

LMA Middle East Engagement Report:

**Strengthening
Regional Markets
and Advancing
Sustainable Finance**

February 2026



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The LMA outlined its three-year strategic plan aimed at strengthening market visibility, increasing member engagement, and improving liquidity and operational efficiency across the loan market. As part of this strategy, the Middle East loan market remains a core priority with an ambition to grow regional membership from c.50 firms today to 200 by 2027, supported by dedicated regional leadership, local staffing in the UAE, and active working groups delivering tangible regional outputs.

This focus is clearly reflected in the LMA's level of engagement at the start of

2026. Within the first 40 days of the year, the LMA undertook two visits to the GCC, covering four countries in just eight days.

During this period, LMA's CEO Scott McMunn travelled across the region to attend and host seminars, roundtables, conferences and networking sessions, alongside bilateral one-to-one meetings and engagement with supervisory bodies. The programme delivered valuable market insight and provided a clear view of regional participants' expectations of the LMA. This report summarises the outcomes of the visit and sets out the LMA's outlook and role in the region.

LMA and Kuwait Banking Association roundtable

Co-hosted with Kuwait Banking Association (KBA), this roundtable was centred on introducing the work of the LMA and its strategic goals to the banks in Kuwait. The definition of roundtable took a challenge with other seventy attendees across twenty-five firms.

Kuwait's loan market is evolving at an important moment for the country's wider financial sector, with banks playing a central role in supporting economic diversification, infrastructure investment and private sector growth. The Kuwait Banking Association has been instrumental

in driving collaboration across the market, promoting strong risk management standards, and engaging constructively with regulators to ensure a stable and modern banking environment. Its focus on resilience, digital progress and alignment with international best practice reflects a shared ambition to build a market that is both locally responsive and globally connected.

These priorities closely mirror the work of the Loan Market Association, which continues to support efficient, transparent and well-functioning loan markets across EMEA. Through standardised documentation, operational initiatives and market education, the LMA's goal is to reduce friction, improve certainty and

enable capital to flow more smoothly between borrowers and lenders. As Kuwait's loan market continues to deepen, stronger engagement between market participants and industry bodies helps ensure local growth is underpinned by global standards. This alignment not only strengthens confidence in the market, but also creates the foundations for sustainable long-term development.

There is a clear need and desire for the Loan Market Association to support and develop standardisation, particularly for local lending. Bilateral loans are often too bespoke, and simple and the development will be around correct definition and detail covering security, enforcement, and simplicity.



Al Tamimi & Company roundtable on LMA Islamic Transfer Templates: introduction and market context

Organised by **Al Tamimi & Company** in January, in this roundtable Scott McMunn, CEO of the LMA was joined by **Rafiq Jaffer, Mohammed Negm, and Matthew Heaton, Partners at Banking, Qatar, Al Tamimi and Company** to set out some key characteristics of the new **LMA Islamic Transfer Templates and considerations within Kingdom of Saudi Arabia (KSA)**.

This session marked the first time the LMA presented these templates to a new audience. We provided specific insight into the structure of the templates, discussed the Saudi loan market landscape, and highlighted key considerations around enforcement and security.

An additional opportunity identified is the potential for conventional banks to engage in Islamic finance transactions. The Muraba and Ijari structures are widely recognized, with critical considerations including obtaining appropriate consents, adherence to civil transaction law, mechanisms for consideration payments, and identification of all parties involved.

Given that KSA accounts for approximately 50 percent of the Islamic finance market, these documents could and should provide material support to liquidity. It was an honour for the LMA to be commended for its agility and ability to act on behalf of markets as well as for the shared ambition to work together in support of the Middle East loan markets.

Enforcement considerations were also discussed, as issues can arise depending on the nature of the lender and borrower. Saudi jurisdiction is well established with either a Banking or Financial Dispute Committee being the simple path to hearing a case. Where transactions do not meet eligibility requirements, cases may be referred to the Commercial Court or a General Court where in both cases certain risks can arise including questions around validity of contract, less acceptance of foreign accepted practises.

The session was highly interactive, and the LMA views this work as one of the first steps towards delivering tangible impact in the Islamic finance market.



Global Climate Finance Centre conference

The LMA was delighted to attend the **Global Climate Finance Centre (GCFC) conference on climate this January**. The event offered a valuable chance for the LMA to showcase its initiatives, but even more importantly, to listen to insights from operators, businesses, fund managers, and the broader community. Understanding what matters, what is required, and how the LMA can contribute meaningfully became clearer. The main takeaways were encouraging and reflected closely the LMA's current direction.

Ambition alone is not enough



Frameworks must lead to real impact



Movement should not be mistaken for progress

These are all the integral messages the LMA Head of Sustainability, Gemma Lawrence Pardew and the Sustainable Finance Working Groups have been consistently advocating for over the past year, with a clear focus on delivering financing faster, more efficiently, and at global scale.

Progress has to be measured by delivery, not just by talk and this will lead to that desired mobilisation.

A panel on **Governance and oversight** reinforced this point, emphasising that governance should not be about asserting authority, but about enabling the right actions. This resonated strongly. Our markets share a collective mandate to deliver, and we must ensure we are harnessing collective intelligence to inform better decision-making.

There is a strong magnet with the LMA and the GCFC and we will look to working and partnering together to drive the correct change across our markets.

A panel on **Unlocking Islamic finance** to support sustainability was in particularly thought-provoking, highlighting challenges around funding availability, the limited institutionalisation of Islamic finance, and broader alignment gaps. Key questions emerged around deployment and whether constraints lie in origination or structure.

The LMA reflected on its efforts on the **LMA Transfer Certificate**, a member led initiative with a clear goal – why are our members not asking for Islamic finance for sustainable lending – principles, criteria, conformity. This is outstanding and, in our view, it is down to bankability and investibility. How can the LMA help support and imbue those Islamic principles into finance and the necessary ethics.

Our goal is to make Islamic finance the financing of choice to support the emerging demands for sustainable finance.



Riyadh International Disputes Week

Riyadh International Disputes Week (RIDW) is now the largest legal event in the MENA region and among the leading globally, attracting a diverse spectrum of global stakeholders. The Kingdom is going through an incredible pace of change only matched by the level of energy I felt in my two days in Riyadh. Bank asset quality is strong with low NPLs as a % of assets but there is a need to see capital recycled and balance sheets turned over supporting new loans.

Local regulators have built out a background of clarity around servicing and collections – what can be done, by who, by when. Supporting both lender and borrower. The Kingdom under this oversight is building a market – not simply a trade.

RIDW26 was the anchor point of this trip. Held on **February 1 to 5**, it witnessed high-level participation from government and judicial leaders, elite judges, legal and arbitration experts, and business leaders from around the world, concluded. The LMA was invited to join Mohammad Alsayed Ibrahim Negm and Rita Jabllah Partners at Al Tamimi & Company in a session on *Restructuring and Distressed Lending The evolving Intersection of Insolvency and Finance in Saudi Arabia and Beyond*.

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LMA's role was to set the scene with a read across to European restructuring and non-performing loans and the evolution into an established asset class (albeit volumes have slowed from the 2018 nadir). The introduction set the conversation then turned to standardisation, documentation, and conformity – all in the LMA wheelhouse.

Over the last ten years Europe's distressed debt market has moved from a bank balance sheet clean-up to a structured credit plus servicing plus special situations ecosystem. It has worked, attracted long term capital, and delivered an institutional investor market. This was all built on purpose and has led to a durable infrastructure.

The question that is outstanding is around the Gulf States in general, and the Kingdom of Saudi Arabia specifically. What is required to repeat this.



Europe's primary objective was regulatory in nature –

aimed at fostering trust and credibility across numerous bank balance sheets. Regulatory directives encouraged banks to take action and facilitated the development of sell-side infrastructure, such as data rooms, vendor due diligence, and servicing frameworks.



Documentation and standardisation played essential roles throughout this process,

ensuring robust transfer documentation and structured information flows, all supported by a well-established restructuring and bankruptcy regime. Through these measures, the European market became firmly established and effective.

A similar strategic intent is now emerging from the Kingdom, addressing distinct challenges but striving for comparable results: **attracting inward investment, recycling capital, and establishing supporting infrastructure.**



Standardisation of documents have been identified as one of the key drivers.

They will help with reducing the friction, they will support conformity, but they do not help with risk. Enforcement certainty and servicing quality need to be the bedrocks. It will work in the Gulf States as it will be restructuring led. Standardisation of data and information flow will allow scalability and the confidence to attract longer term capital flow.



Litigation finance

was another topic highlighted during the panel discussion, and it is already demonstrating its effectiveness as an emerging trend. Essentially, this represents a last-in, first-out financing model founded on security and a robust legal framework.

There is a need to establish trust in the calibre of trustees and the quality of their services. Given that courts operate with limited resources, any uncertainty regarding trustee roles or activities could hinder progress in the evolving market.

In summary, the panel predicted that litigation finance will develop into a recognised asset class for investment. Liquidity will be driven by trust, through recovery regimes as well as by accessible data such as templates and taxonomies, and by predictable outcomes. All of this relies on established legal templates, reliable transfer processes, and professional servicing capabilities.

Where do LMA can support and make an impact?

Similar to the push surrounding non-performing loans, there is significant interest in developing a securitisation market. There have already been successful mortgage-backed transactions, but what approach will the LMA take for CLOs? Essentially, with the right support, the LMA could create standard middle-market loan documents that would introduce consistency in loan structures and enable investors to focus on the main aspects of any ABS deal such as credit, waterfall, and servicing. This is certainly an area to monitor.

Sustainability and transition finance also rank high on many priority lists. The LMA currently has a Middle East sub-chapter, but we plan to expand this initiative since our members take different approaches (it's worth checking with LMA Head of Sustainability, Gemma Lawrance Pardew, about the differences between the Middle East and Europe).



Agency providers in Gulf loan markets

In partnership with [LoanBook](#), the LMA hosted a small gathering with the key agents in the region, banks and non-banks. There is sometimes an assumption that one size fits all and a global approach is needed – in many cases this is certainly true but the notes below touch on the conversations at the roundtable and the view of the stakeholders.

The discussion covered:

- How the responsibilities of the Agent are changing across syndicated, private credit, and other lending structures
- Key operational pain points and risk areas in loan administration
 - Practical opportunities for technology, automation, and standardisation to reduce operational fragility– in particular use of AI
- How the agency model may evolve as private credit and other lending structures continues to scale
- Evolution of finance and structures. How can this growth be supported given increased complexity, challenge, and responsibility.

We appreciate the support of Siddharth Bhandar, Founder and CEO of NewBridge, and Mark Waters, CEO of LoanBook, which helped make this visit highly successful.



The hot topics and priority areas in the Gulf

After engaging in discussions with over 300 senior leaders regarding regional loan markets and priorities, the LMA identified several key areas that are currently at the forefront of decision-makers' agendas.



Agency as a core, growth business

There was strong consensus that agency banking is no longer a back-office function but a core, profit-generating business line, with growth targets of ~30% at several institutions. However, this evolution is not always reflected in internal recognition, resourcing, or remuneration. Participants highlighted the need for clearer positioning of the agent's independent role, improved internal education, and more consistent regional approaches to agency fees and protections.



Operational risk and workload pressures

Operational risk remains most acute around payments, obligation management, amendments, and borrower reporting delays. Agency teams spend a disproportionate amount of time on coordination and follow-ups, often crowding out higher-value activities. There was discussion around rethinking post-closing responsibilities and improving workflows to better reflect the true workload borne by agents.



Technology as a key enabler

Technology was widely seen as the single biggest lever to improve efficiency, reduce operational risk, and unlock new fee-based services. Discussions covered automation of obligation tracking and covenant monitoring, AI-assisted document review, configurable notice workflows, and longer-term opportunities around tokenisation and faster settlement. While adoption challenges remain, there was strong interest in unified digital platforms that span origination, syndication, agency, and secondary workflows.



Islamic finance and documentation standardisation

Islamic finance presents unique documentation and operational challenges due to limited standardisation and system support. The LMA shared ongoing efforts with Islamic finance bodies and regulators to modernise and standardise Islamic agency documentation, with an emphasis on clarity, Sharia compliance, and practical implementation. This was seen as a critical step to reduce risk and improve scalability in the region.



Talent and training

Talent acquisition and retention emerged as a recurring concern. While the LMA offers extensive training resources, awareness and uptake can be improved. There was broad agreement on the need for more role-based, agency-specific training, combining technical, legal, and operational knowledge, while ensuring technology and AI augment rather than dilute deep market expertise.



Private Credit Outlook in GCC

Private credit in the Middle East is moving from a peripheral alternative to a recognised and increasingly strategic source of capital. The region's macroeconomic backdrop characterised by strong sovereign balance sheets, ambitious national transformation programmes, and a sustained pipeline of corporate expansion, has created a natural demand for flexible, bespoke financing solutions. At the same time, global banks continue to face capital constraints, and international private credit funds are actively seeking deployment opportunities in markets with robust fundamentals and favourable risk-adjusted returns. This convergence has brought the Middle East into sharper focus.

Today, private credit activity remains concentrated among a relatively small group of regional banks, global alternative asset managers, and specialist credit platforms. Transactions are typically bilateral or club-style, with structures ranging from senior secured loans to hybrid and mezzanine instruments.

While deal flow is growing, the market is still in the early stages of institutionalisation. Documentation varies widely, information flows are inconsistent, and agency and servicing models are not yet fully adapted to private credit's operational demands. These frictions are well recognised by market participants and increasingly seen as areas where standardisation and clearer frameworks could unlock scale.

The outlook is unequivocally one of expansion. Sovereign-driven diversification agendas in Saudi Arabia, the UAE, and Qatar are generating unprecedented financing needs across infrastructure, energy transition, logistics, and technology. Private credit is well positioned to support these sectors, offering speed, structuring flexibility, and the ability to underwrite complexity. International managers are establishing regional offices, and local institutions are exploring co-investment and partnership models that blend global expertise with regional insight.

As the market matures, the next phase will require stronger documentation standards, more consistent agency practices, and clearer regulatory engagement. With these foundations in place, private credit has the potential to become a durable, scalable asset class in the Gulf, one that complements bank lending and supports the region's long-term economic ambitions.



Looking ahead

The LMA has set out a 2026 goal to increase our *recognition*, deepen our *penetration*, and deliver *tangible outputs* to the market. All three of these areas have room for improvement in the Middle East and with our enlarged Committee, local senior resource and the engagement of members we

aim to increase membership, establish regular dialogue with the supervisory and regulatory bodies across the GCC, lay the groundwork for a curated learning and development programme that is Middle East tailored (in person and online), and bring the EMEA loan markets together and connected.

The visits to the region reinforced our mission and the value of continued collaboration between agents, banks, technology providers, and the LMA. Follow-up actions include forming focused working groups, progressing documentation and fee standardisation discussions, expanding regional training initiatives, and continuing dialogue on technology adoption and operational risk mitigation.

Contact us:

Scan here



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