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A POLICY WHITE PAPER · THE FUTURE OF FINANCIAL INFRASTRUCTURE

AI and the Omani Banking Workforce

The sector has chased the same Omanisation question for forty years. Artificial intelligence may be the first force that could answer it — or entrench the gap for good. A study of the use cases, and the workforce choice they force.

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Audience
CBO · Ministry of Labour · Boards

Scope
Sultanate of Oman

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EXECUTIVE SUMMARY

The argument, in one page.

AI will not simply cut banking jobs in Oman. It will redistribute who is needed — and the direction of that redistribution is a policy choice, not a technological inevitability.

1 **The Omanisation gap is at the top, not the bottom.** Sector targets already mandate 100% Omani clerical staff but only 80% senior management. The persistent gap is in senior and specialist roles — where expat concentration remains because of a skills dependency.

2 **AI augments exactly those senior, technical roles.** Fraud analytics, credit modelling, AML investigation, data science — the functions that have justified expat hiring are the ones AI most strengthens. That makes AI a lever on the precise layer Omanisation has struggled with.

3 **Left to cost-logic, AI does the opposite.** Pure efficiency thinking automates the 100%-Omani clerical base first and protects the expat apex — deepening dependency and undercutting national policy. This is the default, and the danger.

4 **Deployed deliberately, AI can reverse the dependency.** By handling the technical heavy-lifting, AI lets upskilled Omanis occupy the oversight roles above the machine — closing the senior-management target that forty years of training alone has not.

5 **The freed capacity should fund elevation, not redundancy.** Time saved at the clerical base is redirected into reskilling and into growth the sector could not previously staff — SME lending, inclusion, open-banking products — not into headcount cuts.

6 **The regulators hold the deciding lever.** CBO (prudential) and the Ministry of Labour (workforce) can require that AI business cases show their Omanisation impact — turning AI from a threat into an instrument of Vision 2040.

01 · THE FORTY-YEAR QUESTION

We have asked this same question since before AI existed.

When Oman first legislated Omanisation targets for the sector in the mid-1990s, the debate centred on whether banks could raise the Omani share from around 45% toward 60%. It cited skills shortages and asked whether education was producing the right capabilities. Three decades later, the conversation is unchanged — only the technology in the room has.

The persistence of that question is the most important fact in this paper. It tells us the Omanisation gap in banking has never been about willingness or quota. It has been about a **skills dependency**: a layer of technical and managerial work that the sector could not reliably staff with Omanis, and so filled with expatriate expertise — year after year, decade after decade.

Training programmes alone have not closed it. If they could have, forty years would have sufficed. Something structural keeps regenerating the dependency: the senior technical roles evolve faster than the local pipeline can fill them, so each new wave of complexity — first computerisation, then risk modelling, then digital, now AI — re-opens the gap at the top even as the base Omanises fully.

> **THE REFRAMING THIS PAPER PROPOSES**
>
> Every previous technology widened the senior skills gap and so deepened expat dependency. AI is the first that can be deliberately pointed the other way — at the dependency itself. That is not a given. It is a choice this paper exists to make explicit.

What follows is in two halves. Part I maps where AI actually lands in banking work — payments, lending, open banking — and classifies each use as augmenting, substituting, or creating roles. Part II turns to the workforce: where the Omanisation gap truly sits, the two futures AI opens, and the pathway and policy that determine which one Oman gets.

PART I

The use cases — where AI lands in banking work

For each domain: what AI does, and whether it augments, substitutes, or creates roles — the distinction that drives the workforce outcome in Part II.

02 · PAYMENTS & FRAUD

Mostly augmentation — and Omanisation-positive.

AI in payments concentrates in fraud and AML: real-time transaction monitoring, anomaly detection, alert triage, investigation support. In one industry survey, roughly 90% of financial institutions reported using AI in some form of fraud detection, and the effect on the analyst is augmentation, not replacement — the model surfaces and ranks; the human judges, decides, and is accountable.

AUGMENTS

Fraud & AML analysts

AI clears the noise (false positives down by as much as 60% at one major global bank), so analysts spend time on real cases and complex investigations rather than reviewing thousands of benign alerts. The role gets more skilled, not redundant.

SUBSTITUTES (PARTIALLY)

Manual first-line alert review

The routine "is this alert worth a look" triage is increasingly automated. This is real substitution — but it is a task within a role, not the role itself, and it is the least-skilled part of the job.

CREATES

Model oversight & financial-crime data roles

In practice, banks still need people to tune the models, challenge their outputs, manage false-negative risk, and explain decisions to supervisors. These are new, senior, Omanisable roles that did not exist five years ago.

WORKFORCE READ

Payments is the friendliest domain for Omanisation: it upgrades the analyst, automates only the dullest task, and creates senior oversight roles. The freed first-line capacity is exactly what should be redirected into training analysts toward those new oversight seats.

03 · LENDING & CREDIT

The sharpest case — real substitution, real new senior roles.

Credit is where AI is most genuinely substitutive. AI underwriting can assess applications, score risk, and price loans faster and at greater scale than manual credit analysis. This is also the domain of greatest model-risk and fairness exposure — a model that learns to penalise an applicant by proxy for a protected characteristic is both a prudential and a social failure.

SUBSTITUTES

Routine manual underwriting

Standard retail and SME credit decisions are increasingly model-driven. This displaces volume manual assessment — the clearest job-content substitution in this paper, and one that must be managed, not denied.

AUGMENTS

Relationship & advisory lending

For complex, judgement-heavy lending, AI handles the analysis so the banker focuses on the client relationship, structuring, and the cases models cannot price. The human moves up the value chain.

CREATES

Model validation, fairness & explainability roles

Every AI credit model needs independent validation, bias testing, and an explainability function answerable to the CBO. These are exactly the senior technical roles where the Omanisation gap is widest — and where AI creates the demand to close it.

THE RISK TO NAME PLAINLY

If a bank automates underwriting to cut cost and staffs the new model-validation roles with expatriate expertise, AI has deepened the exact dependency this paper warns about — substituting at the Omani-heavy operational level while expanding the expat apex. That is the default outcome of cost-only thinking. Avoiding it takes an explicit choice.

04 · OPEN BANKING

The job-creating domain — lead here.

Open banking, advancing in Oman under the CBO's framework, is structurally different from payments and credit: it is less about automating existing work and more about **creating new work**. APIs, data-sharing, third-party partnerships, and embedded-finance products require functions most Omani banks have not historically needed — and AI is the engine that makes those products viable at scale.

CREATES

API, partnership & product roles

Managing an open-banking platform, onboarding fintech partners, and building embedded products are net-new roles. They are also strong Omanisation candidates: relationship-led, locally-grounded, and trainable from the existing workforce.

CREATES

Data governance & consent roles

Open banking runs on customer-consented data. Someone must govern consent, data quality, and privacy — senior, durable roles that AI necessitates rather than eliminates.

AUGMENTS

Product & analytics teams

AI accelerates product design and customer analytics, letting smaller teams ship more — so a leaner Omani team can build what previously required scale the bank could not staff.

THE STRATEGIC SEQUENCING POINT

Because open banking creates rather than displaces, it is where banks should concentrate AI-driven Omani hiring and training first. It lets the workforce story start with growth and new roles — building capability and confidence — before the harder substitution conversations in credit. Lead with the domain that adds jobs.

PART II

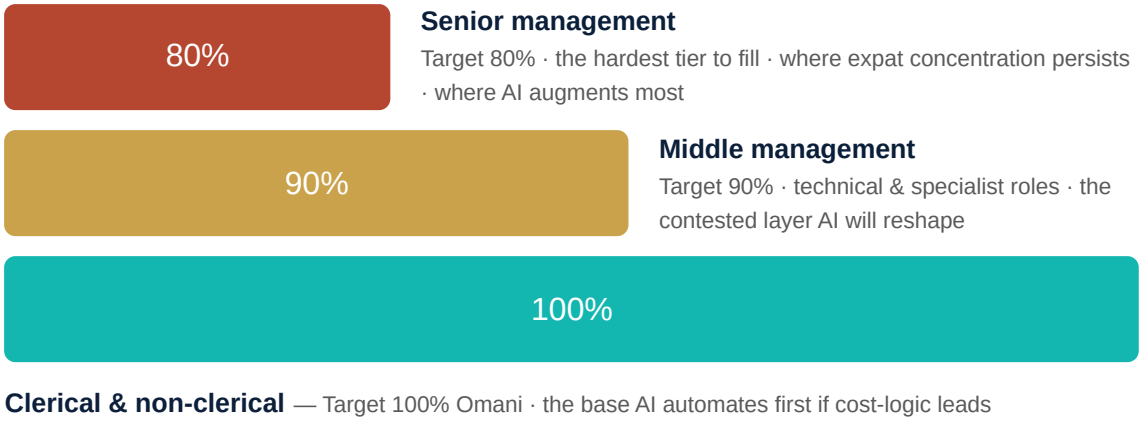
The workforce — the choice AI forces

Where the Omanisation gap actually sits, the two futures AI opens, and the pathway and policy that decide which one Oman gets.

05 · WHERE THE GAP ACTUALLY IS

The base is Omani. The apex is not.

The sector's own cadre targets tell the story. The clerical base is mandated 100% Omani. The gap that persists is at the top — and that is precisely where AI does its work.



Sector Omanisation targets by cadre (CBO Circular BM 1105), illustrative of structure. Bar width denotes target Omanisation level.

Read this pyramid against Part I and the danger becomes precise. AI automates first at the **base** — the 100%-Omani clerical layer (data entry, reconciliation, first-line triage). AI augments most at the **apex** — the under-Omanised senior technical layer (fraud oversight, model validation, credit strategy). So pure cost-logic applies AI in the exact pattern that shrinks the Omani base and protects the expat apex.

> THE PIVOT OF THE ENTIRE PAPER
>
> Taken together, the cadre structure and the use-case pattern point to one implication: the same technology, applied with intent, inverts this. Use AI to reduce the skills dependency at the apex, and redirect the Omani base — freed from routine work — upward into the augmented senior roles. The gap closes from both directions at once.

06 · TWO FUTURES

Entrenchment, or elevation.

The same AI capabilities lead to opposite workforce outcomes depending on a single decision: whether AI is deployed to cut cost or to reduce dependency. The technology is largely identical; the organisational choices around it — and what a bank will invest — are what differ.

FUTURE A — ENTRENCHMENT (THE COST-ONLY DEFAULT)

AI shrinks the Omani base and protects the expat apex.

The bank automates clerical and operational work to cut headcount cost. The displaced staff — overwhelmingly Omani — are not redeployed but reduced through attrition or release. The new senior model-oversight roles are filled with imported expertise, because the local pipeline was never built. Omanisation rates fall at the base, the dependency deepens at the top, and the bank reports efficiency gains while quietly moving against national policy. This is what happens by default.

FUTURE B — ELEVATION (THE DELIBERATE CHOICE)

AI reduces apex dependency and lifts Omanis into it.

The bank uses AI to handle the technical heavy-lifting that justified expat hiring — and pairs every such deployment with a pathway that moves an upskilled Omani into the oversight role above the model. Clerical staff freed by automation are retrained toward those augmented roles or redeployed into open-banking growth the bank could not previously staff. Not every employee makes the jump to advanced oversight — some move instead into advisory, product, or operational roles — but headcount is reshaped, not cut. Omanisation rises at the apex for the first time in forty years.

THE HONEST BALANCE

Future B costs more in the short term — training, transition, slower headcount savings. Future A is cheaper this year and more expensive to the nation for a generation. And the incentives are misaligned: an individual bank bears most of the near-term investment to build national capability, while much of the long-term benefit accrues across the wider system — a classic collective-action problem, and one reason this is a matter for public policy, not commercial strategy alone. The regulators' role is to make Future A no longer the path of least resistance.

07 · THE REHABILITATION PATHWAY

How an Omani teller becomes an AI oversight analyst.

"Move people up" is a slogan until it has a pathway. Here is the concrete progression that turns freed capacity into elevated roles — the mechanism Future B depends on.

STEP 1 · FREE THE TIME

Automate the routine, purposefully bank the hours

When AI absorbs reconciliation, triage, and data entry, the freed hours are ring-fenced as training and transition capacity rather than cut. This budget choice — not a technical one — is what separates Future B from Future A.

STEP 2 · RESKILL TOWARD THE MACHINE'S EDGE

Train for oversight, not operation

The freed staff are trained not to do the automated task faster, but to supervise the model that now does it: reading model outputs, spotting failure, challenging false negatives, handling the cases AI escalates. These are learnable skills, and the analyst already knows the business context the model lacks.

STEP 3 · OCCUPY THE NEW SENIOR ROLES

Fill the model-oversight seats with Omanis

The model-validation, fairness, and financial-crime-oversight roles AI creates (Part I) become the destination. Filled by reskilled Omanis, they close the senior-management target. The expertise that was imported is now grown.

STEP 4 · REDEPLOY INTO GROWTH

Staff the expansion AI makes possible

Capacity beyond what oversight needs is redirected into open-banking products, SME lending, and inclusion — growth the sector could not previously staff. AI funds expansion, not contraction.

WHY THIS IS REALISTIC, NOT UTOPIAN

None of these steps imports the transition. The Omani teller understands the customer and the local market — context the model cannot supply; the gap to oversight is technical training, which the freed hours and AI's own efficiency can fund. Forty years of standalone training struggled for lack of freed capacity to fund it. AI can change that equation.

08 · WHAT THE REGULATORS SHOULD ASK FOR

Two authorities, one aligned lever.

Future B does not happen on goodwill. It happens when the people with authority make entrenchment harder than elevation. The CBO and the Ministry of Labour each hold part of that lever — and for once, their interests point the same way.

For the Central Bank of Oman

Existing supervisory expectations already emphasise model-risk governance, explainability, and auditability for AI in credit and fraud. One addition makes it Omanisation-aligned: require that an AI deployment's governance roles — validation, oversight, explainability — come with a **national capability plan**. A bank importing all its model oversight is a concentration and continuity risk, not only an Omanisation gap. Prudential and national interest coincide.

For the Ministry of Labour

The Labour Law already makes employment a right for Omanis and lets firms end expat contracts to meet Omanisation. The Ministry can ask that any AI business case affecting headcount show its **cadre-level Omanisation impact** — does this deployment shrink the Omani base, or fund movement up? That single disclosure turns AI from an unmonitored cost play into a transparent workforce decision.

THE ONE ASK THAT ALIGNS BOTH

Require every material AI business case in banking to answer one question before approval: "What is this deployment's net effect on Omanisation, by cadre?" Cost-only deployments cannot answer it well — which is exactly the point. The disclosure makes Future A visible, and a default that must be justified in writing is far harder to choose unexamined.

THE FORTY-YEAR CLOSE

For four decades the sector asked how to raise Omani participation and answered with training that never quite closed the gap. AI may be the first force that attacks the dependency itself. Pointed carelessly, it could entrench the forty-year gap further. Pointed deliberately, it can help finish the work. The technology is neutral. The choice is not.

SOURCES & METHODOLOGY

Grounding & terms.

A policy paper must be transparent about what is evidence and what is argument. Tier: P = primary/official, S = secondary or industry.

Claim	Year	Source	Tier
Banking cadre targets: 80% senior / 90% middle / 100% clerical; 90% overall	2024	CBO Circular BM 1105; Oxford Business Group	**P**
Sector localisation target 60% banking & finance	2025	Oxford Business Group / Oman Vision 2040	**S**
Labour Law: employment a right for Omanis; contracts may end to meet Omanisation	2023–24	Royal Decree 53/2023; legal analysis	**P**
Sector Omanisation targets first set mid-1990s (finance ~45%); CBO 1995 cadre circular	1994–95	Ministry of Labour records; CBO circular (historical); Oman Observer	**P**
~90% of institutions use AI for fraud; −60% false positives	2025	Industry reporting (Feedzai; HSBC)	**S**
AI augments senior/technical roles; two-track labour market	2025–26	Stanford HAI AI Index 2026; PwC Barometer 2026	**P**
Open banking framework advancing in Oman	2024–25	CBO Board decision (29 Dec 2024)	**P**

Method & stance

- **Structural, not personal.** References to reducing expat dependency mean a structural skills dependency in specific functions — consistent with national Omanisation policy — not displacement of any individual or nationality. The argument is capability-building.
- **Evidence vs argument.** Cadre targets and law are cited evidence; the augment/substitute/create classification and two-futures analysis are the author's reasoned argument, not measured fact.
- **The core assumption, stated openly.** Whether AI ultimately lowers or raises the skill threshold for advanced banking work remains uncertain. This paper argues that, deployed deliberately, it creates a more favourable environment for local capability development than previous technology waves — not that the outcome is assured.

Cadre targets and law are cited evidence; the augment/substitute/create classification and two-futures analysis are the author's reasoned argument. Frameworks (the Four Layers of Financial Infrastructure, the use-case classification) are analytical lenses developed for this publication.

DEFINITIONS

The terms, in one line each.

So the paper reads cleanly for prudential, labour-policy, and board audiences alike.

Term	Definition
Omanisation	National policy to raise the share of Omani nationals in the workforce and reduce dependence on expatriate labour; set by cadre-level targets in banking.
Cadre	A defined staffing tier (senior management, middle management, clerical) each carrying its own Omanisation target.
Augment / substitute / create	The three effects AI can have on a role: make a worker more capable, replace a task or role, or generate a new role that did not exist.
Skills dependency	Reliance on imported expertise for functions the local workforce has not yet been built to fill — the structural driver of the senior-level Omanisation gap.
Model oversight	The senior function of validating, challenging, and explaining an AI model's decisions — a new, Omanisable role AI creates.

A NOTE ON USAGE

Where this paper uses a proprietary framework — the Four Layers of Financial Infrastructure, or the augment/substitute/create classification — it is named as such: an analytical lens developed for this publication, distinct from the policy and industry terms above.

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