was AED 98,000 or 77.8% of the annual average wage in the financial sector.

Figure (11) Annual average wages of workers in the financial sector

