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## BANK DHOFAR SWOT & PESTLE ANALYSIS

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**Company Name :** Bank Dhofar

**Company Sector :** Banking and Financial Services

**Operating Geography :** Sultanate of Oman, Middle East, Global

**About the Company :**

Bank Dhofar SAOG is a banking institution headquartered in Muscat, Oman. The bank, formerly known as Bank Dhofar al Omani al Franci, was formed in January 1990 and commenced operations with two branches in Muscat and Salalah. It's divided into three major business categories. Retail banking covers private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans, and mortgages. Direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products come under corporate banking; and Treasury and Investments. The Bank offers a network of branches that provide a wide range of products and services to consumers, small and medium-sized businesses, and mid-market companies. The Bank offers a variety of electronic banking services in addition to traditional banking goods and services, such as Internet banking, phone banking, SMS (short message service) banking, cash deposit, and payment machines. In addition, it offers Islamic banking services. On June 28, 2021, World Economic Magazine Awards named Bank Dhofar the Best Business and Corporate Bank in the Sultanate of Oman 2021, recognising remarkable services, comprehensive products, and better solutions supplied to its corporate customers. In April 2022, BankDhofar and the Oman Charitable Organization signed an agreement to provide e-payment services. BankDhofar will provide Oman Charitable Organization with Point of Sale (POS) machines as part of the agreement.

Bank Dhofar's Unique Selling Point or USP lies in it being one of the fastest-growing financial institutions and second-largest bank of Oman. The mission statement of Bank Dhofar reads, "Our ultimate goal is that we become the first choice and best bank for our customers. So, we strive to ensure that our customers experience the full range of our products and services".

**Revenue :**

US\$ 454 million - FY ending 31st March 2021 (y-o-y growth 2%)

US\$ 473 million - FY ending 31st March 2020

## SWOT Analysis :

The SWOT Analysis for Bank Dhofar is given below:

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1.Strong brand recognition in Omani Market capped by strong relations with Omani government and GREs</li> <li>2.Second largest listed bank in Oman with 67 branches</li> <li>3.Successful digital transformation of the bank in 2018 to enable online banking</li> <li>4.Solid Capitalization and Stable funding structure with access to diversified sources of funding</li> <li>5.Diversified distribution channel catering to customers' needs; separate successful segments for ladies' banking, student and youth banking, Islamic banking and other business segments</li> </ol>	<ol style="list-style-type: none"> <li>1.Low geographic diversification</li> <li>2.Cost to income ratio is high due to opening of new branches</li> <li>3.Rising number of bad loans; net loans are higher than net investment and income in last one year</li> <li>4.Negative outlook and low rating by Moody's and Fitch for 2021</li> </ol>
Opportunities	Threats
<ol style="list-style-type: none"> <li>1.Creating partnerships and tapping into new geographies for banking-related activities and other products</li> <li>2.Continue to expand Islamic based banking</li> <li>3.Strengthen business through inorganic expansion</li> <li>4.Improve public-private partnerships and infrastructure through Vision 2040</li> </ol>	<ol style="list-style-type: none"> <li>1.Competition from other Omani banks as well as foreign banks</li> <li>2.Bank Dhofar is subject to liquidity risk</li> </ol>

## PESTLE Analysis :

The PESTLE Analysis for Bank Dhofar is given below:

<p style="text-align: center;"><b>Political</b></p> <p>1. Political stability in Oman promotes smooth business operations</p>	<p style="text-align: center;"><b>Economical</b></p> <p>1. Impact of COVID-19 on Oman's economy and banking sector</p> <p>2. The banking sector has limited reliance on foreign funding, mainly due to strong domestic deposit base</p> <p>3. Real GDP growth is forecasted to increase to 2.3% in 2020, increasing to c.3.4% a year in 2021-2022</p> <p>4. The Omani banking sector has been growing consistently in the past decade with banking assets reaching over USD 92 billion in 2019</p>
<p style="text-align: center;"><b>Social</b></p> <p>1. Oman has largely Muslim populations</p> <p>2. Sultanate of Oman has a population of 4.66mn - predominantly represented by Omani Nationals who account for 57% of the total population</p>	<p style="text-align: center;"><b>Technological</b></p> <p>1. Contactless payments are gaining prominence in Oman, with many leading banks now offering contactless cards to their customers.</p> <p>2. Growing preference for electronic payments</p>
<p style="text-align: center;"><b>Legal</b></p> <p>1. Several regulatory and supervisory initiatives implemented by the Central Bank of Oman</p> <p>2. Oman is one of the first country in the region to issue a bank resolution framework in 2019 to reinforce further financial stability in the banking sector</p>	<p style="text-align: center;"><b>Environmental</b></p> <p>1. Bank Dhofar launched 'Go Green' initiative to promote sustainability</p>

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