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Embracing the Future: How the UAE is Leapfrogging with AI and Blockchain



Around the World with MCD

Morgan Creek Digital embarks on a global tour, connecting with investors and thought leaders across the Middle East, Asia, and beyond. This journey seeks to uncover new frontiers of innovation and partnership opportunities.

In the rapidly evolving field of technology, certain nations have bypassed traditional developmental stages by directly adopting the latest innovations. This phenomenon, known as "leapfrogging,"¹ has been prominently observed in the telecommunications sector of countries like China and India.² These nations bypassed extensive landline infrastructure and transitioned directly to mobile technology, revolutionizing their telecommunications landscape for a fraction of the cost. China's successful adoption of 4G and 5G technologies has led to one of the world's highest mobile internet penetration rates.³ This leapfrogging not only improved connectivity but also drove significant socio-economic growth by providing affordable mobile phones and fostering competitive telecom markets.

The United Arab Emirates (UAE) has rapidly adopted technology like blockchain and artificial intelligence (AI), mirroring this leapfrogging strategy. As a reminder, the UAE was established in 1971, when an agreement was reached between the rulers of the six Emirates, Abu Dhabi, Sharjah, Umm al-Quwain, Fujairah, and Ajman. The federation was formed shortly after unearthing oil in 1966 which led to a rapid influx of wealth and enabled investment in infrastructure, public services, and social programs.⁴ The UAE has been agile in its technological governance and investments related to AI and blockchain across industry sectors. For example, UAE's AI Strategy 2031 aims to establish the nation as a global leader in artificial intelligence by enhancing economic diversification, improving government efficiency,

and developing skilled labor to develop AI technologies.⁵ The strategy focuses on integrating AI into crucial sectors, including transportation and logistics, healthcare, energy, education, and financial services, among others.⁶

Key initiatives include developing AI governance frameworks, fostering research and startups through national programs, and creating educational partnerships to cultivate talent. The establishment of the Mohamed bin Zayed University of AI, a pioneering institution dedicated to research and development, is one such example of an educational partnership.^{7,8} Unlike the U.S., where the integration of AI into education faces resistance due to existing academic structures and bureaucratic inertia, the UAE has built this institution from the ground up, enabling it to focus solely on AI without the constraints of legacy educational systems.

Regarding governance, the UAE established an AI office responsible for the implementation, guidelines on generative AI⁹, forming global partnerships, investing in necessary infrastructure, and perhaps all-encompassing, harnessing the power of AI while safeguarding the public interests like security and privacy.^{10,11} The UAE also organized the Virtual Assets Regulatory Authority (VARA), the world's first independent regulator for virtual assets, providing a comprehensive framework for virtual asset activities and projects operating within the emirate.¹² Moreover, we believe dialogue between the public and private sectors can result in effective regulation in the fast-changing world of digital assets that allows for innovation. This is in stark contrast to the Western governing bodies which have largely practiced regulation by enforcement, which in the long term could quell innovation.

Innovation by Select Sectors:

Healthcare: The UAE is deploying AI-driven predictive analytics to enhance patient care, allowing for early diagnosis and personalized treatment plans. Algorithms are being used to analyze medical images, detect anomalies, and assist radiologists in diagnosing conditions like cancer with greater accuracy.¹³ This approach is intended to improve wait times and the accuracy of diagnostics, alleviate human error, and create better patient outcomes. In addition, blockchain can secure patient records by preventing unauthorized access. Further, the Dubai Health Authority is piloting a blockchain-based system for managing medical records that integrates AI for predictive analytics, aiming to reduce fraud.¹⁴

In contrast, the United States (U.S.) healthcare system faces significant challenges in overhauling its deeply entrenched infrastructure, which includes a complex web of outdated electronic health records (EHR) systems such as Epic Systems and Cerner that are often incompatible with each other, hindering the adoption of integrated AI solutions.

Transportation & Logistics: AI-powered systems are being integrated into Dubai's transportation infrastructure to manage traffic flow, reduce congestion, and improve safety. Autonomous vehicles are being tested to provide efficient and sustainable transport solutions. A notable example is the Dubai Autonomous Transportation Strategy, which aims to make 25% of all transportation in Dubai autonomous by 2030¹⁵, potentially reducing transportation costs by 44%.¹⁶ Dubai's forward-thinking regulatory environment and government support can potentially enable the rapid adoption of AI in transportation, bypassing the patchwork of state regulations which often create delayed and fragmented processes in the West.

Government: For government operations, blockchain can increase transparency and accountability, while AI can enhance the decision-making processes. Dubai's ambition to become the world's first blockchain-powered government by 2025 and a Blockchain Center of Excellence¹⁷ are driving numerous pilot projects in land registry, supply chain management, and digital identity verification.¹⁸ These initiatives aim to protect against fraud, improve efficiency, and enhance public trust in government services. A notable program is the Dubai Land Department's blockchain system¹⁹, which attaches a property title to a non-fungible token. The token stores the land registry details, current owner details, and transaction details. In contrast, the U.S. faces significant challenges in modernizing its bureaucratic processes due to older systems such as those used in property transactions (e.g., legacy databases and paper-based systems).

Financial Systems: In financial systems, blockchains can provide a secure and transparent ledger for transactions, while AI algorithms monitor transaction patterns to identify anomalies and potential security threats. The Central Bank of the UAE, as part of its financial transformation program (FIT), launched a central bank digital currency (CBDC) to address cross-border payment inefficiencies and to drive innovation domestically.²⁰ Meanwhile, traditional financial systems in the U.S. are heavily reliant on intermediaries such as traditional banks and protocols like the Automated Clearing House (ACH), making it challenging to implement such innovations seamlessly.

Conclusion: We believe that Emirate's strategic investments in AI and blockchain are not just keeping up with technological advancements—they are establishing a leadership position well into the future. By leapfrogging legacy systems such as those used in healthcare, transportation, government, and financial sectors, the nation is creating technological infrastructure that seeks to enhance governance, improve quality of life, and drive economic growth. Investors, technology companies, and innovators are encouraged to engage with Dubai and the UAE in this dynamic ecosystem. Morgan Creek Digital is eager to experience this robust network first-hand during their upcoming tour, *Around the World with MCD*, starting in July. The investment team will be connecting with investors and thought leaders in the Emirates, as well as neighboring countries like Qatar, Oman, and beyond.

Stay tuned!

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¹Leapfrogging Development Through Technology.” International Journal of Technological Innovation, vol. 15, no. 3, 2020, pp. 345-360.

²https://www.researchgate.net/publication/254789297_Leapfrogging_in_mobile_telephony_A_measure_for_comparing_country_performance

³<https://www.gsma.com/newsroom/press-release/chinas-5g-market-is-set-to-add-almost-260-billion-to-the-chinese-economy-in-2030-with-connections-set-to-top-1-billion-this-year/>

⁴<https://www.agda.ae/en/folder/50-years-formation-united-arab-emirates>

⁵UAE Government. “UAE AI Strategy 2031.” Government of the UAE, 2023.

⁶<https://sites.google.com/view/pisiq/artificial-intelligence-empowerment/how-artificial-intelligence-could-change-dubai-pisiq-team>

⁷<https://www.universityworldnews.com/post.php?story=20230309142805344>

⁸Mohamed bin Zayed University of Artificial Intelligence. “About Us.” MBZUAI, 2023

⁹[Publications | Artificial Intelligence Office, UAE \(ai.gov.ae\)](#)

¹⁰<https://ai.gov.ae/>

¹¹<https://ai.gov.ae/wp-content/uploads/2021/07/UAE-National-Strategy-for-Artificial-Intelligence-2031.pdf>

¹²https://www2.deloitte.com/content/dam/Deloitte/xs/Documents/financial-services/dme_vara-regulations-Framework.pdf

¹³Dubai Health Authority. “AI in Healthcare: Enhancing Patient Care.” DHA Report, 2023.

¹⁴<https://www.magazine.medicaltourism.com/article/uae-launches-blockchain-powered-health-data-platform>

¹⁵<https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/strategies-plans-and-visions/transport-and-infrastructure/dubai-autonomous-transportation-strategy>

¹⁶Ibid.

¹⁷IBM and ConsenSys. “Partnership with Dubai Blockchain Center of Excellence.” IBM Press Release, 2023.

¹⁸<https://medium.com/@salmaali2515/how-dubai-is-shaping-the-future-of-app-development-in-2025-1d00cac23ad8>.

¹⁹<https://dubailand.gov.ae/en/news-media/dubai-land-department-achieves-a-technical-milestone-with-the-adoption-of-blockchain-technology-in-cooperation-with-smart-dubai-and-other-partners/#/>

²⁰<https://cointelegraph.com/news/uae-central-bank-to-issue-cbdc-as-part-of-its-financial-transformation-program>

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