

GFTN Select - Gulf Series

Where Tradition Meets Financial Innovation

Oct 2025



About

The Global Finance & Technology Network (GFTN) is a Singapore-headquartered organisation that leverages technology and innovation to create more efficient, resilient, and inclusive financial systems through global collaboration. GFTN hosts a worldwide network of forums (including its flagship event, the Singapore FinTech Festival); advises governments and companies on policies and the development of digital ecosystems and innovation within the financial sector; offers digital infrastructure solutions; and plans to invest in financial technology startups through its upcoming venture fund, with a focus on inclusion and sustainability.

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Carefully curated invitation-only roundtables, held under the Chatham House Rule and designed to facilitate actionable outcomes through meaningful dialogue. The Forum is a platform for shaping policy, technology and financial services roadmaps to guide industry direction, framing greenfield topics with candid discussions amongst key public-private stakeholders to foster innovative solutions and consensus, and driving learning through expert insights and deep, actionable knowledge that empowers informed decision-making.

For more information, visit <https://gftn.co/gftn-select-gulf>



Arthur D. Little has been at the forefront of innovation since 1886. We are an acknowledged thought leader in linking strategy, innovation and transformation in technology-intensive and converging industries. We navigate our clients through changing business ecosystems to uncover new growth opportunities. We enable our clients to build innovation capabilities and transform their organisations.

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This report is based on the conversations during the GFTN Select Gulf Series roundtables held in Dubai in partnership with Arthur D. Little. All discussions were conducted under the Chatham House Rule to ensure candid dialogue among participants.

Contents

Executive Summary	4
1. Roundtable: Digital Asset Ecosystem: The Gulf's Strategic Advantage	5
1. Regulatory Collaboration Drives Unprecedented Growth	
2. Cross-Border Payments Remain the Killer Application	
3. Regional Stablecoin Opportunity Emerges	
4. Government Support Attracts Global Talent	
2. Roundtable: Legacy & Innovation: Gulf Family Offices Reimagining Wealth	7
1. Generational Governance Evolution	
2. Diversification Beyond Core Business	
3. Technology Integration in Traditional Structures	
4. Disruption Recognition and Adaptation	
3. Roundtable: Beyond Boundaries: TradFi and DeFi Collaboration in the Gulf	9
1. Institutional Trust as DeFi Foundation	
2. Liquidity and Volume Challenges	
3. Compliance Framework Complexity	
4. Transformational Technology Potential	
4. Roundtable: AI Oasis: Building the Gulf's Intelligent Financial Future	11
1. Language Barriers and Financial Inclusion	
2. Infrastructure Capacity and Scalability	
3. Data Governance and Privacy Innovation	
4. Organisational Efficiency and Talent Development	
Contributors	13

Executive Summary

The Gulf region is rapidly cementing its position as a global nexus for financial innovation, propelled by a rare confluence of proactive regulation, substantial capital concentration, and a determined governmental push for economic diversification. The GFTN Select Gulf Series, convened in Dubai in partnership with Arthur D. Little, assembled a select group of leaders from across the financial ecosystem - regulators, bankers, asset managers, and technology pioneers - to dissect the transformative forces reshaping finance in the region.

Conducted under the Chatham House Rule, these candid discussions offered an unfiltered view into the opportunities and obstacles shaping the future of finance in the Gulf. The series explored four critical domains through dedicated roundtables: the Digital Asset Ecosystem and its regulatory foundations, the evolution of Gulf Family Offices navigating legacy and innovation, the convergence of traditional and decentralised finance beyond traditional boundaries, and the transformative potential of artificial intelligence in building the Gulf's intelligent financial future.

The discussions revealed how the Gulf's unique positioning - combining regulatory innovation, concentrated wealth, strategic geographic advantages, and government support creates distinctive opportunities across all four domains. From digital asset regulation that drives exponential business growth to family office governance evolution, from TradFi-DeFi convergence challenges to AI-powered financial inclusion solutions, the series provided comprehensive insights into the region's financial transformation.

Here are the key takeaways from each roundtable discussion.

1 Roundtable: Digital Asset Ecosystem: The Gulf's Strategic Advantage

1. Regulatory Collaboration Drives Unprecedented Growth

The Gulf's regulatory approach represents a fundamental departure from traditional financial oversight, with regulators positioned as active innovation partners rather than reactive constraints. The creation of purpose-built regulators such as Virtual Assets Regulatory Authority (VARA) and the proactive stance of the Dubai Financial Services Authority (DFSA) has created an environment where companies have been enabled to exceed their growth projections. This collaborative model enables open dialogue between industry and regulators about emerging trends and future challenges, a level of engagement that participants noted is rare globally.

The tangible impact of this approach is evident in business outcomes, with companies reporting they are achieving double their quarterly targets directly due to the regulatory environment. The UAE has established itself as home to over 2000 blockchain companies, with 40% of global deals managed from Abu Dhabi, demonstrating the magnetic effect of regulatory clarity on global capital and talent.

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I can put for myself a certain number on a quarterly basis that I want to achieve, but I'm saying I'm achieving double of that, and this is all thanks to the regulation that the country is offering today.

2. Cross-Border Payments Remain the Killer Application

Ten years after Singapore's Project Ubin first explored digital assets for cross-border payments, this use case remains the primary driver of genuine economic activity in the digital asset space. The discussions revealed how stablecoins are demonstrating authentic utility in global south-to-south transfers, with buyers and suppliers increasingly preferring stablecoin-based trade over traditional transfer mechanisms due to efficiency and cost advantages.

This evolution represents a shift from speculative trading to real economic utility, with participants noting that the infrastructure limitations of traditional cross-border payment systems create structural opportunities for digital asset solutions. The preference for USD access through USDC and USDT in trade scenarios highlights both the practical utility of stablecoins and the potential for regional alternatives.

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Looking back ten years to Project Ubin - and forward - the real-economy need hasn't changed. I'm more convinced than ever that the answer sits in digital assets.



3. Regional Stablecoin Opportunity Emerges

The discussions revealed significant potential for regional stablecoins backed by local assets rather than foreign currencies. With approximately \$30 billion in USDC and USDT currently in circulation, participants explored how this value could be captured locally through AED-backed stablecoins supported by government bonds and regional assets. This approach would retain economic value within the Gulf region while supporting local financial infrastructure development.

The strategic implications extend beyond simple currency substitution to encompass broader questions of monetary sovereignty and regional financial integration. The Gulf's regulatory clarity and government support create favorable conditions for developing regional digital currency solutions that could serve both domestic and international trade flows.

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Two of the largest stablecoins - USDT and USDC - dominate the market. Why not issue AED-denominated versions backed by government bonds to support regional initiatives?

4. Government Support Attracts Global Talent

High-level government backing has become a decisive factor in the Gulf's ability to attract international talent and capital in the digital asset space. The discussions emphasised how government support at the highest levels creates confidence among global players, leading to substantial commitments beyond simple licensing arrangements. This support extends to creating comprehensive ecosystems that can compete with established financial centres.

The talent attraction model follows Singapore's successful approach over the past two decades, with the Gulf implementing similar strategies adapted to its unique advantages. The combination of regulatory clarity, government support, and strategic positioning creates a compelling value proposition for global digital asset companies seeking stable operating environments.

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Backed at the highest levels of government, the signal is clear - and it attracts the top talent we're all competing for. Singapore proved this over the past two decades, and we're following that playbook.



2 Roundtable: Legacy & Innovation: Gulf Family Offices Reimagining Wealth

1. Generational Governance Evolution

Traditional patriarchal governance structures in Gulf family offices are undergoing fundamental transformation as families grow and younger generations seek greater autonomy. The sheer number of descendants in established families has made informal governance models unworkable, forcing the implementation of formal structures including investment committees, decision-making hierarchies, and clear authority distribution. This evolution creates tension between maintaining family unity and enabling individual investment independence.

The challenge is particularly acute when younger family members advocate for investments in sectors where the family has limited experience, such as fintech, technology, and venture capital. Traditional control mechanisms, often centered around patriarchal or eldest-uncle authority, are being challenged by younger generations who bring different risk appetites and investment philosophies to family wealth management.

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In many families, the patriarch - often the eldest uncle - sets the tone and reins in the younger generation's dynamism. As a result, some carve outside capital - 'pocket money' with quite a few zeros - to pursue their own ideas.

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2. Diversification Beyond Core Business

Third-generation family members are increasingly seeking investment opportunities outside their families' traditional business sectors, particularly in areas like fintech, technology, and venture capital where established families typically have limited exposure. This diversification drive creates governance challenges around asset allocation, decision-making authority, and risk management for investments that fall outside the family's core competencies.

The discussions revealed how families are grappling with questions of how much autonomy to grant younger generations for non-traditional investments, what governance structures should oversee these activities, and how to balance innovation with prudent risk management. The challenge is compounded by the reality that different family members often have genuinely different risk profiles and investment preferences.

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When we talk about fintech, technology, and VCs, it's very rare that a family is already embedded in that sector. The question is: to what extent will the family - particularly for the third generation who want to invest outside the main business - allow them to do so?

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3. Technology Integration in Traditional Structures

Family offices are embracing technological innovation while maintaining familiar operational frameworks, with tokenization emerging as a key area of integration. Digital tokens are replacing physical certificates in fund structures while preserving traditional fund administration processes, daily net asset value calculations, and established governance models. This approach allows families to adopt new technology without completely abandoning proven operational systems.

The integration extends beyond simple digitisation to encompass new ways of representing and managing wealth that maintain operational continuity. Families are finding that technology can enhance traditional wealth management approaches rather than requiring complete system overhauls, making adoption more palatable to conservative family governance structures.

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Think of it as the same structure as a traditional fund you know. The piece of paper becomes 100 million tokens in a wallet but from a traditional perspective, nothing else changes.

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4. Disruption Recognition and Adaptation

Successful family offices are those that recognise and adapt to inevitable market disruption rather than attempting to maintain traditional approaches in an evolving landscape. The discussions emphasised how families face increasing competition for similar resources, creating pressure to evolve investment strategies and operational models. Those that acknowledge disruption early are better positioned to safeguard wealth for future generations.

The broader economic context adds urgency to these adaptations, with participants describing current conditions as "one of the largest wealth transitions or creation events in history." Market conditions characterised by decades of liquidity expansion have created risk mispricing that affects traditional investment approaches, requiring families to reassess their strategies and risk management frameworks.

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The families that recognise disruption earliest are best positioned to safeguard their wealth for future generations. It's a free market.

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3 Roundtable: Beyond Boundaries: TradFi and DeFi Collaboration in the Gulf

1. Institutional Trust as DeFi Foundation

The convergence of traditional and decentralised finance fundamentally depends on institutional participation to provide the trust and credibility necessary for mainstream adoption. Rather than viewing DeFi as inherently anti-institutional, participants emphasised how established financial institutions serve as essential bridges between traditional and decentralised systems. Institutions bring not merely capital but the trust infrastructure that enables broader market participation in decentralised protocols.

This perspective challenges common narratives about DeFi replacing traditional finance, instead positioning convergence as a collaborative evolution where institutional credibility enables decentralised innovation. The discussions revealed how institutional involvement is crucial for Web3's future, with trust becoming more important than ever in an increasingly complex financial landscape.

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I personally believe that institutions will be a big part of the future of Web3. They represent trust - and there's a major opportunity for TradFi to be involved, because we need that trust more than ever.

2. Liquidity and Volume Challenges

Despite significant innovation in decentralised finance, liquidity remains a critical constraint with DeFi volumes representing only a fraction of traditional market activity. The discussions highlighted ongoing challenges in incentivising liquidity pool participation while addressing the fundamental volume gap between traditional and decentralised markets. This disparity creates practical limitations for institutional adoption and mainstream integration.

The liquidity challenge extends beyond simple market-making to encompass broader questions of market structure and participant incentives. Traditional institutions require substantial liquidity to execute their strategies effectively, while DeFi protocols struggle to achieve the scale necessary to support institutional-level activity. Bridging this gap requires continued innovation in liquidity provision mechanisms and market structure design.

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I wouldn't say it's anywhere close to traditional market volumes. Let's be honest: liquidity remains a serious challenge, and we need better ways to incentivise liquidity pools to come in.



3. Compliance Framework Complexity

The integration of traditional and decentralised finance faces significant challenges in applying established compliance frameworks to decentralised protocols. While conducting KYC, AML, and KYB procedures on institutions is well-established, applying these same risk management approaches to DeFi pools presents novel challenges that require innovative solutions. The discussions revealed ongoing struggles to develop appropriate scoring and rating mechanisms for decentralised protocols.

This compliance complexity extends beyond technical implementation to encompass fundamental questions about risk assessment, regulatory oversight, and investor protection in hybrid financial models. Traditional institutions must navigate regulatory requirements while engaging with protocols that operate under different governance and risk models, creating operational and legal challenges that require careful resolution.

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It's one thing to do KYC, AML, and KYB at an institution. But how do you manage risk with a DeFi pool - and how do you score and rate it? That's a real issue.

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4. Transformational Technology Potential

Despite current challenges, DeFi technology is widely recognised as transformational in its potential to revolutionise financial intermediation and create new investment opportunities. The discussions explored specific applications such as real estate fractionalisation, which enables investment opportunities that have no traditional equivalent. The technology's ability to facilitate rapid capital raising and provide access to previously unavailable opportunities represents a fundamental shift in financial market operation.

The transformational potential extends beyond individual applications to encompass broader changes in how financial services are delivered and accessed. Participants noted how blockchain-based innovations can enhance capital markets efficiency, particularly in areas like collateral mobility and liquidity provision, while creating entirely new categories of investment opportunities through tokenization and fractionalisation.

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The technology is quite transformational in the intermediation and innovation it can bring to the sector. There are clear examples of how it lets you raise money quickly and expand access to opportunities. Fractionalisation of real estate, for instance, is an investment opportunity that doesn't really exist in the traditional sense.

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3 Roundtable: AI Oasis: Building the Gulf's Intelligent Financial Future

1. Language Barriers and Financial Inclusion

The Gulf's diverse population creates significant language barriers that limit financial service access for large segments of the population, particularly expatriate workers who may not be conversant in English or Arabic. Traditional solutions involving multilingual human agents are costly and difficult to scale, creating operational constraints that prevent financial institutions from serving underserved populations effectively. Generative AI offers breakthrough solutions by enabling customer service agents capable of communicating in any language.

This technological capability addresses one of the most persistent challenges in Gulf financial services, where infrastructure capacity constraints prevent institutions from serving certain customer segments through traditional channels. AI-powered multilingual capabilities can transform financial inclusion by removing language barriers that have historically limited access to banking services for significant portions of the population.

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One of my biggest challenges is that this segment isn't conversant in English or Arabic. We're piloting a Gen-AI-enabled fintech that gives me agents who can speak in any language.

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2. Infrastructure Capacity and Scalability

Traditional financial service delivery models face significant capacity constraints when serving certain customer segments, with branches, contact centers, and ATMs unable to accommodate the volume and service requirements of underserved populations. AI-powered solutions offer the potential to provide scalable service delivery without the infrastructure limitations that have historically constrained financial inclusion efforts, enabling institutions to serve broader populations without proportional increases in physical infrastructure.

The scalability advantages of AI extend beyond simple automation to encompass fundamental changes in how financial institutions manage capacity and deliver services. By leveraging AI for customer service, transaction processing, and account management, institutions can serve larger populations more efficiently while maintaining service quality and regulatory compliance.

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I can't have my branches clogged. I can't have my contact centre clogged. I can't have queues at my ATMs - because that's what this segment creates. That said, not banking them and leaving them outside doesn't make sense.

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3. Data Governance and Privacy Innovation

AI implementation in financial services requires innovative approaches to data governance that enable collaboration while preserving privacy and regulatory compliance. The discussions explored concepts such as sharing risk attributes rather than underlying customer data, which could enable financial institutions to collaborate on fraud prevention and credit risk management without compromising customer confidentiality. This approach represents a potential breakthrough in how institutions can work together to improve risk management.

Data localisation requirements add complexity to AI deployment strategies, with institutions facing challenging regulatory requirements for data storage and processing. The discussions emphasised how successful AI implementation requires sophisticated data governance models that can balance innovation needs with privacy protection and regulatory compliance across multiple jurisdictions.

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With AI, you can share risk attributes without sharing the underlying data. You don't have to disclose whether someone is a customer of Bank A or Bank B - you can simply flag that this profile is frequently linked to scams or credit defaults.

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4. Organisational Efficiency and Talent Development

AI deployment requires coordinated organisational approaches to avoid duplication and maximise resource utilisation, with discussions revealing how multiple departments often independently develop similar AI capabilities. Successful implementation requires strategic coordination to prevent redundant development efforts while ensuring that AI capabilities align with broader organisational objectives and regulatory requirements.

The Gulf's talent attraction advantages create opportunities for rapid AI capability development, though significant investment in education and skill development remains necessary. The region's ability to attract international talent provides a foundation for AI innovation, while the growing complexity of compliance requirements demands new skills that extend far beyond traditional expertise areas.

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There was a time - I'm not exaggerating - when we had four different functions building the same chat-conversation capability. The compliance officer's role is growing every day; this is becoming a superhuman job.

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