

Cut to the Chase

**GDPR and Data Security-
How will it impact GCC?**

What is GDPR?

The general data protection regulation (GDPR) is the data security law which will be implemented by European Union on 25th May, 2018. The law aims to protect the information of the residents of EU and also the export of this information to other nations. The law is applicable to all the companies that handle or work with data related to EU's residents. The law aims to provide more control to people about how their information is used and the lawmakers also want to introduce heavy penalties in case of any breach.

How does GDPR affect GCC?

GDPR is made to protect information about EU citizens but the impact of this law will be on all the industries outside EU as well. GDPR will impact any company that buy or sell goods and services to EU or handle any data of its residents.

GCC countries are one of the largest trading partners with EU, with UAE having the highest amount of bilateral trade exceeding USD 8.7billion. GCC uses the data provided by EU for their businesses. Most of the companies work as the sub-contractors of the European Union and follow consumer behaviour through social media and data analytics. As GCC companies are handling data of residents of EU, these companies have to comply with the guidelines and the technical aspect of the GDPR. Abiding with GDPR guidelines includes acknowledging documented compliance, conducting data protection impact assessments for risky data processing activities, and implementing data protection by design in operational processes.

The challenge for MNCs is that they have to build whole new data storage systems solely for EU data so that the information from multiple sources is compiled at a single location and execution of the rules become easy. GCC also faces the issue of large amount of dark data (unidentified data) that had to be sorted and classified before the act comes into force.

Which industries are likely to be impacted by GDPR?

Most commonly affected industries will be Airlines, hotel and tourism, banks and financial institutes and e-commerce sector.

- GCC airlines have to exercise caution with the EU data they use for marketing and other sales purposes. In the airlines industry, while booking tickets, unauthorized individual information is passed on to the company and under the purview of GDPR, only that use of the information is allowed.
- For marketing and advertising, companies will have to take consent of the individuals and individuals will have right to reject the transfer of information to third parties. GDPR is trying to increase the power of consumers over how their personal information is used.
- Hotel industry gets large amounts of data from online payments systems data and third party bookings. The industry uses these for advertising and more personal search appears. Also, hotel industry uses CCTV cameras to monitor the movements and this data also helps in profiling of customers. This involves high processing of personal data to achieve these goals and not complying to GDPR guidelines can not only have financial and legal risk but a bad reputation if any breach occurs given individual's sensitivity to the use of their personal information.

Where do GCC stand with regard to data protection laws?

Qatar

Qatar has issued a Data Privacy and Protection Law 2016 which is along the same lines as the GDPR. It applies to any personal data of individuals and the data that is transmitted electronically. With the new law in force, it is hoped that it will encourage the trust of the consumers in online environment. Qatar's financial centre has been excluded from this act as it has its own data privacy laws.

United Arab Emirates

There is no federal law in the UAE for data protection but it does have few general and broad obligations and requirements such as cyber-crime laws and right to privacy. It also imposes sector specific rules like that on telecom sector. But there are few zones like Dubai international finance centre (DIFC data protection law no.1, 2007) where the country have comprehensive data protection laws.

Bahrain

There are industry specific laws like telecommunication law and e-transaction law which provide them safety for online transactions and against identity thefts. Bahrain's penal code also make sure that the data is safe and consumers can go to consumer protection courts in case of data breaches.

Oman

The constitutional law recognizes the individual right to private life and electronic transmission law with cyber-crime law protects data privacy. The electronic transactions law issued pursuant to Royal Decree No 69/2008 (the Electronic Transactions Law) and the cyber-crimes law, issued pursuant to Royal Decree No 12/2011 (the Cyber Crimes Law). Central bank of Oman have also issued directives related to data privacy. The law applies to insurance and capital markets as well.

Kuwait

In Kuwait too, the constitution protects the right of information and any information through post or telegraph is considered private. Professionals such as lawyers and doctors along with banks also come under this purview.

Saudi Arabia

There is no specific legislation in Saudi for data protection, although the constitution mentions about right to privacy.

Is there a need for unified law?

Cyber security is one of the main issues that GCC countries are worried about. About 76% of the GCC population uses internet and 66% are active on social media. Without proper information security, crucial information about government, infrastructure, banking and other personal information can be leaked and misused. Recent cases in other countries have increased the importance of the data security. Also, the increasing cyber-attacks in GCC like the one in UAE have alerted the urgent need for laws. UAE lost around USD 1.05 billion due to cyber-attacks. The largest average losses per user account were due to credit card fraud (USD 1,051), falling for a technical support scam (USD 476), data breaches (USD 341) and social engineering (USD 157). Shamoon malware attack of Saudi has been one of the biggest attacks in the history of GCC. Data breaches overall went up by 16.67% with identity theft compromising 59% of it.

The main factor contributing to data breaches is vulnerabilities in the communication network over the web and consumers ignorance. Having a unified law will help increase consumer awareness about their rights and heavy penalties will act as a threat to companies and they will try to implement more stringent rules for data handling.

Qatar has already implemented the data security law which will come into force in another few months. And the rapid growth of GCC countries with increasing urbanization and dependence on information technology have made it more important for the Government to create a unified law that can protect the information. What GCC needs is the co-operation among its members and sharing of resources and technology to implement the law and have a regulatory base. As they plan to diversify and digitalize their economy with rapid expansion in infrastructure, data security should be a main concern as any hindrance in this can affect the growth and their future plans.

References

1. [Chatham House: GCC Digital Economy](#)
2. [Gulf News: UAE firms need to start now to meet EU Data privacy laws](#)
3. [The data protection landscape in the GCC](#)

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To be the first choice for obtaining strategic intelligence on the MENA region.

Our mission

Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making.

Our aim

Advocate intellectual research on MENA economies, businesses and financial markets and provide customized, actionable solutions.

Our foundation

- A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history
- Markaz research activities commenced in 2006
- Marmore established in 2010 to intensify the research activities
- Publishes research reports and provides consulting services

Consulting services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

What type of consulting services we provide?

- Industry market assessment (market size, competitors, regulations)
- White label reports (industry reports, company newsletters, periodic research)
- Databases (competitors' information, target clients insights)
- Company valuation (buy/sell side advisory)
- Due diligence / Business evaluation
- Feasibility studies (market and financial)
- Business plans
- C-Suite support to leaders with intellectual, industry related needs

How do we execute consulting engagement?

Our seven step process to execute consulting engagements:

- Step 1: Requirement and scope analysis
- Step 2: Proposal submission
- Step 3: Project initiation
- Step 4: Fieldwork / research
- Step 5: Analysis & reporting
- Step 6: Review & approval
- Step 7: Report submission / presentation

Published research

Industry research

Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.

Economic research

These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

Infrastructure research

Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

Capital market research

Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

Policy research

Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

Periodic research

Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

Regulatory research

Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.

