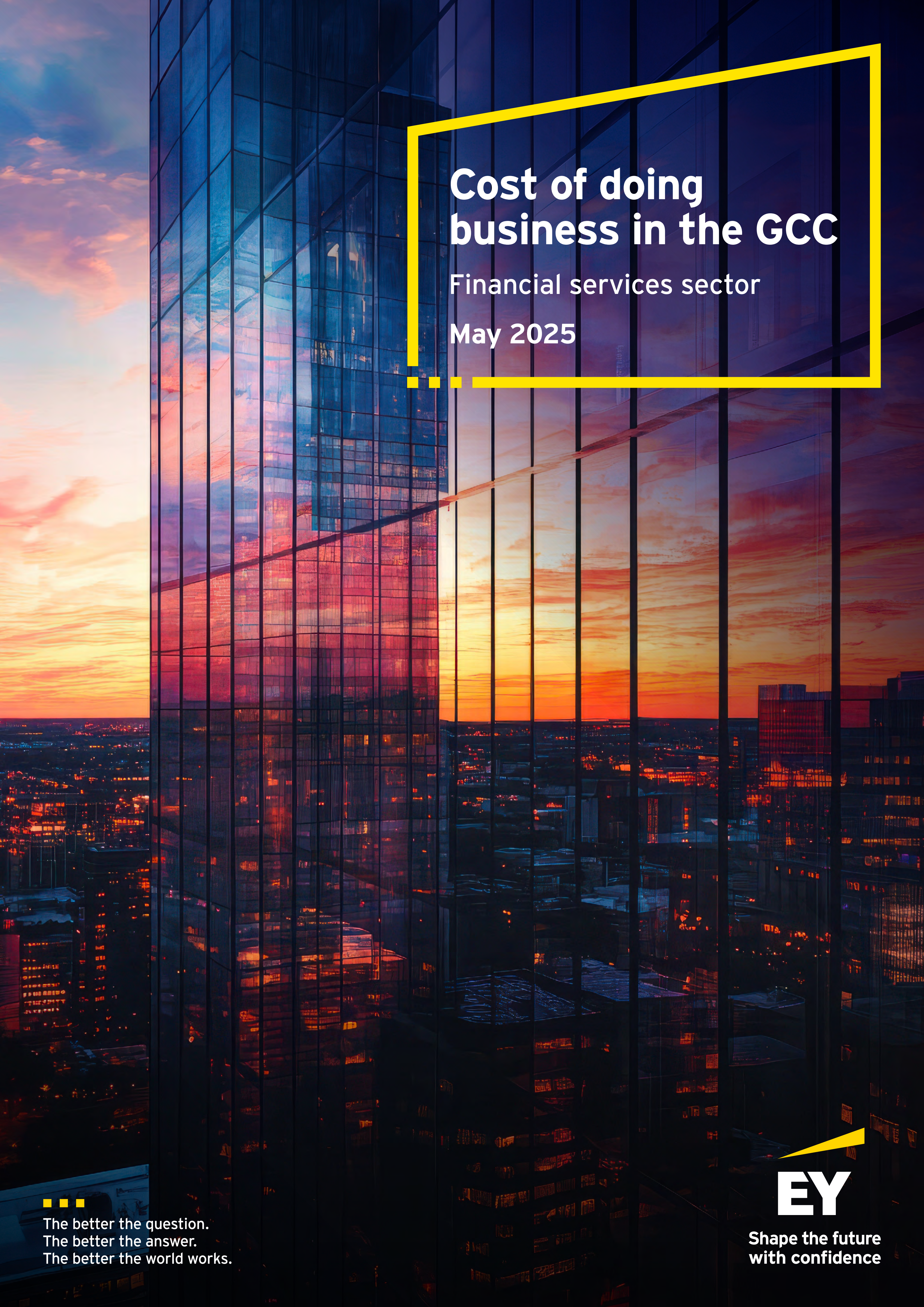

Cost of doing business in the GCC

Financial services sector

May 2025

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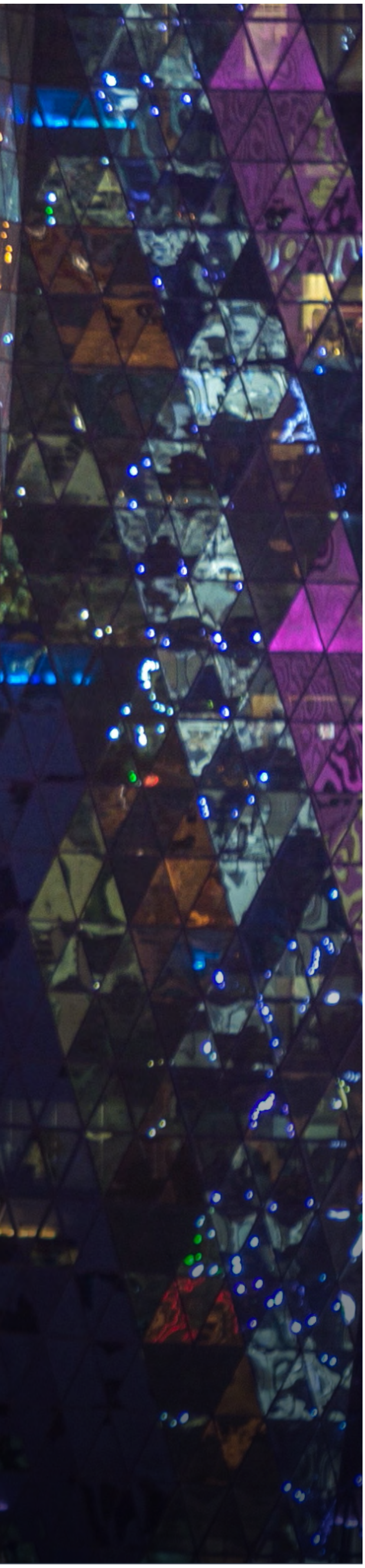
Glossary	
ADGM	Abu Dhabi Global Market
BEPS	Base erosion and profit shifting initiative
CIT	Corporate income tax
DIFC	Dubai International Financial Centre
DMTT	Domestic minimum top-up tax
GCC	Gulf Cooperation Council
IT	Information technology
KAFD	King Abdullah Financial District
MNE	Multinational enterprise
OECD	Organisation for Economic Cooperation and Development
QFC	Qatar Financial Centre
QFPZ	Qualified free zone person
SEZ	Special economic zone
VAT	Value-added tax

Limitations and restrictions

The study was prepared by Ernst & Young WLL (EY Bahrain) with the research and analytical support of the Quantitative Economics & Statistics (QUEST) practice of Ernst & Young LLP (EY US). Certain analyses and findings in this study are based on estimates and assumptions about a case study hypothetical firm to provide a general comparison of the cost of doing business in the GCC. There will be differences between costs shown in this study for the hypothetical case study and for various individual cost metrics because each business faces a unique set of challenges and circumstances, and those differences may significantly impact the cost of doing business. We make no representation of, nor do we take any responsibility over, the correspondence of the cost levels in this study with costs which may be quoted to any individual business. The findings and analyses contained in the study are based on data and information made available to EY teams through the date hereof. Should additional relevant data or information become available subsequent to the date of the study, such data or information may have a material impact on the findings in the study. The global EY organization has no future obligation to update the study.

Neither the study nor any of our work constitutes a legal opinion or advice. No representation is made relating to matters of a legal nature, including, without limitation, matters of title or ownership, legal description, encumbrances, liens, priority, easements and/or land use restrictions, the validity or enforceability of legal documents, present or future national or local legislation, regulation, ordinance or the like, or legal or equitable defenses.

The study is intended solely for informational purposes as an illustration of the cost of doing business for a set of costs based on assumptions for a hypothetical firm at a specific time. We make no representation as to the sufficiency of the study and our work for any business investment decisions or site selection purposes. Any third parties reading the study should be aware that the study is subject to limitations, and the scope of the study was not designed for use or reliance by third parties for investment purposes, or any other purpose. We assume no duty, obligation or responsibility whatsoever to any third parties that may obtain access to the study.



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Executive summary

Across the Gulf Cooperation Council (GCC), governments have significantly invested in developing the financial services sector, including the development of financial districts and capital improvements in major metropolitan areas, to attract international and domestic investors.

Companies and their employees also benefit from incentives, including accommodating legal and regulatory environments, high-grade commercial office space, networking opportunities, access to global markets, state-of-the-art infrastructure and access to capital. The GCC countries have strong aspirations that their investments will spur economic development, create jobs for a young and talented labor pool, facilitate knowledge transfer and contribute to the maturation of the financial services sector. Companies looking to invest will weigh many factors to determine the best place to set up or expand their business, chief among them being the cost of doing business. The study provides a comparative analysis of cost in several major metropolitan areas and financial districts within the GCC.

Costs are benchmarked in six categories related to establishing and operating a financial services firm with a technology hub (tech hub). These categories are: 1) labor, 2) office space, 3) internet and utilities, 4) taxes and fees, 5) company formation and 6) visa, work authorization and residency.

The importance of various cost categories to the overall financial services landscape is illustrated throughout the study by presenting a case study of a hypothetical financial services firm as it evaluates labor, rent and other costs to determine the most suitable location. The firm chosen for the study is a branch of a global financial services firm that serves as a technology hub for its regional operations. The case study is chosen given the growing importance of technology and innovation in developing the financial services industry in the GCC region and the type of mobile capital investment that has flexibility in location choice, as opposed to other financial services operations meant to serve specific local markets.

The study finds that Bahrain is the most cost-competitive location to operate a financial services firm with a tech hub for the set of costs measured, as shown in Figure ES-1. At an annual cost of US$4.79m, the cost of doing business in Bahrain is approximately 20% lower than the average of the locations analyzed in the study. Oman and the Qatar Financial Centre (QFC) are the next two most competitive locations. In Bahrain, the low overall cost of doing business is primarily driven by relatively low labor costs. Dubai International Financial Centre (DIFC) is the least competitive location in this analysis, with an annual cost of US$7.07m, which is 48% higher than in Bahrain. Figures ES-2, ES-3 and ES-4 show the breakdown of costs for the three most competitive locations: Bahrain, Oman and Qatar (QFC).

Low labor costs in Bahrain and Oman, relative to other GCC countries, represent an opportunity for foreign companies to operate in the GCC, while maintaining lower operational costs. Figure ES-2 shows the estimated total annual labor cost for the case study firm, with costs in the three locations ranging from US$4.45m to US$5.23m, and where costs are lowest in Bahrain, followed by Oman.

Bahrain and Oman's cost-competitiveness is further enhanced by the lower cost of renting commercial office space. The annual cost of renting commercial office space is lowest in Oman at US$295,000, as shown in Figure ES-3, followed by Bahrain at US$305,000. The low cost of rental in Oman and Bahrain contributes significantly to the overall lower operational costs.

Financial services in Bahrain are regulated by a single regulator (the Central Bank of Bahrain) that provides a simplified and cost-competitive process. The country's category-based licensing procedure for financial services firms allows companies the flexibility to engage in various activities. For instance, Category 1 investment firms are permitted to participate in all regulated investment-related activities, except Islamic finance, for a low annual fee.* Oman offers a relatively competitive cost of licensing, although the licensing process is comparatively more complex than the process followed in Bahrain. Figure ES-4 presents the total costs for other remaining annual operational costs, which include licensing fees, internet and utilities. These costs are lowest in Bahrain at US$35,000, followed by Qatar (QFC) at US$44,000, then Oman at US$48,000. Oman loses some of its competitiveness mainly due to the high cost of broadband internet where the rates are regulated by the Telecommunication Regulatory Authority.

The study evaluates the locations' attractiveness to expatriate talent by estimating the cost of living for a typical family. The cost of living for families residing in Manama, Bahrain is the lowest of the seven locations, at an annual cost of US$49,000, which is 29% below the average. Conversely, the cost of living is highest in Dubai, UAE. At an annual cost of US$81,000, the cost of living in Dubai, UAE is 17% higher than the average and 66% more expensive than Manama, Bahrain.

* Excluding capital requirements

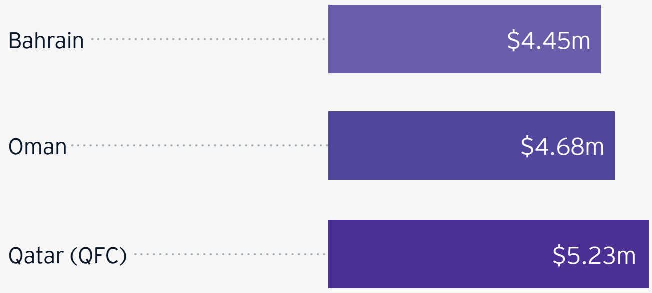
Figure ES-1. Overall annual operating costs of the financial services tech hub for major cost categories

Sources: EY calculations

Note: Calculation of the average is based on non-rounded values.

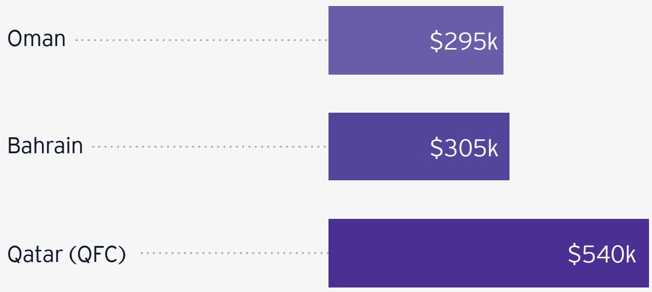
Note: Currency values in all figures and tables are in US dollars, except for Table A1, which presents the exchange rates used in the study to convert local currency figures into US dollars. See Appendix I for more details on exchange rates.

Figure ES-2. Total annual labor cost
(three most competitive locations in the overall cost)



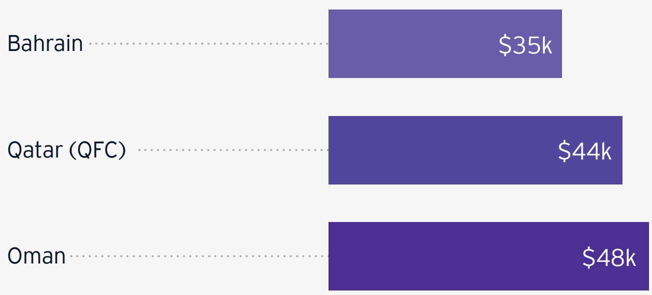
Sources: EY calculations

Figure ES-3. Total annual rental costs for commercial office space
(three most competitive locations in the overall cost)



Sources: EY calculations

Figure ES-4. Total annual other operational costs
(three most competitive locations in the overall cost)



Sources: EY calculations

Note: Other operational costs include annual utility costs and annual business fees.

1 Introduction

The study compares the cost of doing business for the financial services sector across several locations in the Gulf Cooperation Council (GCC). It demonstrates the importance of these costs to the overall cost of doing business through a case study of a financial services firm establishing a technology hub.

Business costs are a primary driver of location choice for companies that are not constrained by a specific location. Governments across the GCC have created attractive environments by investing significantly in the development of financial districts and in making substantial capital improvements in major metropolitan areas. Further, governments offer favorable cost environments for inbound investment through a variety of incentives which include accommodating laws and regulations. In addition, they provide high-grade commercial office spaces, networking opportunities, access to global markets, state-of-the-art infrastructure, access to capital and a high quality of life.

The study provides an analytical comparison of the cost of doing business within the region's major metropolitan centers and large financial districts. Figure 1 lists the locations covered in the study. In some locations, the study concentrates on specific financial districts as in the case in Abu Dhabi Global Market (ADGM), Dubai International Financial Centre (DIFC), Saudi Arabia's King Abdullah Financial District (KAFD) and the Qatar Financial Centre (QFC). In other locations, the study concentrates on the city centers of major metropolitan areas within the country. For Bahrain, the analysis is centered on Manama; for Kuwait, the emphasis is on Kuwait City; and for Oman, the focus is on Muscat.

The analysis evaluates the costs of activities that are critical for establishing and operating a business location in the financial services sector (see Figure 2). While a wide range of expenses are associated with establishing and operating a new business location, the study focuses on costs most affected by the choice of location. The cost categories analyzed include labor, office space, internet and utilities, taxes and fees, company formation and costs related to immigration and work authorization.

Through a case study, this analysis navigates the journey, costs and decisions that a financial services firm makes to determine its preferred location.

Comparing major business costs across seven GCC locations, the study finds that Bahrain is the most competitive location to operate a financial services tech hub, followed by Oman.

Figure 1. Locations covered in the study

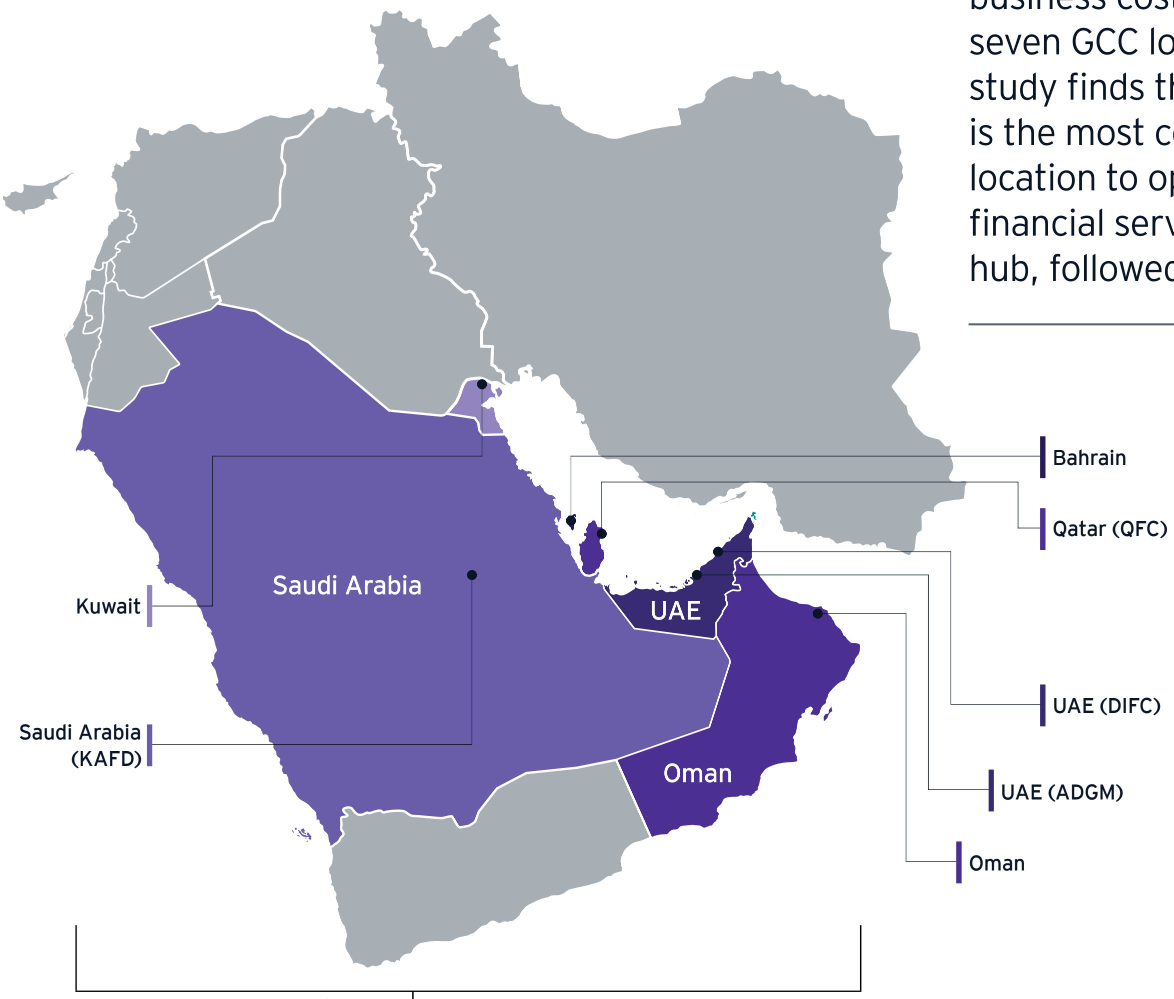


Figure 2. Cost categories covered in the study

2 Case study and key takeaways

The relative importance of each cost to the overall cost of doing business is presented in this section by estimating the operational expenditures of a case study firm operating a financial services tech hub in the various locations.

The annual cost of doing business is estimated for major cost categories for a financial services tech hub to highlight the differences in costs among locations. The analysis is based on a set of assumptions about a hypothetical firm's business profile, which are used to calculate the annual costs in each location. These assumptions include:

- **Annual licensing and registration:** The firm must maintain its license and legal status as an investment firm.[1]
- **Labor:** The firm employs 80 staff members across management and business operations, information technology (IT) and investment functions.[2]
- **Rent:** The firm requires commercial office space totaling 1,600m^2. This figure assumes that, on average, each of the 80 employees requires 20m^2 of office space, including common areas.
- **Utilities and telecommunication:** The firm's office space will consume 19,437 kWh of electricity and 79 m^3 of water per month. Additionally, the firm will have a business internet broadband subscription with speeds of up to 500Mbps.

Figure 3 provides the total annual cost of doing business across the major categories of costs analyzed — labor, rent, utilities and annual fees related to licensing and registration. The analysis finds that Bahrain is the most cost-competitive location in which to operate a financial services tech hub. At an annual cost of US$4.79m, Bahrain's costs are 20% below the average of the seven locations, driven mainly by labor costs. The level of employment required for the firm to maintain a tech hub capable of supporting the global firm's technology needs is high, and Bahrain's wage environment provides a significant cost advantage. Oman is the second most competitive location in the case study. Oman's competitiveness is also attributed to the wage environment. Ranking third, Qatar's (QFC) competitive advantage is its relatively low rental rates for commercial office space. Dubai (DIFC) is the least competitive location and at US$7.07m, the cost of doing business in Dubai (DIFC) is 48% higher than it is in Bahrain.

The remainder of this section provides more detail on the four major cost categories and how they compare across locations.

1 Licensing requirements vary depending on jurisdiction. See company formation section in Key Cost Components for more details on the covered licensed activities.

2 Management and business operations (16%); IT (69%); investment (15%). See labor section in Key Cost Components for a complete breakdown of employment by occupation.

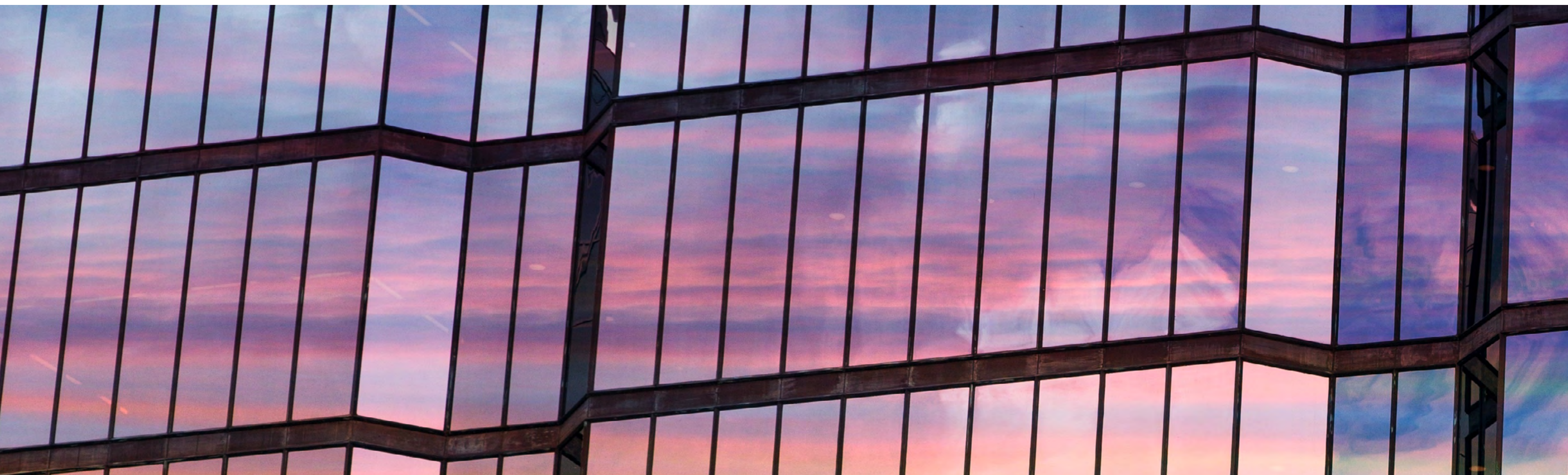
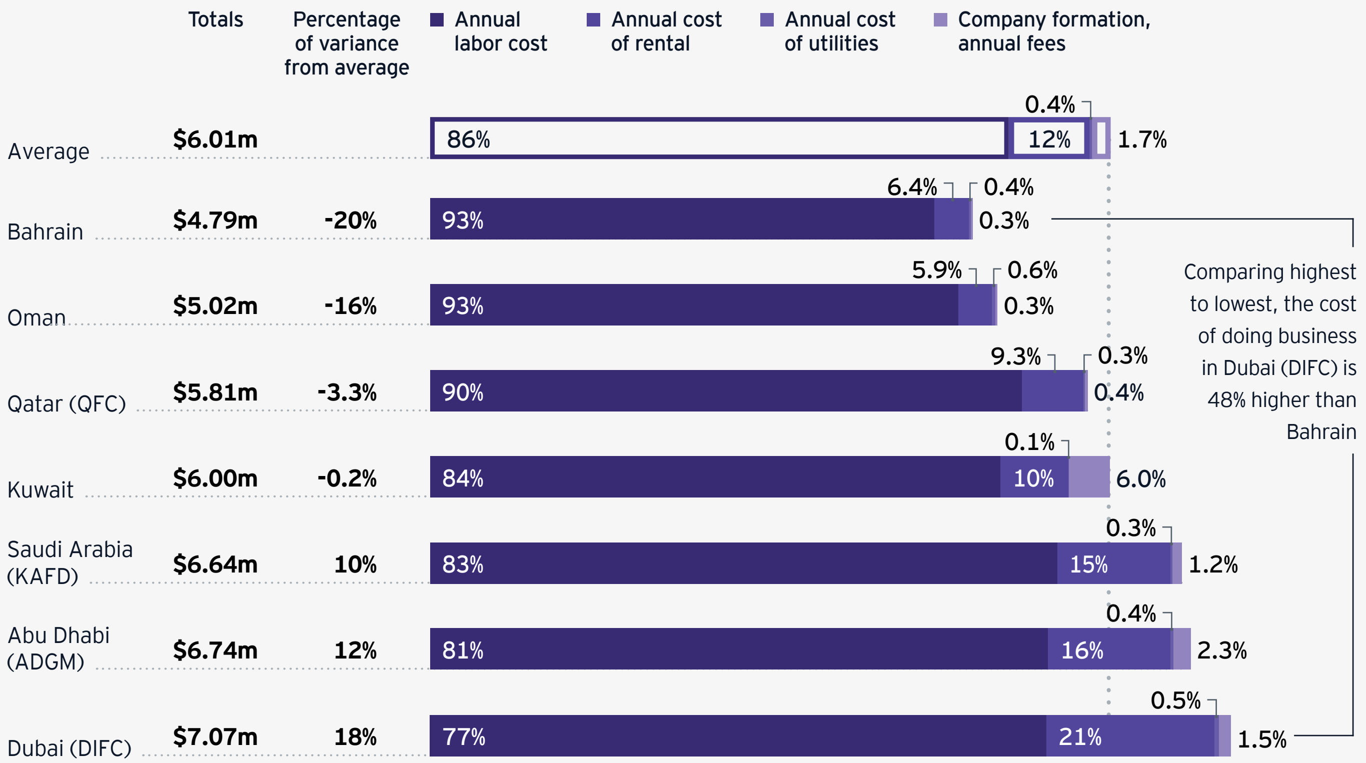
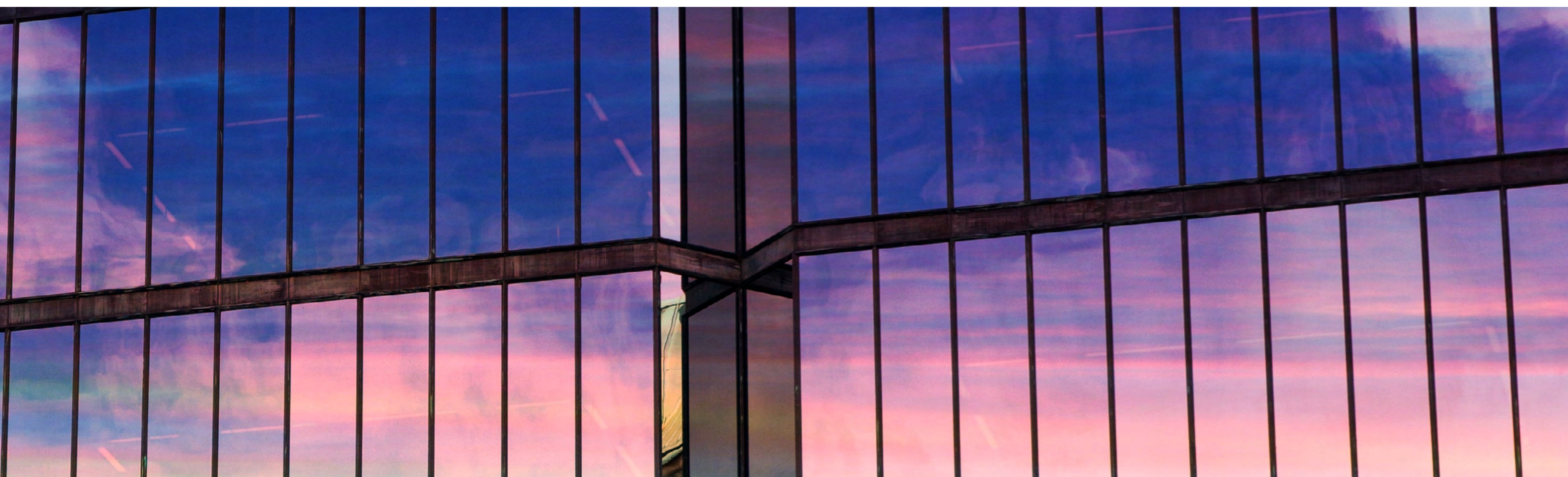


Figure 3. Overall annual operating costs of the financial services tech hub for major cost categories



Sources: EY calculations

Note: Calculations of averages and percentages are based on non-rounded values.



Labor costs are the most significant operational expense for the financial services tech hub, constituting on average 86% of the total cost. Figure 4 displays the total expected annual labor cost for the firm. Depending on the location, the total labor cost for 80 employees across various occupational categories ranges from US$4.45m to US$5.54m. Labor costs are the lowest in Bahrain, closely followed by Oman.

Operating in Bahrain can result in labor cost savings of 13% compared with the average. Labor costs are highest in Saudi Arabia (KAFD), at 8% above the average.

Figure 4 also provides a breakdown of labor cost into three occupational categories: management and business operations, IT and investment. Labor costs in Bahrain are the lowest for each occupational category. In the IT category (the most significant in overall cost), labor costs in Bahrain are approximately 13% below the average. Conversely, IT labor costs are highest in Abu Dhabi (ADGM) and Dubai (DIFC). In the investment category and the management and business operations category, labor costs are the highest in Saudi Arabia (KAFD).

Figure 4. Total annual labor cost[1]

	Totals	Percentage of variance from average	IT	Management and business operations	Investment
Average	$5.12m		$2.99m	$1.43m	$0.71m
Bahrain	$4.45m	-13%	$2.60m	$1.25m	$0.60m
Oman	$4.68m	-8.6%	$2.72m	$1.32m	$0.64m
Kuwait	$5.03m	1.8%	$2.90m	$1.40m	$0.74m
Qatar (QFC)	$5.23m	2.1%	$3.00m	$1.51m	$0.71m
Abu Dhabi (ADGM)	$5.47m	6.8%	$3.25m	$1.47m	$0.76m
Dubai (DIFC)	$5.47m	6.8%	$3.25m	$1.47m	$0.76m
Saudi Arabia (KAFD)	$5.54m	8.2%	$3.20m	$1.57m	$0.78m

Sources: EY calculations

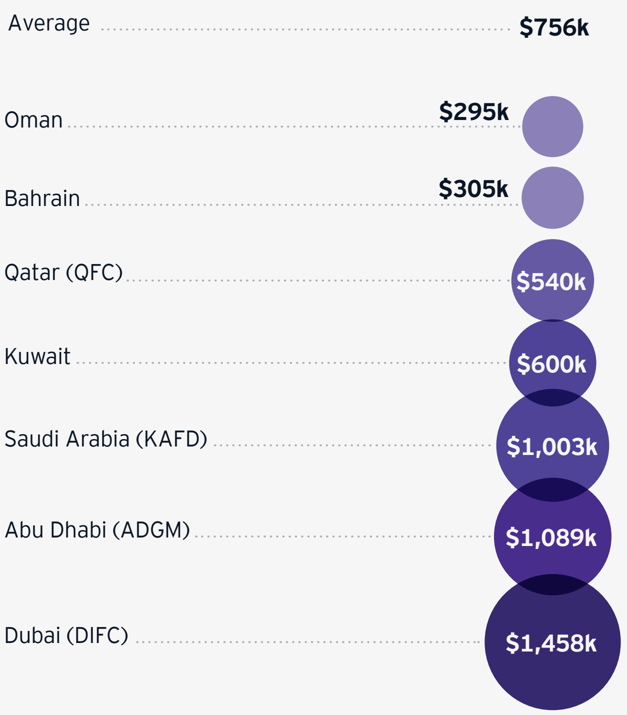
Note: Occupation mix, and employment levels are inferred through analysis of the distribution of occupations in FinTech sector in the US using data from the Bureau of Labor Statistics (BLS). Calculation of the average is based on non-rounded values.

[1] The data used to calculate the annual labor cost reflect the average wage in the country. The study assumes that the prevailing average wage in the country also applies to the specific location considered in the study.

The second most significant expense for this firm to consider is the cost of renting suitable commercial office space. The study primarily focuses on commercial office spaces located within city centers of major metropolitan areas and in financial districts. Figure 5 compares the annual rental costs for the case study. As shown in Figure 5, Oman is the most cost-competitive location; the total annual cost of rent in Oman is US$295,000, which is 61% below the average rate of US$756,000. The cost of rent is only slightly higher in Bahrain, at an annual cost of US$305,000 (60% below the average). Dubai (DIFC) is the most expensive location, with an annual rental cost of US$1.46m, about 93% more expensive than the average cost.

Annual fees associated with maintaining the firm's registration and licenses can significantly impact the cost and ease of doing business. These fees can present obstacles to the establishment of new businesses, particularly for small- and medium-sized enterprises. Figure 6 illustrates these fees which show that Bahrain has the lowest fees at an annual cost of US$16,000, which is 85% below the average. Similarly, with an annual cost of US$17,000, the fees in Oman are among the lowest in the region, benefiting companies operating in Oman. Conversely, these fees are much higher in Kuwait, where the annual fees reach US$362,000 – more than triple the regional average.

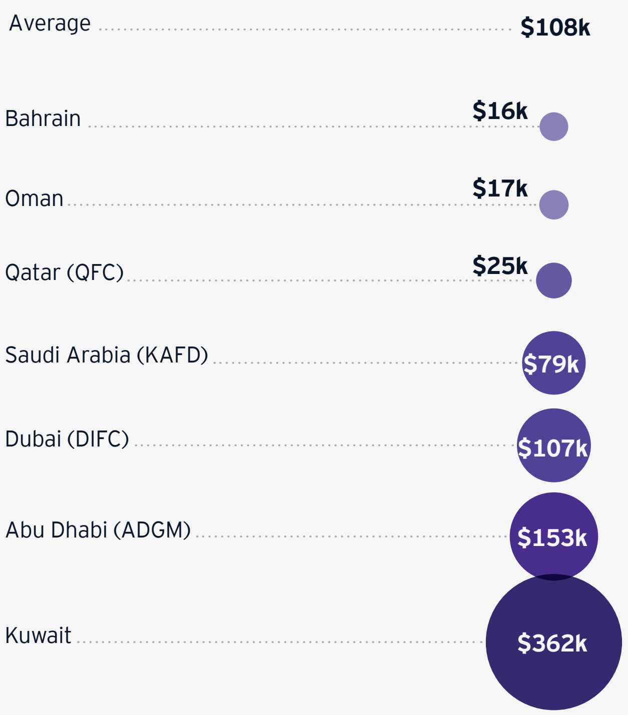
Figure 5. Total annual rental cost



Sources: EY calculations

Note: Calculations are based on a total of 1,600m² commercial office space and assume a per employee space of 20m². Calculation of the average is based on non-rounded values.

Figure 6. Total annual business fees

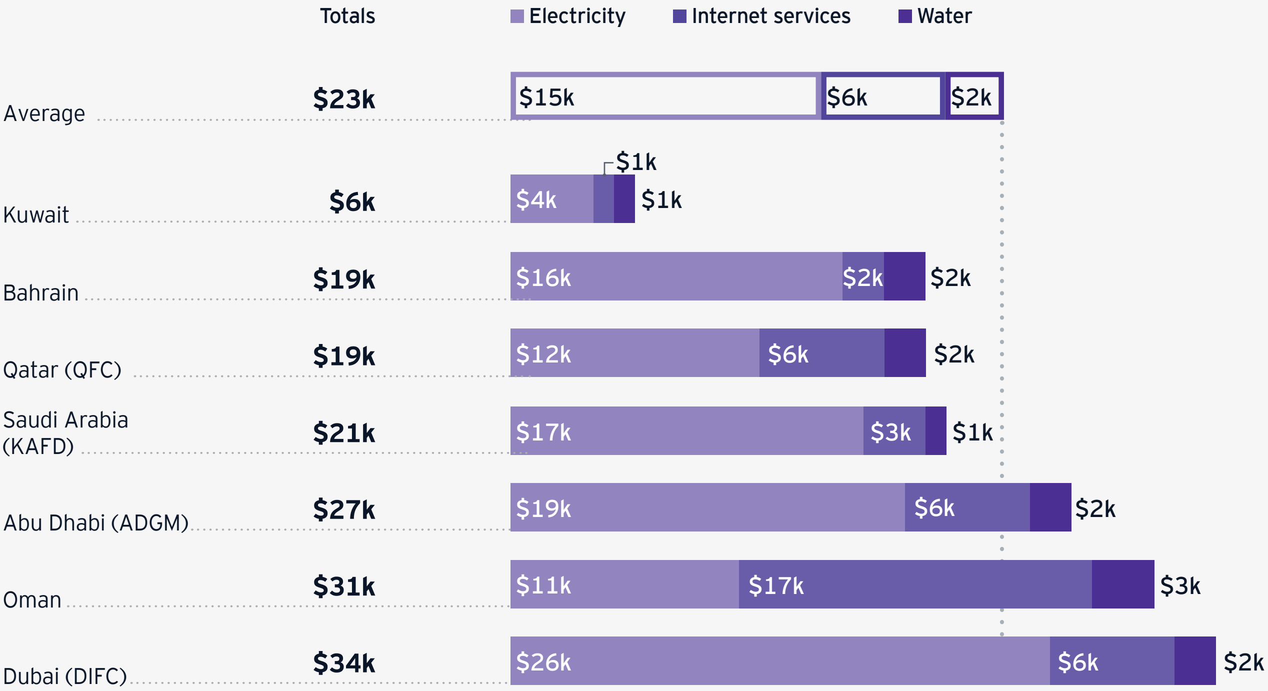


Sources: EY calculations

Note: Annual fees include license and registration renewal fees, and any other fees required to maintain the firm's license and registration status. Calculation of the average is based on non-rounded values.

Utility costs are less significant to the overall cost compared with other operational expenses, such as labor and rent. The estimated annual utility cost for the case study firm ranges from as low as US$6,000 in Kuwait to as high as US$34,000 in Dubai (DIFC). The low cost in Kuwait is attributable to the government's substantial subsidization of electricity. In contrast, the high utility costs in Dubai (DIFC) are due to the elevated price of electricity. Figure 7 presents the estimated utility costs based on the assumptions outlined in the case study.

Figure 7. Total annual utility and internet costs



Sources: EY calculations

Note: Calculations are based on 19,437 kWh of electricity consumption per month and $79m^3$ water consumption per month. Calculation of the average is based on non-rounded values. Total utility cost for Bahrain is US$19,376 and US$19,440 for Qatar (QFC); due to rounding, this difference in cost is not apparent in the figure.

Case study for the cost of living for a typical family

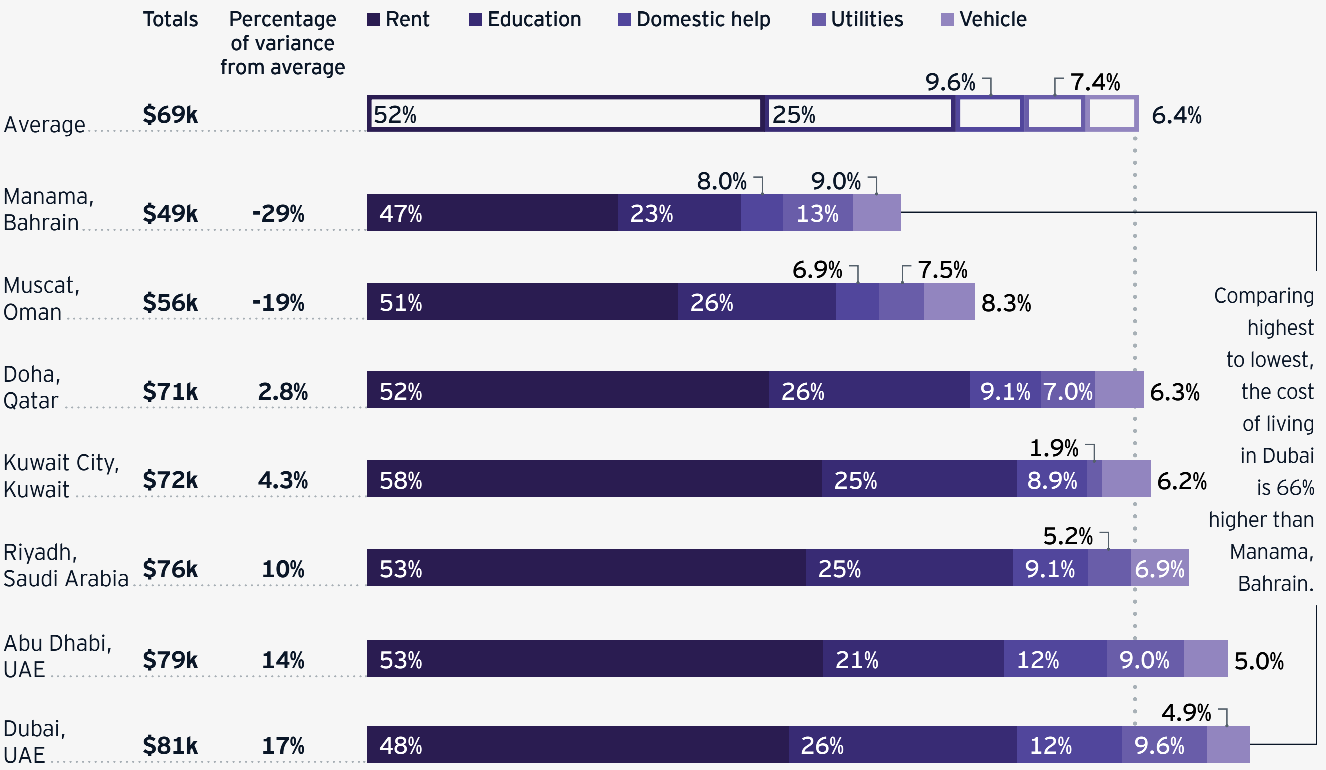
Considering that financial services firms established in the GCC may choose to attract global talent, this analysis includes an evaluation of the cost of living for a typical expatriate family. The study considers costs related to residential rent and utilities, monthly vehicle payments, education for dependents and domestic help.

The details for the profile of a family used for the case study are as follows:

- A family of four, consisting of two parents and two children
- Residential rental and utility costs for a three-bedroom villa
- Ownership of a middle-tier vehicle
- Private schooling for two children: one primary and another at the secondary level
- One full-time domestic help worker

In the case of Saudi Arabia (KAFD), Qatar (QFC), Dubai (DIFC), and Abu Dhabi (ADGM), the analysis focuses on residential rental costs in the greater metropolitan area where each zone is located, except for residential rental costs that reflect the prices in the neighborhoods near each respective financial district. When the residence is a villa, the location is likely further away from the financial district compared to apartments. For Bahrain, Kuwait, and Oman, the analysis reflects the costs in the metropolitan areas of Manama, Kuwait City, and Muscat, respectively. Figure 8 presents the calculated total annual cost of living for a family, based on the given family profile. The cost of living for families residing in Manama, Bahrain is the lowest, followed by Muscat, Oman and Doha, Qatar. With an annual cost of US$49,000, the cost of living in Manama, Bahrain is 29% lower than the average, resulting in annual savings of US$20,000 for the case study family. This lower cost of living can be attributed to the relatively low costs for housing and private education in Bahrain. Conversely, at an annual cost of US$81,000, the cost of living in Dubai, UAE is the highest among the benchmark locations and is 17% higher than the average and 66% higher than that of Manama, Bahrain.

Figure 8: Overall annual cost of living



Sources: EY calculations

Note: Calculations of averages and percentages are based on non-rounded values, attempting to calculate these based on rounded values may yield different results.

3 Key cost components

This section provides a detailed review of specific costs that contribute to the overall cost of doing business in the locations for key cost categories. The section provides methodological notes, explains assumptions, presents disaggregated costs and benchmarks costs not presented in earlier sections.

Labor

In the financial services sector, labor is a major cost factor. In the case study of the financial services tech hub, the most common occupations are highly skilled data scientists/analysts and software and web developers, who collectively represent over half of the total talent employed.

This report quantifies and presents estimated labor costs using occupation-specific proprietary data collected by a regional recruiting and talent consulting firm. The occupations analyzed in the study are selected based on their relative importance to the financial technology sector, as determined by an analysis of sectoral employment data.

Table 1 displays the average annual wage and total employment by occupation and location. As illustrated, the case study emphasizes IT occupations such as data scientists, developers and testers, which together comprise 69% of the total employment. Management and business operation positions account for 16% of the total employment, and investment-related occupations constitute the remaining 15%.

Table 1. Wages by occupation (annual, per employee)[1]

Occupation	Number of employees in case study[2]	Bahrain	Oman	Kuwait	Qatar (QFC)	UAE (ADGM)	UAE (DIFC)	Saudi Arabia (KAFD)
Management & Business Operations								
CEO	1	$200,500	$216,400	$229,200	$238,700	$240,000	$240,000	$248,300
Chief Financial Officer	1	$165,500	$170,000	$175,100	$197,300	$193,000	$193,000	$201,600
Chief Risk and Compliance Officer	1	$159,200	$162,300	$161,600	$191,000	$165,500	$165,500	$169,600
Head of Function, e.g., Investment	1	$152,800	$159,200	$163,200	$166,400	$169,600	$169,600	$175,100
Head of Function, e.g., IT	2	$101,900	$112,000	$127,300	$143,200	$131,200	$131,200	$149,400
Accounting/Finance Manager	2	$79,600	$81,900	$85,600	$89,700	$89,100	$89,100	$95,500
Compliance Officer	2	$47,700	$51,200	$53,800	$57,300	$57,300	$57,300	$60,800
Personal Assistant/ Secretary	3	$38,200	$41,400	$44,600	$46,200	$48,700	$48,700	$53,500
IT								
Data Scientist/Analyst	12	$63,700	$64,600	$71,100	$70,000	$74,000	$74,000	$78,900
Full-Stack Developers	10	$50,900	$53,400	$54,100	$57,300	$59,800	$59,800	$57,600
Developers (Python, Java, C++)	12	$47,700	$50,900	$49,800	$54,100	$62,500	$62,500	$57,600
Cybersecurity Analyst	5	$38,200	$41,400	$44,600	$45,400	$52,800	$52,800	$54,600
Software Testers	12	$38,200	$40,600	$47,700	$49,800	$51,500	$51,500	$49,500
Network and Computer Systems Administrators	4	$25,500	$26,100	$27,800	$28,600	$32,000	$32,000	$28,400
Investment								
Investment Advisor/ Consultant	2	$111,400	$114,100	$121,000	$123,800	$127,900	$127,900	$124,400
Financial Risk Specialists	5	$47,700	$49,800	$57,300	$50,900	$61,800	$61,800	$57,700
Financial and Investment Analyst	5	$28,600	$32,000	$41,400	$42,200	$38,200	$38,200	$47,700
Total labor cost	**80**	**$4.45m**	**$4.68m**	**$5.03m**	**$5.23m**	**$5.47m**	**$5.47m**	**$5.54m**

Sources: Propel Consult 2024

[1] For each occupation, the data presented reflect the average wage in the country. The study assumes that the prevailing average wage in the country also applies to the specific location considered in the study.

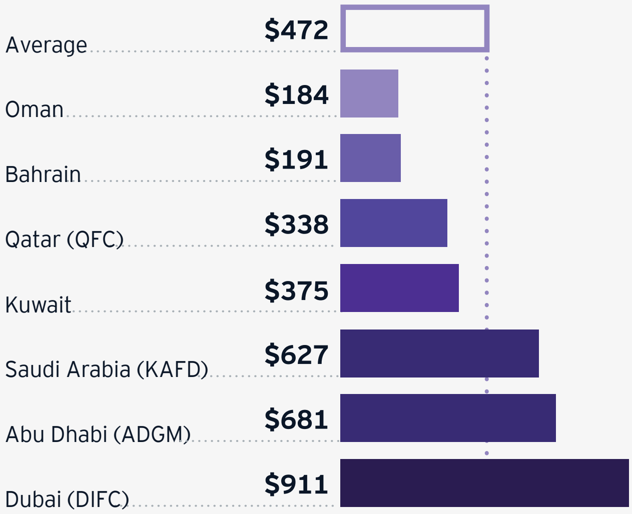
[2] Occupation mix and employment levels are inferred through an analysis of the distribution of occupations in FinTech sector in the US, using data from the Bureau of Labor Statistics (BLS).

Office space

Commercial office space

The lease of high-grade commercial office space is an important consideration for a new business location and has a significant impact on operating costs. Figure 9 illustrates the average annual rental rates per square meter in the locations. As shown, Oman and Bahrain offer some of the lowest rental rates at US$184 and US$191 per square meter, respectively, making these locations attractive to investors.[3] Rental rates in the other locations range from US$338 in Qatar (QFC) to US$911 in Dubai (DIFC). Locating in Dubai (DIFC) can increase a firm's rental costs by as much as 93%, compared with the average.

Figure 9. Commercial office space rental rates (annual, per m²)



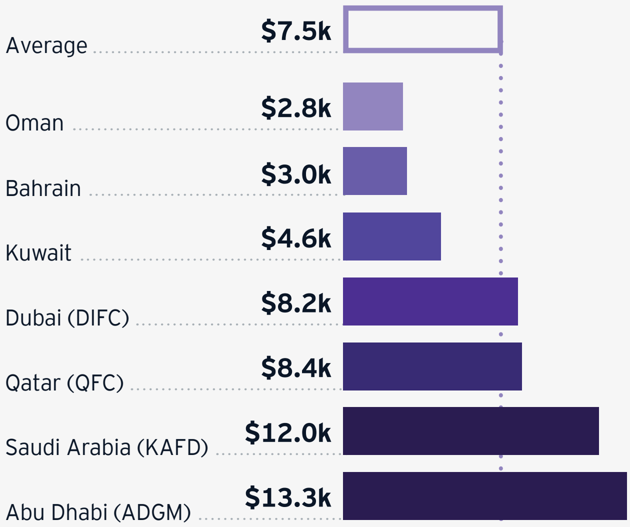
Sources: Knight Frank 2023 and EY conducted interviews with Bahrain Financial Harbour representatives in January 2024

Note: Calculation of the average is based on non-rounded values.

Business center

Recognizing the ongoing evolution in office space requirements, the study presents an analysis of rental rates for workstations in business centers which are alternatives to traditional office spaces. Business centers provide flexibility for companies and their employees by offering workspace for those who wish to work in an office setting. This serves as an alternative that eliminates the need for the long-term commitment associated with leasing dedicated commercial office space. Business centers offer fully furnished, full-service office spaces rented out per workstation, internet access, IT support, printing equipment, meeting rooms and onsite secretaries depending on the business center management company. Figure 10 presents a comparison of the rental rates for business center workstations per year. Business centers in Oman offer the lowest rental rates, at US$2,800 per year closely followed by Bahrain with an annual cost of US$3,000. The rates are highest in Abu Dhabi (ADGM), with an annual cost of US$13,300 which is 77% above the average.

Figure 10. Business center rental rates (annual, per workstation)



Sources: Regus 2024

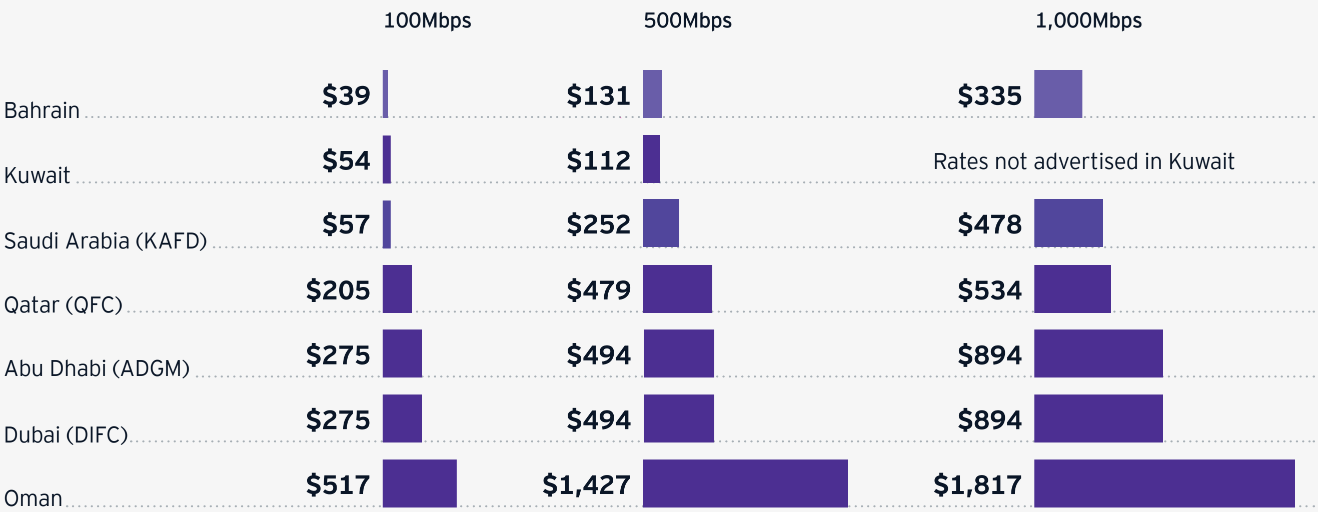
Note: Calculation of the average is based on non-rounded values.

3 In Bahrain, rates reflect rent of commercial office space in Bahrain Financial Harbour.

Internet and utilities

Secure high-speed internet is a basic business requirement for any financial services firm. Figure 11 presents a cross-location comparison of the cost of broadband internet for speeds of 100Mbps, 500Mbps and 1,000Mbps. The internet packages analyzed are specifically marketed for business use. While the study attempts to provide a common basis for comparison, namely internet speed, it is important to note that internet service providers (ISPs) offer slightly different packages and technologies for internet connections across countries. These differences may impact prices.[4] When comparing prices for internet packages with 1,000Mbps speeds, ISPs operating in Bahrain provide the lowest-cost internet, with an average monthly cost of US$335. Conversely, ISPs in Oman charge the highest rates for internet, at US$1,817. The higher rates in Oman are attributed to the fact that the Telecommunications Regulatory Authority regulates prices in the country. Major internet service providers in Kuwait do not advertise 1,000Mbps broadband speed.

Figure 11: Broadband internet rates (monthly, by Mbps)



Sources: Awasr 2024; Du 2024; Etisalat 2024; Omantel 2024; Ooredoo 2024; STC 2024; Zain 2024
Note: Major internet providers in Kuwait do not advertise 1,000Mbps broadband speed.

4 The study does not attempt to evaluate the quality of the technology used to deliver internet connectivity.

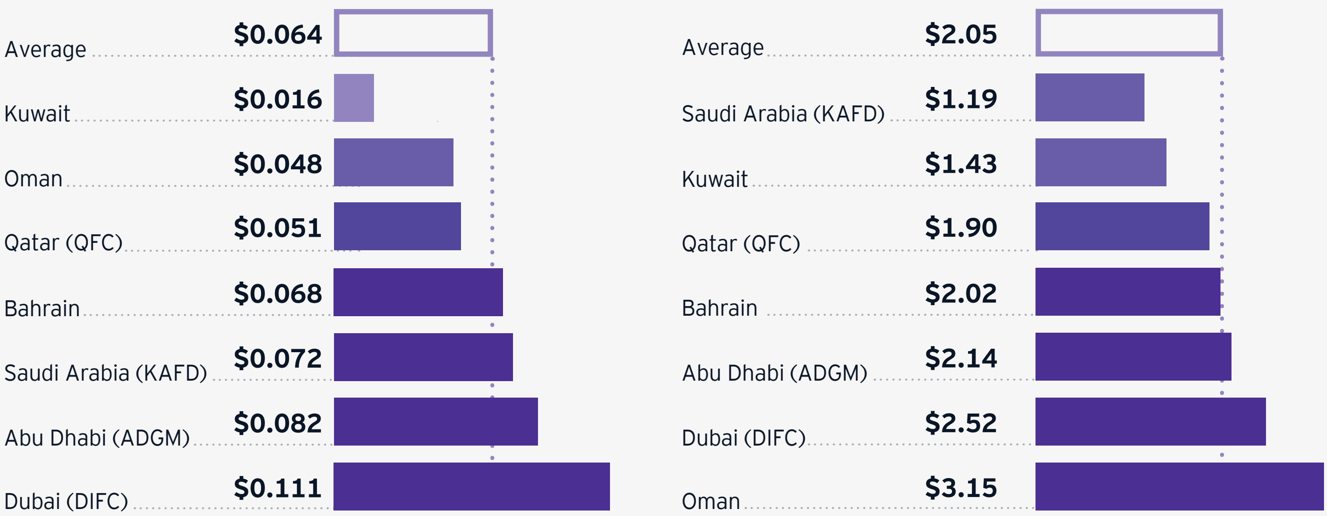
Utility rate schedules for electricity and water are structured differently across locations, providing an inconsistent basis for benchmarking and analysis.[5] To establish a consistent basis for comparison, the study calculates an average per unit (kWh or m^3) cost of electricity and water for all locations. This average is calculated by first assuming a level of monthly consumption for an office space housing 80 employees.[6] The total monthly cost for each utility is then calculated for each month of the calendar year.[7] These costs are aggregated to produce an annual total cost for each utility. Finally, the total annual cost is divided by the total annual consumption to yield the average per-unit cost presented in Figure 12.

Electricity rates are lowest in Kuwait mainly due to the government's subsidization. At an average per kWh rate of US$0.016, electricity costs in Kuwait are 75% lower than the average. Rates in Dubai (DIFC) are highest where the per kWh rate of US$0.111 is roughly 73% higher than the average.

Figure 12: Average electricity and water rates per unit of consumption

Panel a. Average rate for electricity per kWh

Panel b. Average rate for water per m^3



Sources: EY calculations

Note: Average per unit cost is calculated as total cost divided by the total consumption (19,437 kWh per month). In Dubai (DIFC) a US$0.016 surcharge per kWh is added to the base rate, the average cost in the charts takes into consideration this surcharge.

Sources: EY calculations

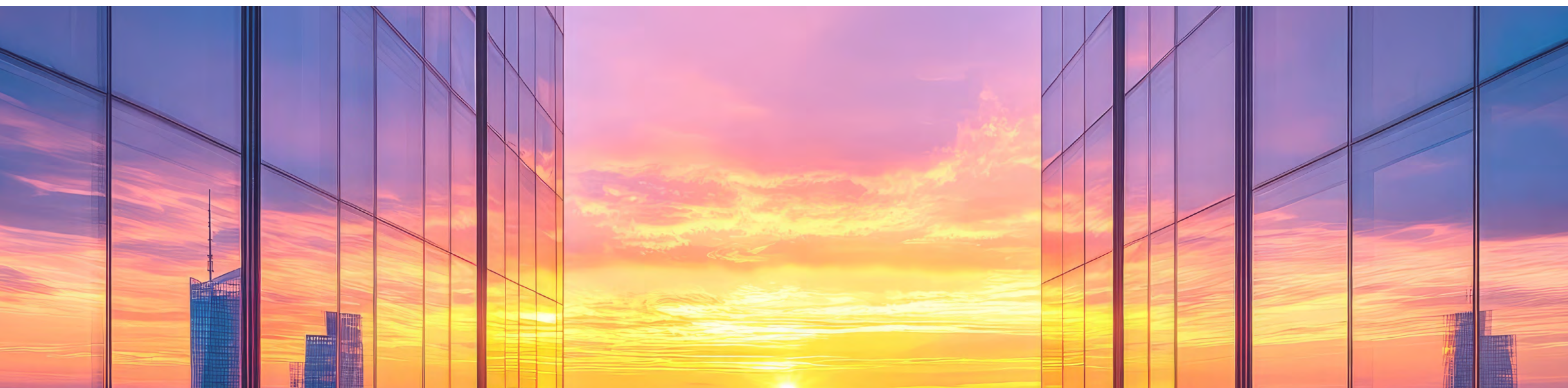
Note: Average per unit cost is calculated as total cost divided by the total consumption (79m^3 per month). In Bahrain a US$2.65 (1BD) monthly surcharge is added to the total monthly bill and in Dubai (DIFC) a US$0.299 surcharge per m^3 is added to the base rate, the average cost in the charts takes into consideration this surcharge.

Water rates are lowest in Saudi Arabia (KAFD), primarily due to the very low rates offered for the lowest consumption brackets. Marafiq, Saudi Arabia's water utility, provides a significantly reduced rate for water for monthly consumption of 1 to 30m^3. Given the case study's assumed level of monthly consumption of 79m^3, approximately 40% of water consumption occurs at the heavily discounted rate. In contrast, water rates are highest in Oman, where the average rate per m^3 is US$3.15, which is 54% higher than the average.

5 See Appendix II for electricity and water tariff schedules.

6 19,437 kWh of electricity and 79m^3 of water per month

7 This step is required because in some locations, rates change depending on the season.



Taxes and fees

Taxes and fees represent an important cost of doing business and can have a significant impact on location choice for companies. ADGM and DIFC are Financial Free Zones (FZs) and QFC is a Special Economic Zone (SEZ), all with independent jurisdiction within their geographic boundaries. Consequently, companies operating within these zones may be subject to different tax rules compared with those on the mainland.

Table 2 provides rates for the taxes imposed in each location. Companies in Bahrain are exempt from Corporate Income Tax (CIT), while companies in Abu Dhabi (ADGM) and Dubai (DIFC) may be taxed at 0% on their Qualifying Income if they meet the Qualifying Free Zone Person (QFZP) conditions.[8] In the remaining locations, CIT rates range from 10% to 20%. Note that recent tax reforms resulting from the Organisation for Economic Cooperation and Development's (OECD) Base Erosion and Profit Shifting Initiative (BEPS) Pillar Two have been adopted in all GCC countries as of January 1, 2025, except Saudi Arabia. The new rules stipulate that any Multinational Enterprises (MNEs) with global revenues exceeding €750 million in at least two of the last four financial years, is subject to a domestic minimum top-up tax (DMTT) of 15%.

While financial services are generally exempt from the value-added tax (VAT), firms still pay VAT on their purchases, which is unrecoverable and may result in increased operational costs. Companies in Kuwait and Qatar are not subject to a VAT, because there is no such tax in the country. VAT rates are highest for companies in Saudi Arabia (KAFD), where the tax rate is 15%.

Employer obligation towards payroll taxes, including social security, unemployment and workers' compensation, range from 11.5% for companies in Kuwait to 17% in Bahrain. Social security taxes constitute the majority of the payroll tax burden.

8 To qualify as a QFZP, companies must meet all of the following conditions: (1) Maintains adequate substance in the Free Zone, (2) Derives Qualifying Income, (3) Meets the de-minimis requirement, (4) Satisfies TP requirements, (5) Has not elected to be subject to the UAE Corporate Tax, (6) Prepares audited financial statements, and (7) Meets any other conditions prescribed through a Ministerial Decision. For all Abu Dhabi (ADGM) and Dubai (DIFC) entities that fail to meet the QFZP conditions, a standard UAE CIT rate of 9% is applied to income exceeding US $102,000.

Table 2. Taxes at the location

	Bahrain[1]	Kuwait[1]	Oman[1]	Qatar (QFC)[2]	Saudi Arabia (KAFD)[1]	UAE (ADGM)[2]	UAE (DIFC)[2]
Corporate tax (in benchmarked jurisdiction)[3]	0%	15%	15%	10%[4]	20%	0%[5]	0%[5]
VAT (in benchmarked jurisdiction)	10%	0%	5%	0%	15%	5%	5%
Withholding	0%	0%[6]	10%	5%	5%, 15%, 20%[7]	0%	0%
Social insurance[8]							
Employer share	17%	11.5%	14.5%[9]	14%	11.75%	15%	15%[10]
Employee share	8 %	8% and 10.5%[11]	8%	7%	9.75%	11%[12,13]	11%[13]

Sources: Abu Dhabi Global Markets n.d.; Clyde&Co 2023; DIFC 2024; EY 2023; EY 2024; Federal Tax Authority 2018; Government of Bahrain 2024; Ministry of Municipality and Environment of Qatar n.d.; Official Portal of UAE Government 2024; PWC 2023; PWC 2024; PWC 2024; Sonia Salah, Al Tamimi & Co. 2014; WITS Integrated System 2024

Note: Information reflects current law and codified rates as of March 2025 including those which come into effect after such date but prior to December 31, 2025. Qatar has ratified the GCC VAT agreement, however at the time of preparing this study there has been no confirmation on the implementation date.

1 In the case of Bahrain, Kuwait, and Oman, the study does not focus on a specific SEZ. Additionally Saudi Arabia's KAFD is not a SEZ. For all of these locations, rates shown are for the mainland.

2 ADGM and DIFC are UAE Financial Zones, and QFC is a SEZ, all with independent jurisdiction. Rates shown are for the specific zone – in ADGM and DIFC, rates are specific to QFZPs.

3 Except for Saudi Arabia, and as of January 1, 2025, all GCC countries (Bahrain, UAE, Qatar, Kuwait and Oman) have enacted legislation adopting a DMTT of 15% applied to MNEs with a global revenue equal or exceeding €750m in at least two of the four preceding fiscal years as per the OECD's Global Anti-Base Erosion Rules. To review jurisdictions' adoption of BEPS, please visit EY's Pillar Two Developments Tracker.

4 Companies may benefit from a tax rate of 0% as an investment manager, reinsurer, captive insurer or if the business is at least 90% owned by a Qatari national.

5 The standard CIT rate in the UAE is 9% for income exceeding US $102,000 for mainland entities and for free zone entities that fail to meet the QFZP conditions and 0% on the qualifying income of QFZPs.

6 All entities are required to retain 5% from the contract, agreement, or transaction value or from each payment made to any incorporated body until presentation of a tax clearance certificate, by the recipient of such payment from the Ministry of Finance, confirming that the respective company has settled all of its tax liabilities in Kuwait.

7 5% on dividends and interest, 15% on royalties, however rates vary between 5%, 15%, and 20% based on the type of service.

8 As a general rule, social security contributions in GCC countries are only due for their nationals. The rate presented includes social security, workers' compensation, unemployment insurance, parental leave, and sick leave.

9 Includes a 1% contribution rate associated with sick leave benefits, effective July 1, 2025.

10 12.5% for employees who joined the workforce before October 2023 and/or have a monthly income of US $5,444 or less.

11 There are two social insurance schemes in Kuwait: a basic scheme established in 1976, and a supplementary scheme established in 1992. The basic scheme applies applies a 10.5% contribution rate to the first US $4,890 of income per month and the supplementary scheme applies an 8% contribution rate to income above US $4,890 per month up to a maximum cap of US $4,890 per month.

12 Employees in the UAE pay a flat fee for Involuntary Loss of Employment (ILOE) insurance. The premium schedule is structured such that for employees earning less than US$4,320 monthly, the premium is US$1.37 per month, while for employees earning more than US$4,320 monthly, the premium is US$2.74 per month. Employees working for an employer registered in ADGM or DIFC are exempt but may subscribe on a voluntary basis.

13 5% for employees who joined the workforce before October 2023.

Company formation

The case study financial services tech hub will be subject to stringent regulations issued by the respective central banks and regulatory bodies. Although these regulatory requirements are designed to protect the integrity of the industry, they can be quite burdensome for firms. The regulatory compliance costs covered in this section include company registration, licensing and minimum capital requirements. For this analysis, we make two assumptions: 1) the firm is registered as a joint stock company and 2) it is licensed as an investment firm. Table 3 presents the total calculated cost to register and license an investment firm in each location. It also presents the total anticipated annual fees related to licensing and registration, as well as the minimum capital requirements imposed on these firms.

The cost to register the firm is lowest in Kuwait, at US$583, followed closely by Bahrain, where the cost is US$795. Low registration costs reduce start-up costs and other barriers to entry, which impact small- and medium-sized enterprises significantly. The firm's registration costs are highest in Abu Dhabi (ADGM) and Dubai (DIFC), at US$15,000 and US$20,000, respectively, increasing barriers to entry.

Licensing fees are lowest in Bahrain, with a total cost of US$15,400, which is significantly lower than the cost in most other locations. In contrast, initial licensing fees are highest in Kuwait, totaling US$1.09m. Licensing rules and activity definitions vary depending on jurisdiction. The study attempts to map activities across jurisdictions ensuring that the firm, at a minimum, can be engaged in the following activities:

- Dealing in financial instruments as a principal or as an agent
- Arranging deals in financial instruments
- Managing financial instruments
- Acting as a custodian, in other words, safeguarding financial instruments
- Advising on financial instruments
- Arranging for or advising on credit
- Operating a collective investment undertaking

In some jurisdictions, the licensing fees cover much more than the activities listed above. For example, in Bahrain, the licensing fees associated with Category 1 investment firms permit the entity to undertake any type of regulated investment activity. Similarly, in Dubai (DIFC) and Qatar (QFC), the activity associated with the highest license fee permits the entity to undertake any other regulated investment activity that has a lower license fee. This type of licensing scheme results in cost savings for the business and also more flexibility to engage in additional investment activities.

The study also provides information on minimum capital requirements for investment firms engaged in the activities listed above. These requirements act as a financial buffer, promoting stability and resilience among financial firms by mitigating the risk of insolvency and protecting client funds. Minimum capital requirements are lowest in Bahrain, where firms must maintain a financial buffer of US$2.65m, providing a significant advantage by reducing the amount of start-up capital required. In Kuwait, the requirements are the highest where companies must maintain a financial buffer of US$48.60m.

Annual fees are recurring fees that are related to maintaining the firm's registration and licenses. While these fees are generally imposed on an annual basis, some jurisdictions impose the fees with different periodicity. All fees presented in Table 3 have been annualized. At a cost of US$16,000, annual fees in Bahrain are 86% below the average (US$108,000). Annual fees are highest in Kuwait, where they amount to US$362,000, more than three times the average cost.

Table 3: Administrative business setup costs and capital restriction

	Bahrain	Oman	Qatar (QFC)	Saudi Arabia (KAFD)	UAE (DIFC)	UAE (ADGM)	Kuwait
Initial onetime costs and capital restriction							
Business registration fees[1]	$0.8k	$6.9k	$6.0k	$4.3k	$20.0k	$15.0k	$0.6k
Initial licensing fees[2]	$15k	$754k	$25k	$62k	$40k	$130k	$1,089k
Minimum capital requirement[2]	$2.65m	$13.00m	$9.59m	$13.33m	$4.00m	$4.00m	$48.60m
Annual fees required to maintain registration and license							
Total annual fees[3]	$16k	$17k	$25k	$79k	$107k	$153k	$362k

Sources: EY calculations

1 Business registration costs are associated with registration of a joint stock company.

2 Licensing and minimum capital requirements are associated with financial services activities.

3 Annual fees include license and registration renewal fees, and any other fees required to maintain the firm's license and registration status.

Visa, work authorization and residency

This section presents the various costs associated with obtaining authorization for legal employment in the location. The primary expenses incurred by companies hiring expatriate workers include labor and/or residence permits, health insurance, identification cards, pre-employment health screenings and health certificates to verify medical fitness. Table 4 itemizes these costs and calculates the total expected cost per expatriate for each location. The lowest cost per expatriate employee is US$663 in Abu Dhabi (ADGM), followed by Dubai (DIFC), at US$674. Both locations offer work visa packages that cover all the individual costs mentioned above (with the exception of health insurance). This provides a cost advantage for companies operating in these areas. In other locations, the fees are paid separately to the respective agencies.

KAFD has the highest total cost associated with obtaining legal employment at US$3,145, and labor permits are renewed monthly at a cost of US$187 (US$2,240 per year). The cost of the labor permit varies, depending on the percentage of Saudi workers employed by the firm. The costs reported in Table 4 assume at least 50% of the workforce are Saudi citizens.

Table 4: Fees associated with attaining authorization to work legally in the location (annual, per employee)

	UAE (ADGM)	UAE (DIFC)	Bahrain	Kuwait	Qatar (QFC)	Oman	Saudi Arabia (KAFD)
Annual labor permit fee[1]	$527[2]	$538[2]	$265[3]	$32	$753[4]	$2,603	$2,240
Annual residency permit fee	$0[2]	$0[2]	$0[3]	$32	$0[4]	$16	$173
Health insurance costs, per year, per individual	$136	$136	$191	$551	$164	$256[5]	$623[5]
Work visa (upon entry, one-time cost)[6]	$0[2]	$0[2]	$318[7]	$150	$137	$26	$13
Pre-employment health check (one-time cost)	$0[2]	$0[2]	$53	$32	$55	$78	$80
Health certificate (one-time cost)[8]	$0[2]	$0[2]	$0[3]	$32	$0[4]	$0	$16
Identification card (one-time cost)	$0[2]	$0[2]	$0[3]	$17	$27	$16	$0
Total costs for expatriate workers	$663	$674	$827	$848	$1,137	$2,994	$3,145

Sources: Council of Health Insurance Saudi Arabia 2020; Dubai International Financial Centre 2022; Government of Kuwait 2025; Information & eGovernment Authority Bahrain 2025; Kuwait Times 2019; Labour Market Regulatory Authority Bahrain 2025; Life in Saudi Arabia 2025; Ministry of Health Bahrain 2025; Ministry of Health Kuwait 2025; Ministry of Health Oman 2025; Ministry of Human Resources and Social Development Saudi Arabia 2025; Ministry of Interior Kuwait 2025; Ministry of Interior Saudi Arabia 2025; Ministry of Municipal and Rural Affairs and Housing Saudi Arabia 2025; Ministry of Public Health Qatar 2025; Ministry of Social Affairs Kuwait 2025; Nationality, Passports and Residence Affairs Bahrain 2025; PWC 2025; Public Authority for Civil Information Kuwait 2025; Qatar Financial Centre Authority 2025; Royal Oman Police 2025.

1 The labor permit allows expatriate workers to work in the jurisdiction, sometimes coupled with the permission to enter and reside in the jurisdiction.

2 In Abu Dhabi (ADGM) and Dubai (DIFC), the cost associated with the labor permit (called employment visa in the jurisdiction) is inclusive of the residency permit, entry visa, pre-employment health check and certificate, and identification card.

3 In Bahrain, the cost associated with the labor permit is inclusive of the residency permit, health certificate, and identification card.

4 In Qatar (QFC), the cost associated with the labor permit is inclusive of the residency permit.

5 In Oman and Saudi Arabia (KAFD), health insurance cost represents the average cost of private health insurance calculated as total premiums divided by total number of individuals insured.

6 This is also known as labor entry visa, employment visa, or entry permit. It allows expatriate workers to enter the country for the purpose of work. See Appendix IV for details on visitor visa costs.

7 In Bahrain, a monthly visa fee of US$26.5 per employee is imposed; this fee is US$13.25 per employee for the first five employees.

8 Also known as a health card, this serves as a certificate of completion for a mandatory health check.

Localization requirements

Localization requirements refer to regulations and standards that restrict the amount of expatriate labor that a business may hire. Restrictions are typically set as a ratio of expatriates to nationals that is acceptable to the jurisdiction. These requirements affect a business's ability to hire expatriate workers. Abu Dhabi (ADGM), Dubai (DIFC) and Qatar (QFC) have the most lenient localization requirements, as they exempt businesses from having a minimum number of local employees. Saudi Arabia has a more restrictive localization requirement, with a variable requirement based on firm size. Table 5 summarizes the regulations, incentives and penalties for enforcing localization rules.

Table 5: Localization requirements

Location	Localization requirement	Penalties
Bahrain	Businesses based in Bahrain are subject to the localization requirement, as prescribed by the Bahrain Labour Market Regulatory Authority (LMRA). As per the LMRA requirement, a category 1 investment firm must employ 50% Bahraini nationals. Requirement varies based on financial service activities.	Companies unable to comply with the localization rates are only eligible to apply for new work permits and sponsorship transfers by paying an additional annual fee of BD300 (US$795) per non-Bahraini worker. LMRA may apply fines to companies that do not comply with "Bahrainization" requirements.
Kuwait	For companies with 25 total employees or more engaging in financing and investment activities, the Kuwaitization level is 40%.	This is required in order to obtain/maintain an investment business license.
Oman	Oman's labor laws differ greatly by profession. However, recent policies from the Sultanate have tried to prioritize job opportunities for local Omanis. Decree 235/2022, for example, prohibits non-Omani labor in over 200 job categories, including management, accounting/finance and operations. Localization requirements for employers in Oman vary, depending on the job category as well. The overall requirement is 9%. However, specific jobs may require as much as 94% "Omanization."	Noncompliance results in monetary penalty/fee.
Qatar (QFC)	In January 2024, Qatar proposed legislation that would impose "localization percentages" on private sector workforces. However, the law has not yet been passed, so there is currently no localization requirement for Qatar (QFC).	Qatari workforces are not currently subject to localization requirements and, therefore, no penalties exist.
Saudi Arabia (KAFD)	Different localization requirements apply to businesses based on their size (in terms of employment). For example, a medium-sized business (51 to 500 employees) must maintain a localization level of 67% to 73%, depending on the exact number of employees in order to fall in the medium green localization band which would then provide them access to certain incentives applicable to the band.	For the example provided of a mid-sized company that falls in the medium green band, penalties for not meeting localization requirement are: ▪ Businesses are ineligible to apply for new expatriate worker visas ▪ Expatriate workers cannot change occupations within the organization ▪ Businesses cannot renew work permit for existing expatriate workers ▪ Businesses cannot transfer expatriate workers' sponsorship to the entity from any other entity
UAE (ADGM and DIFC)	Businesses based in designated free zones in the UAE are exempted from localization requirements.	No penalties are applicable.

4 Labor market

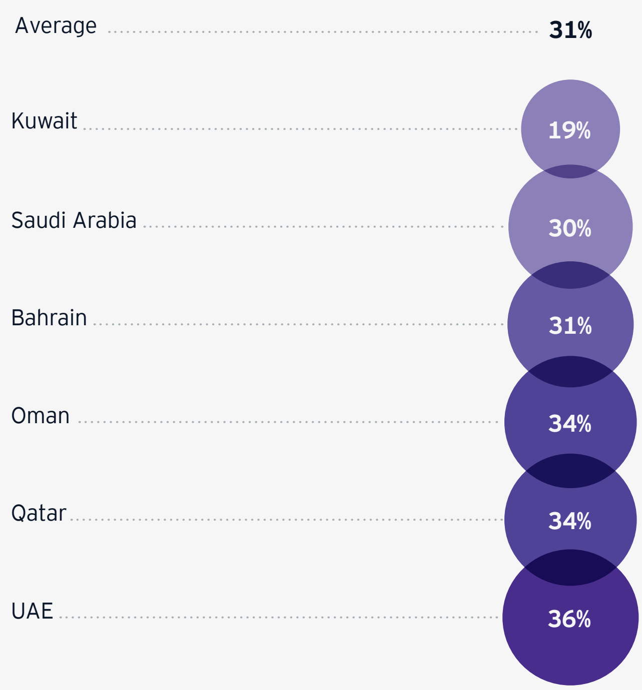
The presence of a skilled, innovative and diverse talent pool is pivotal for a financial services firm when deciding on a location for its tech hub. A skilled, diverse and emerging talent pool ensures a steady flow of innovative ideas, up-to-date knowledge and skillsets and vibrant energy essential for the firm's growth and adaptability.

Early career professionals bring fresh perspectives and are often more attuned to the latest technologies and industry trends, which can significantly enhance a firm's competitiveness. Moreover, their ambition and drive to excel can foster a dynamic work environment that attracts more talent and clients. By situating itself in an area abundant with early career skilled individuals, the firm not only secures its current operational needs but also strategically positions itself for long-term sustainability and success in an evolving market.

The study offers a high-level comparison of the talent pools across the various locations. The data presented in this section is at the country level, representing the talent pool accessible to companies established in the various locations within each country. Since the locations selected for the study represent major metropolitan centers, they naturally attract talent from across the entire country. Metrics analyzed are youth percentage, percent of university graduates specializing in finance-related fields and enrollment in finance-related fields, by gender.

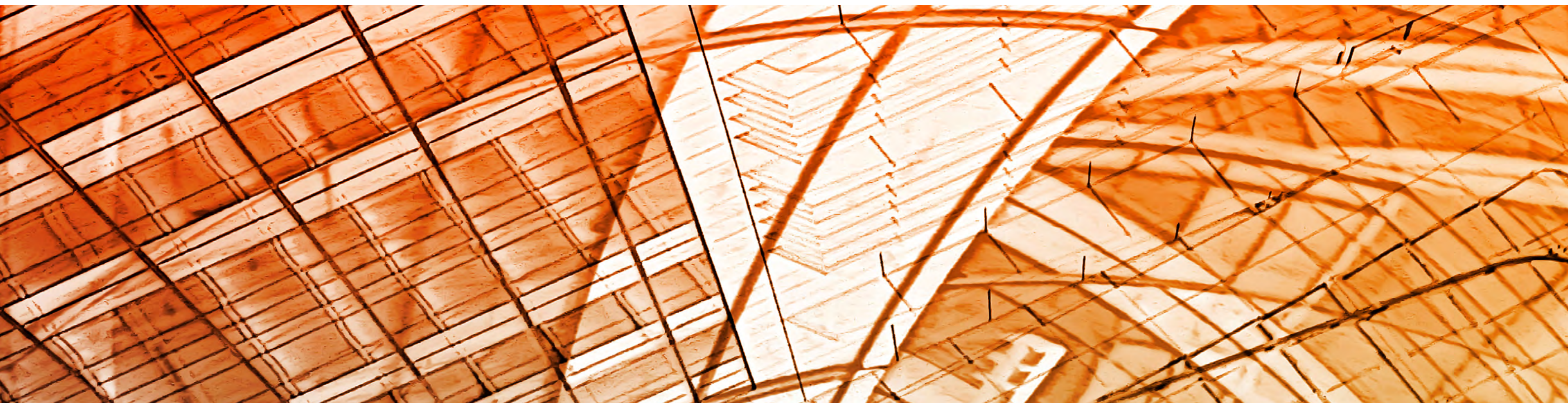
Figure 13 shows young working age population (15 to 34) as a share of the total population in GCC countries, which averages 31% across the region. In fact, in all countries except Kuwait, young workers account for at least 30% of the population.

Figure 13: Youth (age 15–34) as a percentage of total population (2023)



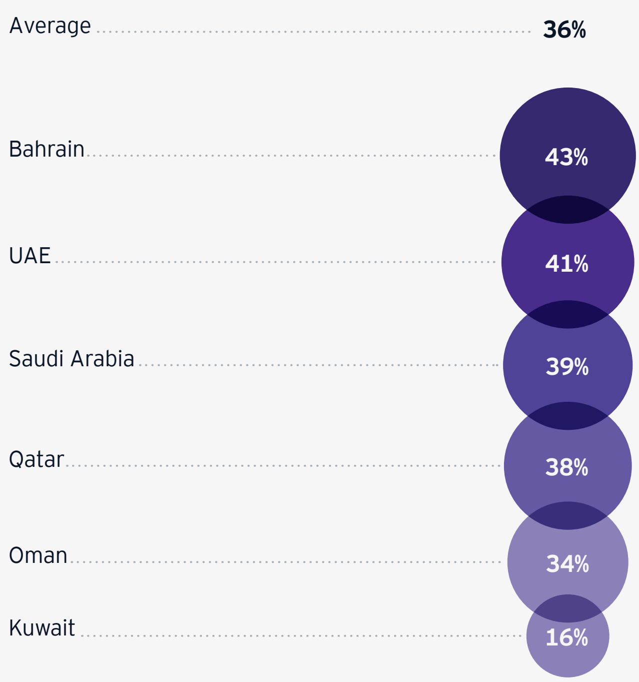
Sources: World Bank 2024

Note: Percentages are rounded to the nearest whole number.



As depicted in Figure 14, approximately 43% of university graduates in Bahrain specialize in finance-related fields,[9] offering a substantial talent pool for investment firms establishing themselves in Bahrain. This focus on finance fields by universities and students is likely influenced by the country's legacy as a financial center for the region starting in the 1970s. In the UAE, Saudi Arabia and Qatar, the percentage of graduates in this field is marginally lower than in Bahrain, with percentages ranging from 38% in Qatar to 41% in the UAE. In contrast, students in Kuwait appear to be less inclined toward this area of study, with only 16% of graduates specializing in finance-related fields.

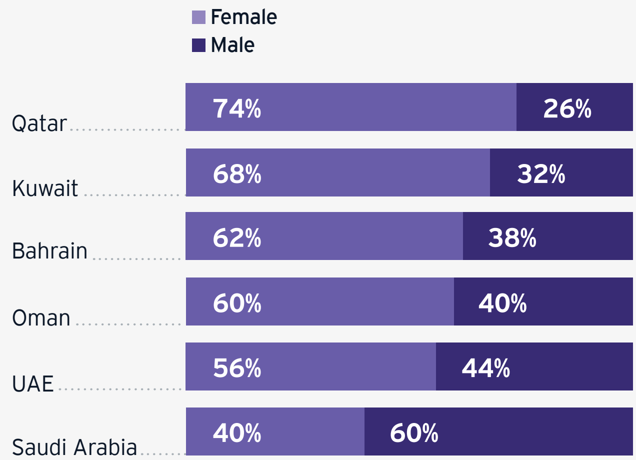
Figure 14: Percent of bachelor's degree graduates studying finance-related fields (2023)



Sources: Central Statistical Bureau Kuwait 2025; UNESCO Institute for Statistics 2025

In the GCC, except for Saudi Arabia, female representation is stronger in finance-related fields than males. Female enrollment in these fields ranges from 56% in the UAE to 74% in Qatar. Figure 15 shows the female and male share of total enrollment in finance-related fields. Having a diverse pool of talent will make it easier for companies to maintain diversity in their own organizations.

Figure 15: Enrollment in finance-related fields, percent by gender (2023)



Sources: Central Statistical Bureau Kuwait 2025; Higher Education Council Bahrain 2024; Ministry of Education, Saudi Arabia 2025; Ministry of Education UAE 2025; National Centre for Statistics and Information Oman 2024; National Planning Council Qatar 2025

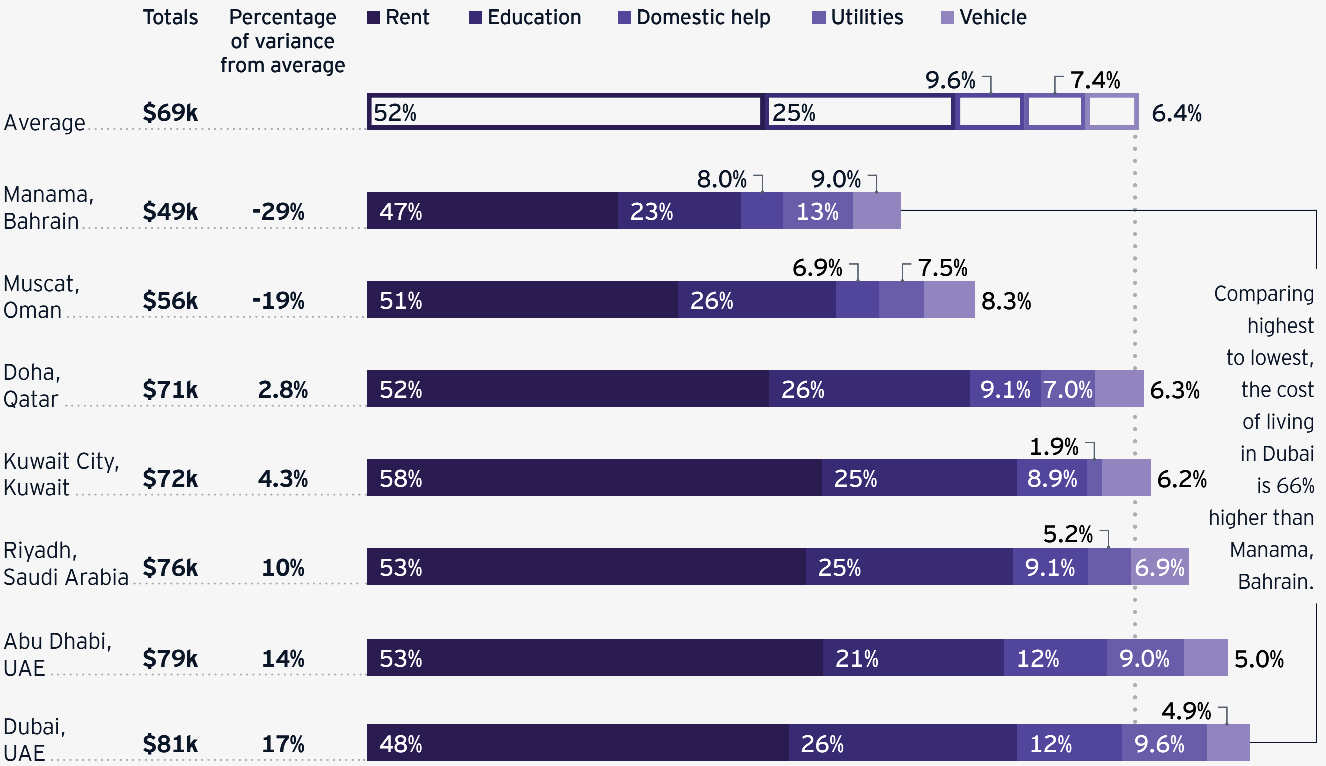
9 Defined as fields under the Business Administration and Law classification as set by the International Standard Classification of Education system

5 Overall cost of living

The cost of living is important to companies due to its impact on the compensation levels required to attract and retain talent. This section provides a detailed review of the cost of living in the various locations. Costs include rent, utilities, vehicle costs, private education and domestic help.

The overall cost of living is calculated for an expatriate family of four – two parents and two children – who rent a three-bedroom villa and cover the utility expenses for this type of property. The family owns a middle-tier vehicle and enrolls their two children in private schools, with one child in primary and the other in secondary education. The family also hires one full-time domestic help worker. In the case of Saudi Arabia (KAFD), Qatar (QFC), Dubai (DIFC) and Abu Dhabi (ADGM), the analysis focuses on residential rental costs in the greater metropolitan area where each financial district is located, except for residential rental costs that reflect the prices in the neighborhoods near each respective financial districts. When the residence is a villa, the location is likely further away from the financial districts compared to apartments. For Bahrain, Kuwait, and Oman, the analysis reflects the costs in the metropolitan areas of Manama, Kuwait City, and Muscat, respectively. According to this family profile, the calculated cost of living is lowest for families residing in Manama, Bahrain and second lowest for families residing in Muscat, Oman. This is achieved through particularly competitive levels of housing and education costs. Families residing in Dubai, UAE will have the highest cost of living; this is mainly driven by the high residential rental costs in the areas surrounding DIFC along with high education costs. Figure 16 provides the total annual cost of living for a family, given the assumptions set in the case study. At an annual cost of US$49,000, the cost of living for families residing in Manama, Bahrain is 29% lower than the average. This constitutes an annual savings of US$20,000 for families. The cost of living in Dubai, UAE is highest among the benchmarked group and is 66% greater than in Manama, Bahrain.

Figure 16: Overall annual cost of living



Sources: EY calculations

Note: Calculations of averages and percentages are based on non-rounded values, attempting to calculate these based on rounded values may yield different results.

The remainder of this section presents the data used to calculate the overall cost of living for the case study family, along with additional data that can be used to estimate the total cost of living for different family profiles. It includes rental and utility costs for three types of residential units, monthly car payments for three types of vehicles (low-, mid- and high-end), cost of private education for primary and secondary school costs across three tiers of private schools and, finally, the salary and visa costs for domestic help.

Residential rental

The study presents costs for three household profiles based on family size (from three to five persons). A two-bedroom apartment is assumed to be the residence of choice for a three-person family. For a four-person family, a three-bedroom villa is assumed, while for a five-person family a four-bedroom villa is assumed to be the residence of choice.

Table 6 shows the rental rates by location and unit size. Families residing in Manama, Bahrain have the lowest residential rental cost on average; however, rates in Muscat, Oman are only slightly higher. Families residing in Abu Dhabi, UAE face the highest residential rental rates on average (US$3,405).

Table 6: Residential rental rates (monthly)

	Manama, Bahrain	Muscat, Oman	Dubai, UAE	Kuwait City, Kuwait	Doha, Qatar	Riyadh, Saudi Arabia	Abu Dhabi, UAE
Residential rent, per month, two BR apartment	$1,617	$1,777	$2,104	$2,066	$2,603	$2,593	$2,721
Residential rent, per month, three BR villa	$1,899	$2,383	$3,255	$3,456	$3,041	$3,370	$3,444
Residential rent, per month, four BR villa	$2,562	$2,773	$3,974	$3,888	$3,836	$3,963	$4,049
Average	**$2,026**	**$2,311**	**$3,111**	**$3,137**	**$3,160**	**$3,309**	**$3,405**

Sources: EY calculations

Residential utilities

Table 7 presents the estimated utility costs for the three property types. Residential utility costs are comprised of water, electricity and internet services. For each profile, this analysis assumes a per capita level of electricity consumption of 1,102 kWh per month and a per capita level of water consumption of 9.1m³ per month. These levels are multiplied by the number of residents (three people in a two-bedroom apartment, four people in a three-bedroom villa and five people in a four-bedroom villa) to calculate the typical electricity and water bills for each household profile. Internet costs reflect the price of advanced internet services for all three property types. Across all three property types, utility costs are expected to be lowest for families residing in Kuwaity City, Kuwait mainly due to the government's subsidization of electricity. Costs are highest for families residing in Dubai, UAE.

Table 7: Residential utility costs by property type

	Kuwait City, Kuwait	Riyadh, Saudi Arabia	Muscat, Oman	Doha, Qatar	Manama, Bahrain	Abu Dhabi, UAE	Dubai, UAE
Residential utility costs, per month, two BR	$102	$270	$290	$279	$430	$469	$462
Residential utility costs, per month, three BR	$114	$328	$350	$412	$533	$587	$646
Residential utility costs, per month, four BR	$127	$389	$418	$484	$636	$705	$767
Average	**$106**	**$319**	**$342**	**$382**	**$517**	**$587**	**$625**

Sources: EY calculations

Note: Calculations include electricity, water, and internet assuming consumption level of 1,102 kWh of electricity and 9.1m³ of water per month and per person where the number of persons per unit is assumed to be: 3 persons for the 2 BR apartment; 4 persons for the 3 BR villa; and 5 persons for the 4 BR villa

Vehicle costs

Estimated monthly vehicle costs are categorized into the three family size profiles using prices for different models: a Geely Emgrand for the three-person family, a Hyundai Elantra for the four-person family and a GMC Yukon for the five-person family. Base model prices were considered for each vehicle. Monthly payments were calculated using the following set of assumptions: 5% interest rate, 10% downpayment and five-year loan duration.

Table 8 presents the estimated monthly payment by location and tier. Costs are highest for families residing in Riyadh, Saudi Arabia where on average, across the three vehicle categories, monthly payments are estimated to be US$609. Families residing in Kuwait City, Kuwait or Doha, Qatar are calculated to have the lowest vehicle monthly payment on average (US$494 and US$496, respectively).

Table 8: Estimated monthly car payment, by tier

	Kuwait City, Kuwait	Doha, Qatar	Abu Dhabi, UAE	Dubai, UAE	Manama, Bahrain	Muscat, Oman	Riyadh, Saudi Arabia
Lower end	$250	$241	$280	$280	$275	$269	$277
Middle end	$368	$371	$329	$329	$365	$384	$435
Higher end	$863	$875	$928	$928	$934	$939	$1,116
Fuel cost[1]	$54	$89	$120	$120	$84	$99	$92
Average car payment	**$494**	**$496**	**$512**	**$512**	**$524**	**$531**	$609

Sources: EY calculations

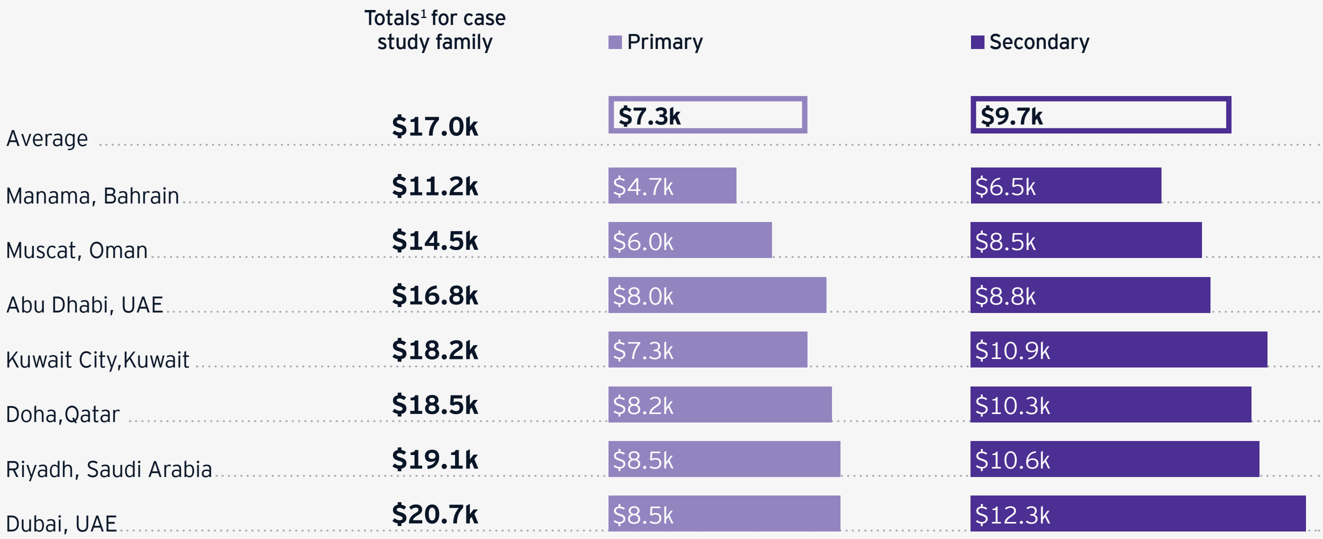
Note: The costs represent the monthly car payment assuming a 5% interest rate, 10% downpayment, and five-year loan duration; they are not inclusive of the cost of fuel.

[1] Fuel cost calculations assume a family fuels the middle-end car to full three times a month.

Education costs

Private school education costs are of particular interest to expatriate families since they generally do not have access to public schools. Figure 17 presents the total annual cost of education for the case study family.[10] The total cost of education is lowest for families residing in Manama, Bahrain, at a cost of US$11,200, 34% below the average. On the other hand, the cost of education is highest for families residing in Dubai, UAE.

Figure 17. Annual cost of education for the case study family



Sources: EY calculations

Note: Calculations of averages and percentages are based on non-rounded values.

[1] Totals are estimates for a hypothetical family with two children, one in primary school while the other is in secondary.

10 Assumes a family of four with two children – one enrolled in primary school and the other in secondary. Both are enrolled in middle tier schools

Table 9 provides education costs for schools at low, middle and high price levels. The cost estimates include the average cost of primary education (average annual tuition and fees from grade levels 1 to 6), secondary education (average annual tuition and fees from grade levels 7 to 12) and a bachelor's degree from a nearby university.

Table 9: Education cost–annual tuition by level of schooling and tier

	Manama, Bahrain	Kuwait City, Kuwait	Muscat, Oman	Doha, Qatar	Riyadh, Saudi Arabia	Abu Dhabi, UAE	Dubai, UAE
Primary education							
Lower tier	$1,081	$1,311	$1,073	$3,368	$3,467	$3,436	$3,066
Middle tier	$4,708	$7,287	$5,975	$8,219	$8,533	$8,015	$8,450
Higher tier	$9,818	$10,380	$13,536	$16,551	$13,720	$12,221	$13,000
Secondary education							
Lower tier	$1,431	$1,633	$1,092	$4,537	$4,533	$4,168	$4,073
Middle tier	$6,496	$10,914	$8,497	$10,274	$10,596	$8,814	$12,293
Higher tier	$11,880	$14,443	$17,912	$20,498	$18,293	$16,076	$21,332
University[1]							
Annual tuition	$8,673	$20,088	$9,227	$34,646	$23,843	$46,309	$21,109

Sources: EY calculations

[1] Represents the cost of tuition for top-ranked private universities nearby the location (within 100 miles); tuition costs are for degrees in business administration-related fields

University tuition costs listed in Table 9 represent the average of top-ranked private universities, specifically for majors related to business administration and management. Tuition fee/cost is lowest for universities in Bahrain followed by universities in Oman; costs are highest for universities in Abu Dhabi.

Domestic help

Table 10 shows information regarding the cost of domestic help salaries and entry visa costs. Costs related to salaries for domestic help workers are lowest for families residing in Manama, Bahrain and Muscat, Oman, while they are highest for families residing in Abu Dhabi, UAE or Dubai, UAE. However, costs vary greatly within locations, depending on many factors, e.g., the agency the family chooses or the nationality of the domestic help worker. Many factors impact prices and, generally, there is enough variation within locations to accommodate families with different income profiles. Visa costs are low and relatively in the same range in Kuwait, Oman, Bahrain and Qatar. On the other hand, visa costs are much higher in the UAE impacting families residing in Abu Dhabi and Dubai.

Table 10: Domestic help monthly salary and visa costs

	Manama, Bahrain	Muscat, Oman	Kuwait City, Kuwait	Doha, Qatar	Riyadh, Saudi Arabia	Abu Dhabi, UAE	Dubai, UAE
Domestic help visas[1]	$66	$52	$42	$82	$533	$1,421	$1,454
Domestic help salary, per month	$318	$318	$530	$530	$530	$663	$663

Sources: Propel Consult 2024; Ministry of Human Resources and Emiratisation UAE 2025; Ministry of Human Resources and Social Development Saudi Arabia 2025; Ministry of Interior – Nationality, Passports and Residence Affairs Bahrain 2025; Ministry of Interior Kuwait 2025; Ministry of Interior Qatar 2025; Royal Oman Police 2025.

[1]Cost is for entry visa only; it does not include fees paid to private agencies and intermediaries.

6 Conclusion

The study evaluates the cost of doing business in the financial services sector using a case study of a financial services firm establishing a technology hub in the GCC. A set of assumptions were made to estimate the major costs of setup and operation for this firm. Based on the analysis, the study finds that Bahrain has the most competitive costs compared with other locations.

Governments across the GCC offer companies and their employees a variety of incentives to attract and grow economic activity. The study aims to provide clarity on the cost-competitiveness of seven major metropolitan centers in the GCC by estimating major operational costs of a financial services tech hub. Major costs analyzed include labor, office space, internet and utilities, taxes and fees, company formation and costs related to immigration and work authorization. These costs significantly influence a business's location choice, and the study serves as a tool for providing a clear comparison across the locations.

The case study presented in this report shows that Bahrain is the most cost-competitive location for a financial services firm to establish a technology hub, based on the set of costs measured. Operating the hypothetical financial services tech hub in Bahrain incurs an annual cost of US$4.79m, which is 20% less costly than the average of the locations analyzed. This is primarily due to the high number of employees required by the firm in the case study, and Bahrain's competitive-wage environment offers a significant cost advantage. Oman is the second most competitive location in the case study, while Qatar (QFC) ranks third. Dubai (DIFC) is the least competitive location, with an annual cost of US$7.07m, which is 48% higher than Bahrain.

The study also evaluated the locations' attractiveness to expatriate talent by estimating the cost of living for an expatriate family of four. The analysis found that the cost of living for families residing in Manama, Bahrain is the lowest, at an annual cost of US$49,000, which is 29% below the average. In contrast, the cost of living is highest in Dubai, UAE. At an annual cost of US$81,000, the cost of living in Dubai, UAE is 66% more expensive than in Manama, Bahrain.

7 Appendix

Appendix I: Methodology notes

Each indicator in the study is presented in a comparable basis across locations, unless otherwise noted.[11]

Data for each indicator is gathered from a variety of sources including: 1) primary data obtained through company surveys or expert interviews, 2) primary data from official government websites and reports published by government agencies and 3) secondary data acquired via web scraping from credible online resources. In instances where specific location data is unavailable, it is substituted with data from the next higher administrative level (for example, municipal data is used when available, otherwise national-level data is substituted).

Table A1: List of assumed exchange rates

Currency	USD1
AED	0.2722
BHD	2.6529
KWD	3.2751
OMR	2.5973
QAR	0.2743
SAR	0.2665

Source: MSN Money 2024

Note: Represents exchange rates as of 28 August 2024

The data review process involves analyzing the statistical distribution of costs and identifying outliers. These outliers are evaluated to access their validity. This involves cross-referencing the values against multiple data sources. All data sources and explanations for data interpretation are documented.

Table A1 summarizes the exchange rates used in the study to convert local currency figures into US dollars. These exchange rates are based on the prevailing conversion rates as of 28 August 2024.

Appendix II: Electricity and water tariff schedules

Table A2 presents the cost per unit of electricity consumption (per kWh). In most zones, electricity pricing follows a progressive schedule, meaning, the higher the consumption, the higher the marginal price. In Kuwait, the rates are flat, and in Oman, the rates are flat and vary by season (i.e., winter and summer rates).

Table A3 presents the cost per unit of water consumption (per m^3). In Abu Dhabi (ADGM), Bahrain, Kuwait and Oman, water prices are set at flat rates. Dubai (DIFC), Saudi Arabia (KAFD) and Qatar (QFC) employ a progressive schedule for water rates.

11 All costs are reported in USD. Each indicator reflects costs for the same period (monthly/annual). Each indicator reflects costs for comparable goods or services across jurisdictions.

Table A2. Electricity tariffs

	Structure	Rate
Bahrain	0–5,000 kWh	0.0424 USD/kWh
	5,000 kWh and above	0.0769 USD/kWh
Kuwait	All	0.0162 USD/kWh
Oman	January–March and November–December	0.0312 USD/kWh
	April and October	0.0416 USD/kWh
	May–July	0.0787 USD/kWh[1]
	August–September	0.0529 USD/kWh[1]
Qatar	0–4,000 kWh	0.0351 USD/kWh
	4,000–10,000 kWh	0.0459 USD/kWh
	10,000 kWh and above	0.0594 USD/kWh
Saudi Arabia	0–6,000 kWh	0.054 USD/kWh
	6,000 kWh and above	0.081 USD/kWh
UAE, Abu Dhabi	0–1,000 kWh	0.0779 USD/kWh
	1,000 kWh and above (normal hours)	0.0736 USD/kWh
	1,000 kWh and above (peak hours)	0.0997 USD/kWh
UAE, Dubai[2]	0–2,000 kWh	0.0627 USD/kWh
	2,000–4,000 kWh	0.0763 USD/kWh
	4,000–6,000 kWh	0.0872 USD/kWh
	6,000 kWh and above	0.1035 USD/kWh

Sources: Abu Dhabi Distribution Co. 2023; Authority for Public Services Regulation n.d.; Electricity and Water Authority (EWA) Bahrain n.d.; Government of Dubai n.d.; Kahramaa n.d.; Marafiq n.d.; Ministry of Electricity and Water n.d.; Saudi Electricity Company n.d.

[1] Rates reflect a weighted average. For a full breakdown of tariffs, please see reference source.

[2] A US$0.016 surcharge per kWh is added to the base rate; the average cost in the charts takes into consideration these surcharges.

Table A3. Water tariffs

	Structure	Rate
Bahrain	All	1.9875 USD/m^3
Kuwait	All	1.425 USD/m^3
Oman	All	3.146 USD/m^3
Qatar	1-50m^3	1.62 USD/m^3
	50m^3 and above	2.322 USD/m^3
Saudi Arabia	1-15m^3	0.0405 USD/m^3
	16-30m^3	0.405 USD/m^3
	31-45m^3	1.215 USD/m^3
	46-60m^3	1.620 USD/m^3
	61m^3 and above	2.430 USD/m^3
UAE, Abu Dhabi	All	2.142 USD/m^3
UAE, Dubai	0-45m^3	2.0978 USD/m^3
	46-91m^3	2.3975 USD/m^3
	92m^3 and above	2.7571 USD/m^3

Sources: Abu Dhabi Distribution Co. 2023; Authority for Public Services Regulation n.d.; Electricity and Water Authority (EWA) Bahrain n.d.; Government of Dubai n.d.; Kahramaa n.d.; Marafiq n.d.; Ministry of Electricity and Water n.d.; Saudi Electricity Company n.d.

Note: In Bahrain, a US$2.65 (1BHD) monthly surcharge is added to the total monthly bill and in Dubai (DIFC), a US$0.299 surcharge per m^3 is added to the base rate; the average cost in the charts takes into consideration these surcharges.

Appendix III: Details about incentive packages in the respective locations

This appendix offers a high-level overview of the incentives and tax benefits available to companies across various locations. It includes information on the permissibility of foreign ownership, restrictions on capital flows, tax incentives, double tax treaties, streamlined bureaucratic procedures and additional ecosystem features that facilitate the development and growth of financial services firms. For financial free zones and special economic zones (ADGM, DIFC and QFC), the information is sourced from the respective zone websites where these incentives are promoted. Regarding other locations (Bahrain, Kuwait, Oman and Saudi Arabia), the study provides a high-level summary of incentives in the country. These summaries may not be exhaustive and might not address sector-specific details.

Abu Dhabi Global Market (ADGM) permits 100% foreign company ownership and does not restrict the repatriation of profits. With the implementation of the UAE corporate tax in June 2023, entities located in ADGM may benefit from a 0% tax on their qualifying income if they meet the QFZP conditions. Entities also benefit from the UAE's double taxation treaties. Entities operate under ADGM's independent jurisdiction, in line with international best practices, with direct application of English Common Law and its own civil and commercial laws. The free zone features independent ADGM courts that regulate all procedures. In addition, ADGM fully supports arbitration (ADGM Dispute Resolution Hearing Centre) and mediation (Court-Annexed Mediation of ADGM Courts). A dual license system is in place, where a Department of Economic Development (DED) license from an ADGM entity enables the provision of services to government and onshore customers. ADGM offers a digital application process and support with immigration and government-related services.

Bahrain permits 100% foreign ownership in financial services. Generally, Bahrain does not impose corporate or income taxes, except for those related to the oil and gas sector. Additionally, there is no capital gains tax or sales tax. Entities in Bahrain benefit from more than 40 double taxation treaties. The eGovernment portal of Bahrain integrates numerous government services into a single online platform, enabling companies to apply for, inquire about, renew and pay for these services. Furthermore, Bahrain FinTech Bay supports fintech startups by providing fully equipped office spaces, innovation labs, accelerator programs, curated activities and educational opportunities.

Dubai International Financial Centre (DIFC) permits 100% foreign company ownership and does not restrict capital repatriation. With the implementation of the UAE corporate tax in June 2023, DIFC entities may benefit from a 0% tax on their qualifying income if they meet the QFZP conditions. Additionally, entities benefit from access to the UAE's extensive network of double taxation treaties. The Dubai Financial Services Authority (DFSA) regulates all financial services within the zone, and international entities can operate under English Common Law. The center also houses the largest FinTech and Innovation Hub in the MENA region.

Kuwait permits 100% foreign ownership for companies under the Kuwait Direct Investment Promotion Authority (KDIPA) regulations. Kuwait also imposes no foreign currency restrictions. The Kuwait Direct Investment Law (DIL) offers tax credits and exemptions from customs duties for foreign companies establishing a presence in the country. Kuwait does not levy a withholding tax, and foreign entities are subject to a flat CIT rate of 15%. Additionally, Kuwait has double taxation treaties with 70 countries.

Oman permits 100% foreign ownership, depending on the nature of the business activities. The country imposes a flat CIT rate of 15% nationwide, while personal income is not taxed. Oman has double taxation treaties with several countries. Additionally, Oman has streamlined the business startup process, enabling businesses to register through an online platform.

Qatar Financial Centre (QFC) permits 100% foreign company ownership and does not restrict capital repatriation. The country imposes a flat CIT rate of 10%, which is applicable in QFC, although companies may benefit from a concessionary 0% tax rate under certain conditions. Personal income and wealth are not taxed. Business entities benefit from Qatar's double taxation treaties with more than 84 countries and can conduct business in multiple currencies. The judicial and regulatory framework is based on English Common Law, featuring an independent court, a regulatory tribunal, and a dispute resolution center. Business entities also have access to a client affairs team that assists with business setup and ongoing needs.

Saudi Arabia permits 100% foreign company ownership, though this is restricted to the retail and wholesale trade sectors. There are no restrictions on the repatriation of capital. The Royal Commission for Riyadh City and the Ministry of Investment of Saudi Arabia have launched a Regional Headquarters Program that offers a 30-year exemption from CIT and withholding tax for businesses that establish their regional headquarters in Saudi Arabia. Additionally, businesses will benefit from a 10-year exemption from localization requirements. Personal income tax is not levied in Saudi Arabia. The country's prime location provides investors with a large, centralized business network, and access to data centers and digital infrastructure.

Appendix IV: Visitor visa

Tourist visas are available for both single and multiple entries. Table A4 outlines the cost of a tourist visit visa for each location, with prices reflecting single and multiple entry options.

Table A4: Visitor visa

	Bahrain	Kuwait	Oman	Qatar (QFC)	Saudi Arabia (KAFD)	UAE (ADGM)	UAE (DIFC)
Visit visa: single entry	$24	$150	$52	$27	$101	$139	$139
Visit visa: multiple entry	$117	$174	$130	$27	$101	$166	$166

Sources: Bahrain Ministry of Interior 2024; Embassy of Kuwait 2023; Etihad Airways 2023; eVisa; KSA Visa 2024; Kuwait International Airport 2024; OMVisas 2023; Online Visa 2023; Qatar Financial Center n.d.

Note: Stay durations are 14 days for Bahrain (single entry); 30 days for Oman and the United Arab Emirates; and 90 days for Bahrain (multiple entry), Kuwait, Qatar and Saudi Arabia.

Appendix V: Data sources

Table 1

Financial Services sectors occupational wages in the GCC, Propel Consult, 2024.

Figure 9

EY conducted interviews with Bahrain Financial Harbour representatives in January 2024

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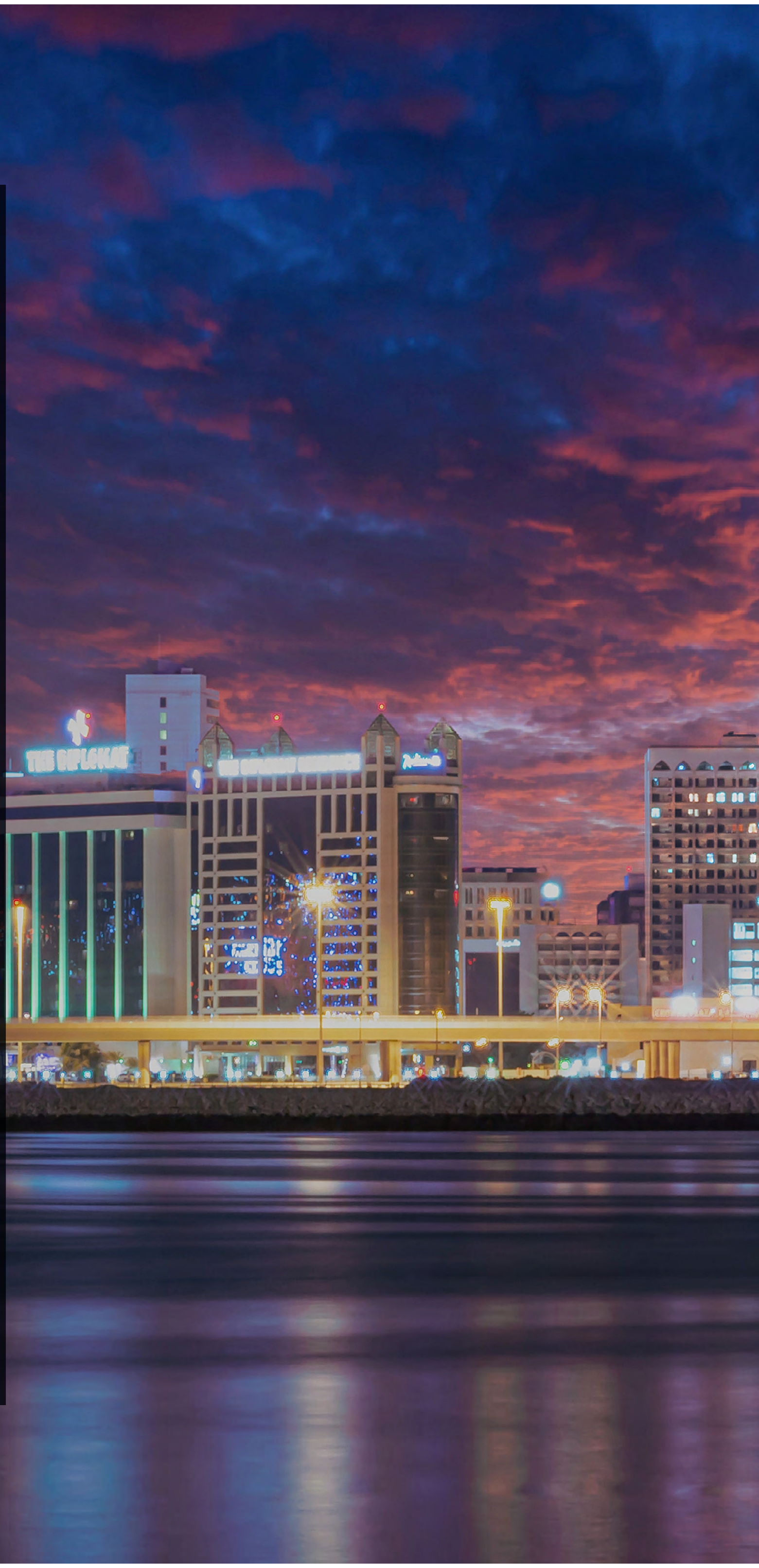

Authors

Andrew Phillips is a principal and co-leads the Quantitative Economics and Statistics (QUEST) practice of Ernst & Young LLP. Andrew has an MA in Economics from Johns Hopkins University and a BA in Economics from Emory University.

Sally Wallace is an executive director in the QUEST practice of Ernst & Young LLP. Sally earned her PhD in Economics at Syracuse University and her undergraduate degree from William Smith College.

Adam Kebhaj is a manager in the QUEST practice of Ernst & Young LLP. He has an MPP from American University and a BA in Political Science from the University of California, Irvine.

This study was prepared by the QUEST practice of Ernst & Young LLP in conjunction with the Tax practice of Ernst & Young W.L.L (EY Bahrain). The QUEST team is made up of a group of economists, statisticians and business analysts with extensive survey, analytics and tax policy experience within Ernst & Young LLP's National Tax practice, located in Washington, D.C. QUEST provides quantitative advisory services and products to private and public sector clients that can enhance business processes, support regulatory compliance, analyze proposed policy issues and provide litigation support.

About the study

This study is one in a series of four prepared by the Tax practice of Ernst & Young W.L.L (EY Bahrain) in collaboration with the Quantitative Economics and Statistics practice of Ernst & Young LLP evaluating the cost of doing business in the GCC and MENA regions. The studies are:

- **Cost of doing business in the GCC – logistics sector:** This study analyzes the cost of doing business in the logistics sector comparing costs across special economic zones and logistics parks in Bahrain, Oman, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – manufacturing sector:** This study analyzes the cost of doing business in the manufacturing sector comparing costs across special economic zones and manufacturing parks in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – financial services sector:** This study analyzes the cost of doing business in the financial services sector comparing costs across financial districts in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – information and communication technology (ICT) sector:** This study analyzes the cost of doing business in the ICT sector comparing costs across technology hubs in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

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