



A LEADING INTERNATIONAL CONSULTANCY
FOR ISLAMIC, ETHICAL, RESPONSIBLE
AND SUSTAINABLE FINANCE



WELCOME TO REDMONEY CONSULTING

Launching in April 2021, Redmoney Consulting is a new and highly focused advisory firm focusing on global Islamic, Ethical, Responsible and Sustainable Finance. Redmoney Consulting is a logical extension of REDmoney Group, the Islamic finance industry's leading media house with a truly global audience launched in 2004. In addition to Islamic finance, the Group has steadily increased its coverage of the green and sustainable finance sector as the two markets continue to converge. Redmoney Consulting provides an expansive service allowing its consultants to provide advisory and consulting services at the highest level for the most discerning of clients.

OUR CODE OF CONDUCT

Consulting is essentially about relationships, and as you might expect, relationships in the consulting and advisory industry are largely governed by agreements. However, we believe the industry also to be a people business, with success determined by the existence of a platform of integrity and mutual trust – between us and you, and us and the end client. To ensure relationships work as well as possible and that trust is always maintained, we believe there needs to be in place a code of conduct which strongly influences our interactions. This code works both ways and is set out to be applied to us all. Our code of conduct applies to three main themes:

1. Confidentiality

Consulting work is of an inherently confidential nature. This applies to the assignments undertaken on behalf of our clients and the interactions between all parties involved in the process. Non-disclosure and confidentiality agreements are designed to protect all parties to the assignment, not least the client. There are, however, limitations to these mechanisms. Our position is clear: we demand the highest levels of confidentiality from everyone involved in assignments undertaken in our name.

2. Integrity

How we interact with each other and our clients has a direct influence on our

ultimate mutual success. So, our pledge is to treat every client, partner and associate with unfailing respect, honesty, transparency and fairness. These are key values which we strive for in every facet of our business dealings. We unequivocally demand the same in return.

3. Trust

Closely tied to the second heading above, trust is crucial to the success of any partnership. Once trust is challenged, and this can happen very quickly and easily in a business such as ours, it is almost impossible to rebuild. So, our position once again is clear: we will only work with partners in whom we have complete trust.

OUR CORE AREAS OF PRACTICE INCLUDE:

Capital and Liquidity Management and Planning

Besides customer deposits, a financial institution's capital is its most important asset. It ensures the institution can survive extreme events commensurate with the institution's risk appetite.

Liquidity management allows the bank to ensure it has sufficient assets that can be converted to liquid assets to meet its short-term obligations while balancing liquidity and returns. The Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) are important tools for both the institution and its regulators.

Strategy, capital, liquidity and risk appetite are interlinked and play an important role in the stability of the institution as well as the financial system as a whole.

Credit Risk

Credit risk is one of the biggest risks for retail and commercial banks and relates to the risk that a client will not repay the money they have borrowed on time.

When a customer does not repay their principal and interest, it puts the ability of the financial institution to repay the money they have borrowed at risk.

In turn, this will have a domino effect on other financial institutions. Credit risk is managed by carefully considering the chances of a client not repaying their loan prior to extending it and managing the relationship throughout.

Appropriate limit setting and management, escalation processes and exception reporting are as important as know-your-customer processes.

Financial Crime and Governance

Financial crime is mainly associated with activities related to dishonest wealth generation by means of insider trading and market abuse. When a customer does not repay their principal and interest, it puts the ability of the financial institution to repay the money they have borrowed at risk.

In addition, the financial system is open to be exploited by individuals for the purpose of money laundering or terrorist financing. To manage this risk, a stable governance process must be in place with robust policies and procedures including know-your-customer, know-your-employee, enhanced due diligence, trend analysis, sanctions and early warning systems.

Financial Technology

Originally used to refer to the use of technology in bank systems, financial technology or fintech is now more commonly used to refer to the use of technology to provide innovative, customer-oriented solutions. Fintech enables retail, corporate and wholesale clients to manage their financial operations via a range of innovative solutions on a range of platforms.

The use of fintech allows banks to reach customers in different ways and to provide services even in the most remote locations.

Fintech applies to traditional banks, and also to newcomers in the market aiming to boost competition by disruption. The latter covers, for example, challenger banks, cryptocurrency and robo-advice. Fintech offers significant opportunities but also comes with its own set of governance and risk-related challenges.

Market Risk

The financial market is dynamic with continuously changing prices of assets depending on supply and demand as well as economic circumstances.

Market risk, the risk of adverse price movements in financial assets, can cause significant losses and needs to be managed carefully.

There are a variety of measures that can be considered including value at risk, portfolio simulation and credit value adjustments.

Market risk cannot be avoided completely, but it can be managed by careful monitoring and portfolio diversification.

Operational Risk

The uncertainties and risks associated with the day-to-day operations of any institution are varied and range from high occurrence, low-impact issues to low occurrence, high-impact issues. Operational risk occurs as a result of a breakdown of internal processes, procedures, systems or people.

External events such as political or economic changes do not fall under operational risk. Willingly or inadvertently being involved in fraudulent activity, systems failure and incorrect transaction processing are among the operational risk issues faced by financial institutions.

Managing operational risk includes assessing the correct level of exception reporting and ensuring the focus remains on low occurrence issues with a significantly high potential loss.

Regulatory Compliance

The role of financial institutions is crucial for the economy due to their intermediary role between the depositors and users of funds. Financial institutions mobilize funds from savers and depositors and deploy them in activities that support enterprises and help drive economic growth.

The stability of the financial system is of the utmost importance and is achieved via a combination of measures including corporate governance, codes of conduct and regulations.

The regulatory landscape is continuously responding to new threats to financial stability and the penalties for non-compliance can be significant.

Financial institutions must ensure they are aware of current regulations, how they impact them, ensure they are compliant or can justify why not, and continuously review their internal processes to assess and address any weaknesses.

Shariah Risk

Shariah risk specifically occurs in Islamic financial institutions when a transaction has been executed and contravenes Shariah or the transaction structures approved by the Shariah board of the institution.

When a transaction is not Shariah compliant, the financial institution can be considered negligent and therefore be liable for all losses.

In addition to financial loss, there is also the loss of reputation to consider. Shariah risk may also occur if changes in permissibility are not carefully managed against transactions with a long maturity.

A GLIMPSE OF OUR TRACK RECORD

ANTI-MONEY LAUNDERING & FINANCIAL CRIME

Following the EU's requirement to satisfy anti-money laundering and financial crime tests, we were asked to undertake a comprehensive review of policies and procedures on anti-money laundering, sanctions and financial crime compliance for a leading commercial bank in the Asia Pacific region.

The assignment took place over several weeks and included a detailed review of existing policies, followed by the formulation of several key recommendations. These recommendations were presented to senior bank management along with thorough guidance on implementation.

DESIGN AND ISSUANCE OF A FRAMEWORK FOR TRADING OF SUKUK

We worked with an Asian financial regulator to design and issue a framework of rules relating to the issuance and trading of Sukuk. This assignment included the assessment of market requirements and working with a wide range of market participants, including market makers, traders, investors, regulators and ministries, to successfully introduce the new regulations.

CAPITAL & LIQUIDITY PLANNING AND REQUIREMENTS

In the shadow of a highly stressed banking environment, a central bank-imposed credit moratorium, combined financial challenges faced by obligors and other stakeholders and additional regulatory pressures, we were asked to undertake a thorough review of capital and liquidity planning and requirements for an Islamic commercial bank in Southeast Asia.

The review took place over several weeks and included the deployment of comprehensive stress tests. Key recommendations were drafted and presented to bank management, along with further recommendations for the development and implementation of key financial plans, including ICAAP and ILAAP.

INTERNAL RATINGS APPLICATION TO REGULATORS

On behalf of a multinational bank, we managed the successful application for the extension of the internal ratings-based approach to its home regulator and a foreign regulator.

ISLAMIC FINANCE INFRASTRUCTURE

We have been responsible for the design, development and implementation of the Islamic financial infrastructure for a non-bank financial institution, including policies and procedures across the institution, hiring of the Shariah board members, staff and customer training, marketing materials, as well as legal and client-facing product documentation. Products were designed to ensure they were fit for purpose to meet client requirements. An additional set of products was designed specifically to meet the requirements of female entrepreneurs.

REGULATIONS

We have advised on the introduction of new and amended regulations for Sukuk, short-selling and margin trading for a variety of regulatory institutions. In addition, we have consulted on the implementation and interpretation of the various Basel Accords and other international regulations on credit, market and operational risk for a range of commercial financial institutions.

WOMEN ECONOMIC EMPOWERMENT - STRATEGY

Using the 2XChallenge criteria as the starting point, we have devised the strategy for enhancing the economic participation of women. The strategy focused on stimulating female entrepreneurship by providing access to finance as well as improving women's positions by focusing on investments in products that are specifically aimed at women.



CONTACT US

NATALIE SCHOON

Chief Executive Officer
Natalie.Schoon@RedmoneyConsulting.com
Direct Line: +44 7731 478 688

ANDREW MORGAN

Executive Director
Andrew.Morgan@RedmoneyConsulting.com
Direct Line: +603 2162 7801

ANDREW TEBBUTT

Executive Director
Andrew.Tebbutt@RedmoneyConsulting.com
Direct Line: +603 2162 7802