IFN ROADSHOW *OnAir* 2021

REPORT

Bangladesh | Morocco | Singapore | Turkey | CIS & Russia | South Africa | Sri Lanka
Qatar | Nigeria | Pakistan | Bahrain | Kenya | Kuwait | Saudi Arabia | Egypt

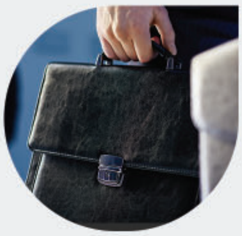
BEDFORD ROW CAPITAL

Al Waseelah

SUKUK ISSUANCE PLATFORM

World-leading sukuk issuance platform for a wide range of assets including green projects, property and inflation-protecting liquidity management.

INSIGHT INNOVATION INTEGRITY



Portfolio Diversification

Sukuk's issued provide exposure to Bangladesh corporate, SME financing, UK real estate, Australian mining and for liquidity management. New mandates in Kuwait, Green sukuk and more short-dated products demonstrate our success in offering investors wider asset class exposure than available from traditional bank issuers.

Islamic Liquidity Management

In a zero return world, Al Waseelah's Insured Money Market Certificates (IMMCTM) provide investors with a positive real return on a fixed date, fixed-rate basis for treasury management. "Keep it short and keep it positive". Established track record providing simple products with attractive short-dated returns from 30-360 days.

Innovation in Sukuk Issuance

Continuous investment in people and technology enhances our market-leading reputation for an efficient issuance process. Sukuk on the blockchain sure, but people make it possible.

Delabellisation

Committed to creating more engagement with conventional investors. The natural overlap between ESG and shariah compliance provides an exciting opportunity for expanding the universe of investors in Islamic finance products.

Islamic Finance Council

السوق المالية الإسلامية الدولية
International Islamic Financial Market

IFN Awards

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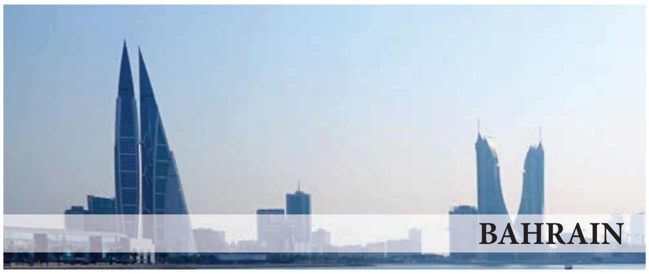
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EGYPT

Systemic trends and a drive for democratization

The series of IFN Roadshows have highlighted a number of systemic issues across the whole of Islamic finance. Perhaps this comes as a bit of a surprise given the differences in the advancement of the local markets from Morocco to the Commonwealth of Independent States (CIS) region to Singapore and Bangladesh. Similar themes have arisen as the discussion around opportunities, and barriers, is remarkably consistent. What changing market trends will allow for new Sukuk issuers to emerge? Will new government-issued Sukuk drive innovation in the respective local markets? And will technology change the landscape for new issuers? Democratization means both new issuers and new investors — will conventional investors increase their exposure to Sukuk? The questions underpin much of the discussion across the entire series. DR SCOTT LEVY writes.

Every month sees more government initiatives to establish Sukuk as a funding mechanism. The capital markets exist specifically to provide global liquidity; the challenge is for new entrants in the market to establish a regular issuance of products. Introducing new domestic legislation to allow for Sukuk issuance has to go hand in hand with the government's own fundraising initiatives to send a clear message to the domestic markets. Take Bangladesh as an example. The government's first-ever Sukuk issuance in early 2021 is at odds with the central bank rules which prevent foreign capital investment via debt. This makes no sense; Sukuk are not debt and yet the central bank rules lag the capital market developments, creating discordance. Harmonizing the rules to allow for the fast-growing corporate market (or even domestic financial institutions) to tap the international Sukuk marketplace would be expected and yet this is pending. Government initiatives will bring some positive awareness to the global investor marketplace but it will take additional efforts to make an impact at the corporate and institutional levels.

Government policy support for issuing Sukuk is of course important. The real effort around what could be called 'democratization' comes from the enormous opportunities which are represented in providing capital to the real economy. With so many new entrants to the market already in 2021, quantifying the potential size of the growth of the market in 2021 is impossible. New mid-sized corporate issuers from Bangladesh, CIS, Morocco and Pakistan are all possible. The economies are solid; what it takes is some corporate issuers to drive a new agenda.

Fintech and blockchain continue to be hot topics but what is the role for businesses with this focus in increasing the global Sukuk issuance market? To be honest, it is too early to tell. It is early days for the businesses which have emerged in markets as diverse as Canada, the UK and across the GCC and Malaysia. The main problem is where are the issuers? Platforms which are proposing to offer a wider investment choice have to have a choice of investments. The barriers to entry remain and if the potential issuers are going to consider either a tech platform or traditional capital markets, the choice is easy. The biggest impact (for both job creation and market access) will be among mid-market corporates and financial institutions and established businesses looking for new liquidity.

The democratization of Sukuk issuance can bring systemic changes to many local markets as investors look at sustainability, ethical investing and most importantly, impact investing

Fintech companies will not be able to assist in issuing perpetual Sukuk to improve the balance sheet of mid-tier financial institutions. Blockchain will not help an established Bangladeshi corporate raise capital in the international marketplace. That being said, both technologies might be useful in accessing the retail pension market for Islamic investors, for example. The bulk of capital flows and the efficiency of the existing capital markets are more than sufficient to handle an explosion in demand of Sukuk issuance. The efficiency of current clearing and settlement arrangements (Euroclear and Clearstream to start) is not under threat (yet). To this end, it will be interesting to see where new platforms can attract capital from (most likely from high-end retail clients) but these take time to develop, have the hurdles of regulatory sandbox regimes to survive and the cost of acquisition of new clients is as yet unknown. At the end of the day, tapping into a global investor community has to be compliant with both old-school settlement systems as well as traditional investment due diligence, Fatwas and analysis of the underlying business. Technology will not change this. What will undoubtedly have an impact on improving Sukuk liquidity is expanding beyond the traditional financial institutions and limited mutual funds into a wider investment universe.

Sukuk issuers can — and have — benefit from a focus on the pure ethics of the transactions. There are examples in the market where conventional investors have invested in Sukuk issuers which have moved toward using terminology aligned with the United Nations Sustainable Development Goals (SDGs) and/or environmental, social and governance terminology. 'Delabelization', as it could be referred to, has been necessary for large segments of the conventional debt issuance spectrum post the global financial crisis. Public, not retail but even among professional investors, perception of SPVs or securitization has shifted. Conventional issuers have found alternative terms for traditional investment banking structures with remarkable ease.

Sukuk issuers should ensure that they align their proposition to the trendier terms associated with the SDGs. The ethical nature of the transaction is unarguable; however, conventional investors are not aware of the natural overlap between Shariah law and the SDGs in many aspects. As the weight of conventional money continues to search out investment opportunities, Sukuk issuers have already seen some early indications of the success of delabelization. To take this further, there is no reason why Sukuk issuers need to dedicate as much of their marketing material to the intricacies of the nature of the transaction (even as simple as a commodity Murabahah may confuse a conventional investor into thinking they are investing in commodities directly). The business and cash flows should stand on their own; coupled with an SDG angle, Sukuk issuers can penetrate the broader and deeper investment universe.

Most of the IFN Roadshows talked about potential. Even Singapore has not begun to capitalize on its market position. More governments are trying to set the pace for domestic markets by issuing Sukuk for the first time. The costs of issuance should continue to fall as technology and market opportunity create more efficiencies for new issuers. New markets and new investors should combine to increase the efficiency in the market and result in a subsequent reduction in cost. The cost of capital will not fall because new issuers will have a hard time benchmarking their offerings; there has only been one Bangladeshi corporate (the Deshbandhu Group) which issued a Sukuk facility but more should follow. And this is just the start as new providers and new technology (which could include some of the current new blockchain marketplaces) open new markets. Trends in the conventional debt capital markets can also bring positive lessons to new issuers.

As at the end of February 2021, institutional investors continue to accumulate 'dry powder' looking for the right mix of risk and return. Short-dated instruments are in short supply; issuers like the International Islamic Liquidity Management Corporation, Al Waseelah and the Central Bank of Bahrain should see increased competition for short-dated certificates. Assets like supply chain finance continue to consume capital but there is a shortage of issuers. Development banks which offer technical assistance should include more outcome-based support (not just drafting new laws but actually providing some support for local and international issuance). The COVID-19 crisis has increased globalization and flattened the market, with more capital connecting with more businesses on a broader basis than ever before. Who would have imagined doing a global roadshow for a US$250 million issuance? Video calling makes this possible.

The democratization of Sukuk issuance can bring systemic changes to many local markets as investors look at sustainability, ethical investing and most importantly, impact investing. The common positive theme across the IFN Roadshows shows how much interest there is. The opportunities for Sukuk issuance in 2021 and beyond are as bright as they have ever been.

Dr Scott Levy is CEO of Bedford Row Capital. He can be contacted at Slevy@bedfordrowcapital.com.

BEDFORD ROW CAPITAL

Al-Falaah, the alternate financial services unit of LOLC Finance

The LOLC Group

The LOLC Group (the Group) is the largest and most diversified financial conglomerate in Sri Lanka. Its portfolio further includes leisure, plantations, agri-inputs, renewable energy, construction, manufacturing, trading and other strategic investments into technology, research and innovation. As a leading player in Sri Lanka's SME and microfinance sectors, the Group has been a catalyst in facilitating financial inclusion. Our role in microfinance has enabled us to benefit many people and communities, while striving to maximize environmental benefits through green operations and processes in line with our triple bottom line focus in all we do.

LOLC's footprint spans every district from rural hinterlands to major cities enduring business partnerships with a host of financial and developmental organizations across the world. With investments in Cambodia, Myanmar, Pakistan, Indonesia, the Philippines, Nigeria, Zambia, the Maldives and Sierra Leone as well as corporate offices in Singapore, the UAE and Mauritius, LOLC continues to expand its international presence by actively seeking new opportunities in the region.

LOLC Finance

LOLC Group's flagship financial entity, LOLC Finance, is a public limited liability company incorporated under the Companies Act No 7 of 1982 and re-registered under the Companies Act No 7 of 2007 on the 27th March 2008. The company was listed on the Colombo Stock Exchange in 2011. LOLC Finance is licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011 (as a non-bank financial institute — NBFI) and is rated '(SL) A Stable' by ICRA Lanka (a wholly-owned subsidiary of ICRA, an associate of Moody's Investors Service). LOLC Finance offers a wide range of financial services spanning from loans to leases, and mobilizes both local and foreign currency fixed deposits and savings with SWIFT network membership. Consolidating LOLC Group's position as one of the largest and most diversified financial conglomerates in the country, the merger of the microcredit company, LOLC Micro Credit, with LOLC Finance in a strategic move, propelled LOLC Finance to the forefront of the industry as the largest deposit-taking licensed finance company (LFC) in the country.

About LOLC Al-Falaah

LOLC Finance is also one of the key players in the Islamic finance space in Sri Lanka, offering innovative solutions through its Al-Falaah Alternate Financial Services Unit (LOLC Al-Falaah). LOLC Al-Falaah, Sri Lanka's most awarded and trusted alternate financial services brand, was established in 2007 and functions directly under the auspices of LOLC Finance. It is a strategic business unit (SBU) that offers 360 degree alternate financial solutions under the concepts of Mudarabah/profit-sharing investments, Wakalah/term deposits, Ijarah/leasing, Murabahah/trade finance, Musawwamah/import finance, diminishing Musharakah/property and project finance, Wakalah lending/business and working capital finance and the Wadiah Gold Storage Facility from LOLC Finance's branch network of 141 locations island-wide.

LOLC Finance is renowned for its pioneer status within the industry as the first NBFI in Sri Lanka to offer regulated Islamic investment and financing products. Some of the complementary industry-leading technological advancements incorporated for the digital penetration of these products are:

- LOLC real-time internet banking and mobile-app
- i-Pay mobile-app for real-time utility payments and multiple banking account maintenance
- Real-time fund transfers via the Common Electronic Fund Transfer Switch with Lanka Pay
- SMS alerts banking transactions and digital statements
- International Visa ATM/debit cards
- Remittance agreements with Cash Wiz, Australia and DFCC, Lanka Money Transfer, and
- Sri Lanka Interbank Payment System for secondary participants.

LOLC Al-Falaah, since its inception in 2007, is closely monitored and guided by an independent Scholar Supervisory Board to ensure that this SBU is at all times and in every way compliant with the rules, principles and values of Islamic financing vis-a-vis alternate financing.

Empowering entrepreneurship of ladies in the community
The Al-Falaah Ladies Business Unit (LBU) was established in February 2013 with the aim of offering a product focused on women and empowering them to plan their financial future wisely. Titled 'Blossom of Success', this unique business concept offers customized solutions for both investors and borrowers with high returns and flexible repayment options respectively. These finance solutions are available for both self-employed individuals and professionals with below-value additions to reap maximum benefits. As a value addition, the LBU launched the 'Empress' discount card, designed exclusively for Al-Falaah Ladies Accounts holders, providing a plethora of benefits for both working and non-working women. This special discount card is the first of its kind to be offered by an Islamic bank or financial institution in Sri Lanka, enabling cardholders to shop and save simultaneously, manage household expenditure and avail themselves of exclusive seasonal and year-round offers from more than 100 high-street merchants island-wide.

Minors and senior citizens

A pioneering product in the Sri Lankan Islamic financial services sector, the 'Al-Falaah Junior' Mudarabah investment product is designed to help children achieve their full potential with the aim of encouraging the savings habit and inculcating financial discipline from a young age. A minor's savings account, Al-Falaah Junior offers a comprehensive savings plan based on the Islamic economic principles of profit-sharing. It offers attractive benefits such as high profit returns, a fully-integrated savings account with a passbook and exciting complimentary gifts. This children's savings account empowers the building of a secure financial future for children, so that on completing 18 years, the child holds substantial savings in his of her account to pursue ambitious academic goals.

Another growing banking need identified is the requirement for senior citizens to have better access to financial security and independence so that they may live their life with dignity. Realizing their unique needs, LOLC Al-Falaah has designed solutions that offer them maximum returns and a feeling of security in their twilight years.

The 'Al-Falaah Senior' Mudarabah investment product provides multiple benefits from a choice of investment options between one and 60 months with attractive profit returns, a fully-integrated savings passbook with the flexibility of unlimited deposits and withdrawals, global access through the Visa network and accessible through over 100 LOLC branches and dedicated Al-Falaah service centers located island-wide.

First Sukuk Ijarah in Sri Lanka

Sri Lanka's first Sukuk Ijarah issuance, a Shariah compliant securitization alternative, was launched by LOLC Al-Falaah in 2016 and matured in 2019. The in-depth expertise of LOLC Al-Falaah was evident in this industry-first Sukuk; thus the initiative was a trend-setter that paved the way for all other players in the Islamic finance industry in the country to benefit from the concept, as it streamlined all protocols with the regulators. The company plans to issue a second Sukuk-based instrument based on its requirement shortly.

This pioneering Sukuk issuance in Sri Lanka and in the region will contribute to further develop the Islamic finance capital market, by not only opening a new window for companies seeking Islamic finance but also providing a viable investment instrument for the potential Islamic investor.

ICD funding

LOLC Al-Falaah's successful securing of a US$10 million funding line from the Islamic Corporation for the Development of the Private Sector (ICD) headquartered in Jeddah was made as a reference as the single largest bilateral transaction between an Islamic financial institution based overseas and an Islamic finance unit in the non-banking sector in Sri Lanka in the year 2017. It was the first Sri Lankan company to be granted funding from the IsDB's ICD that was up for renewal in 2020.

Wadiah Gold Storage Facility

LOLC Al-Falaah recently unveiled its ground-breaking new product, the Wadiah Gold Storage Facility. This is the first time a finance company in Sri Lanka is offering this type of facility. It is a unique gold storage option offered to Al-Falaah's valued customer base.

All gold articles are tested for quality and authenticity using state-of-the art equipment by the company's experienced staff without causing any damage to the jewelry. A unique 'Gold Storage Certificate' with a description of the article, including weight, quality and quantity along with the market value will be issued to the customer when obtaining this facility. A unique feature of this product is that the depositor can obtain a 'Benevolent Loan' against this 'Gold Storage Certificate' and settle within the agreed period. This option is mainly focused on the microfinance segment, where the self-employed and home industries can obtain cash advances for their small business needs.

Training, development and awareness

LOLC Al-Falaah has always been a model of business excellence, bringing creativity, passion and commitment to everything we do. Our focus is not solely on the excellence of our business operations — we are mindful of our contribution to society, through various corporate social responsibility projects which are aligned on a group scale. For more than a decade, the company has worked to create increasing and sustainable value for diverse customers and other stakeholders, empowering lives, developing communities and enriching the Sri Lankan economy. Today, the strength of our portfolio has combined with our fine fundamentals to make LOLC Al-Falaah a shining star in the nation's competitive financial sector.

Group synergies

LOLC Al-Falaah also plays a strategic role for the LOLC Group, which is renowned today as one of Sri Lanka's largest financial conglomerates that also look into potential Islamic business opportunities within the synergies of the group. This alternate financial services unit has made headway into launching Takaful operations in its associate companies, Al-Falaah General Takaful Unit of LOLC General Insurance in 2014 and Al-Falaah Life Takaful of LOLC Life Assurance in 2016 — these are the results of its deliberations.

Further, the expertise of LOLC Al-Falaah has also provided advisory services in launching the Islamic Business Division of Commercial Leasing & Finance in 2015 which is also another LFC of the group that offers alternate financial services independent of LOLC Al-Falaah. Moving ahead, the SBU is putting in place the necessary framework to expand its advisory role through LOLC's affiliated international group companies in Pak Oman Microfinance Company in Pakistan and Sumut Sarana Ventura in Indonesia in the near future, and then also to reach out to potential associate and subsidiary companies of LOLC Group's global network.

Global accreditation and recognition

Recently, the company sealed a triple win by securing the 'Best Leasing Provider Award' in three of the most coveted awards held to recognize the institutions that have made significant contributions to the Islamic finance industry during the 2019/20 financial year. The triple crowns were the 'Gold' award for 'Leasing Company of the Year' for the 2019/20 financial year at the 9th Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards, the 'Gold' award for 'Leasing Company of the Year' at the 5th Islamic Finance Forum South Asia (IFFSA) Awards for the 2019/20 financial year and the winner for 'Best Islamic Leasing Provider of the Year' in Islamic Finance news (IFN)'s first Global Non-Banking Financial Institutions (NBFI) Polls for 2020.

The Islamic finance fraternity has also voted LOLC Al-Falaah as among the top global industry giants and it received the 'Best Islamic Bank in Sri Lanka' and 'Best Islamic Leasing Provider (Global)' awards at the IFN Best Banks/NBFI Awards for the third consecutive year running, and IFN Deal of the Year 2016 for its first landmark Sukuk Ijarah issuance in Sri Lanka. It was further recognized at the SLIBFI and IFFSA Awards with multiple accolades in the categories of 'Entity of the Year' and 'Leasing Company of the Year' as well as 'Social Upliftment Award of the Year' over the past decade. Other accolades for its disclosures and transparencies were recognized in various award platforms such as ARC Global Awards and LACP Global Vision Awards for its specialized annual reports.

As at the end of February 2021, institutional investors continue to accumulate 'dry powder' looking for the right mix of risk and return. Short-dated instruments are in short supply; issuers like the International Islamic Liquidity Management Corporation, Al Waseelah and the Central Bank of Bahrain should see increased competition for short-dated certificates. Assets like supply chain.

LOLC FINANCE AL-FALAAH ALTERNATE FINANCIAL SERVICES

E+S+G = Sustainable impact

In recent years, the financial markets have experienced growing interest and activity around the issuance of environmental, social and governance (ESG)-focused financial instruments, ie those which take into consideration ESG factors. Prior to the COVID-19 pandemic, there was significant year-on-year growth in green financing, both in conventional debt markets and the Islamic capital markets (ICMs). This was complemented by issuance in social financing, though not nearly at the same levels. For instance, in 2019, prior to the pandemic, conventional green bond issuance topped US$266.5 billion with green Sukuk issuance hitting new levels at US$3.5 billion.[1] Meanwhile, some have estimated 2019's social bond issuance in the conventional space to be around US$15 billion.

Then, in 2020, as the pandemic took hold, things began to shift. In the first quarter (Q1) and Q2 of 2020, the world began to understand the gravity of the situation in which it found itself. As global conditions deteriorated, the extreme inequality of the pandemic's impact became apparent. ESG-aware financing (both in the conventional markets and ICMs) refocused toward social bonds and Sukuk.

In March 2020, seeing where global priorities then were, the International Capital Markets Association (ICMA) "underlined the relevance of social bonds in addressing the coronavirus pandemic and provided additional guidance for eligible social projects, which could include coronavirus-related healthcare and medical research, vaccine development and medical equipment investments."[2]

It has been reported that US$32 billion of social and sustainability (those which take into account both green and social considerations) debt instruments were issued in April 2020 alone and "it marked the first month in which social and sustainability bond issuance surpassed green bonds."[3] In June 2020, S&P Global Ratings predicted that social bonds would make up a significantly larger share of the debt market in 2020 as compared with green finance and that further diversification of social bonds to fund everything from medical equipment, infrastructure and employment support would continue in the months to come.[4]

In the end, 2020 would see the issuance of US$164 billion-worth of social bonds, nearly 10-fold of 2019 numbers.[5] Increased social finance issuances in both conventional markets and ICMs addressed poverty, inequality, SME financing and economic stability. For example, in June 2020 the IsDB issued a US$1.5 billion 'AAA'-rated sustainability Sukuk facility as part of its response to the COVID-19 pandemic, the proceeds of which were "exclusively deployed by IsDB towards social projects under IsDB's Sustainable Finance Framework, with a focus on 'access to essential services' and 'SME financing and employment generation'".[6]

For those active in the ethical finance space, it was noticeable that the dialogue in 2020 focused on social bonds and Sukuk. In the midst of this, there were some who did wonder if this would be to the detriment of green issuance in the long term, or if the interest in ESG through the S-lens would bring renewed and increased interest to E-focused financing as well. While the increased focus on social financing did contribute to a dip in green issuance in Q2 2020, an exceptionally strong Q3 in 2020 provided a record-breaking year, with the total amount of global green issuance reaching US$269.5 billion by the end of Q4 2020.[7] These levels

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[1] https://openknowledge.worldbank.org/bitstream/handle/10986/34569/Pioneering-the-Green-Sukuk-Three-Years-On.pdf?sequence=1&isAllowed=y
[2] https://www.spglobal.com/ratings/en/research/articles/200622-a-pandemic-driven-surge-in-social-bond-issuance-shows-the-sustainable-debt-market-is-evolving-11539807
[3] https://www.spglobal.com/ratings/en/research/articles/200622-a-pandemic-driven-surge-in-social-bond-issuance-shows-the-sustainable-debt-market-is-evolving-11539807
[4] https://www.spglobal.com/ratings/en/research/articles/200622-a-pandemic-driven-surge-in-social-bond-issuance-shows-the-sustainable-debt-market-is-evolving-11539807
[5] https://www.refinitiv.com/perspectives/market-insights/sustainable-finance-surges-in-2020/#:~:text=In%202020%2C%20issuance%20of%20social,three%20times%20that%20of%202019
[6] https://www.isdb.org/news/islamic-development-bank-issues-us-15-billion-debut-sustainability-sukuk-in-response-to-covid-19
[7] https://www.climatebonds.net/2021/01/record-2695bn-green-issuance-2020-late-surge-sees-pandemic-year-pip-2019-total-3bn

have continued, with green origination in Q1 2021 rising by more than 400% year-on-year to US$131.3 billion.[8]

A year later, the dialogue in the ethical finance space now seems to have shifted to an almost exclusively green focus. This could be due to sentiment that there is a need to make up for lost time, or because these are the final four months in the run-up to the UN Climate Change Conference in November and pressure on governments and corporates is mounting to meet 2030 and 2050 commitments.

G stands for governance, a crucial underpinning of environmental and social considerations

If the past year has taught us anything, though, it is that the health and well-being of both people and planet are interdependent and inextricably intertwined. Accordingly, when looking at ESG, environmental and social considerations are equally important, and the financial community must look to design financial instruments that address both. The ICMA, a provider of industry guidelines for ESG-focused issuance, has recognized that the way forward must incorporate all factors and that "the transition to a sustainable global economy requires scaling up the financing of investments that provide environmental and social benefits". As discussed above, debt issued in this way is often referred to as a sustainability bond. The ICMA Sustainability Bond Guidelines (SBG) define a sustainability bond as a bond where the proceeds will be exclusively applied to finance or refinance a combination of both green and social projects. In 2018, with the foundation on the ICMA's SBGs, the ASEAN Capital Markets Forum published the ASEAN Sustainability Bond Standards, which are also aligned with the core components of both the ASEAN Green Bond Standards and the ASEAN Social Bond Standards.

A recent report by Refinitiv highlighted that sustainability debt issuance was at new highs with around US$286.5 billion issued in Q1 2021.[9] With the volume of conventional sustainability and green issuance reaching unprecedented levels and momentum continuing to increase, the ICMs are also heeding this as a call to action to increase their own activity. A pioneer in this space, Malaysia issued its maiden sustainability Sukuk in April 2021. This was the world's first US dollar sovereign sustainability Sukuk, the proceeds of which will be used for eligible social and green projects aligned to the UN Sustainable Development Goals (SDGs). A Sukuk like this "will enable Malaysia to not only meet its commitments as a responsible nation and signatory to the Paris Agreement, but also further its efforts to advance its people's socioeconomic well-being. It is also a testament to the government's efforts in combating climate change as well as accelerating the transition towards a more resilient and inclusive economy, in line with the government's Shared Prosperity Vision 2030."[10] To show the scale of interest, the issuance was oversubscribed by 6.4 times which led the Malaysian government to increase the issuance to US$1.3 billion.

As the ICMs focus not only on green and social Sukuk, but also increasingly on sustainability Sukuk, it is important to remember all aspects of ESG. It is easy to think that G means 'green' given all of the attention that climate risk and carbon neutrality rightfully get in ESG conversations. However, G stands for governance, a crucial underpinning of environmental and social considerations.

The 'G' in ESG pertains to the factors that influence decision-making, the rules or principles defining the rights, responsibilities and expectations between different stakeholders and the mechanism in place to provide a system of checks and balances to align and manage interests of stakeholders. These factors are crucial because they are how corporates or sovereigns manage their existing environmental and social risks and how they will be able to address these risks going forward. Understanding and measuring these factors will be key to the success of green, social and sustainability financing.

The 'G' also has a part to play in the green, social and sustainability issuances themselves. With increased scrutiny over 'greenwashing' and other potential misleading practices, the governance surrounding the legitimacy of the impact of green, social or sustainability issuance is as important as ever. To keep faith in this market, ICM participants must prioritize compliance with international issuance and project guidelines and recognize the value of second-party opinions confirming that compliance. Investors and other stakeholders are reviewing the entire value chain of a deal or project and issuers must ensure E and S and G considerations are taken into account across the lifecycle of the project. Accordingly, alongside the integration of environmental and social factors, the focus on governance should come from the effective measurement and reporting of:

- impact or expected impact, including the key underlying methodology or assumptions used to determine the impact or expected impact
- key performance indicators (KPIs) and achievement against those KPIs, and
- mapping KPIs against the SDGs and their underlying targets.

By focusing on reducing negative environmental impact while promoting social considerations, ICMs can more efficiently mobilize capital toward responsible and sustainable causes. By increasing their focus not only on the governance of the institution implementing these social and environmental changes, but also on the governance of the issuance itself, ICMs can develop further the trust in these instruments to effect meaningful change and attract global interest to support further issuance to create impact.

DDCAP Group™

[8] *https://www.refinitiv.com/perspectives/future-of-investing-trading/sustainable-finance-continues-surge-in-q1/*
[9] *https://www.refinitiv.com/perspectives/future-of-investing-trading/sustainable-finance-continues-surge-in-q1/*
[10] *https://www.mof.gov.my/en/news/press-release/world-s-first-sovereign-u-s-dollar-sustainability-sukuk-issuance-by-the-government-of-malaysia*

REDmoney

IFN ROADSHOW
BANGLADESH
2021

IFN ROADSHOW BANGLADESH
5TH APRIL 2021

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Prof Dr M Kabir Hassan of the University of New Orleans; Dr Scott Levy, CEO of Bedford Row Capital; Andrew Tebbutt, the managing director of REDmoney Group; respected moderator Md Touhidul Alam Khan; distinguished panelists, my dear fellow colleagues; sponsors; and all participants.

Assalamualaikum, and good morning/good afternoon/good evening to all of you.

It is a great pleasure for me to attend this online session on the development of Islamic banking and finance in Bangladesh organized by REDmoney Group as a speaker. I am pleased to see that the development of the Islamic financial industry is taking place in many areas including the development of ideas and knowledge, products and services and also financial sectors. This session could pave the way for the industry's ability to move toward better insights in servicing the market in Bangladesh.

Supported by internationally qualified experts, it is not overdone if I expect at the end of the session that this conference will produce strategic initiatives and measures to give Islamic finance a greater and significant role in the economic development of the country.

Distinguished guests, ladies and gentlemen,
Before sharing my insights on the topic today, I would like to draw your kind attention to the few key facts of this country. Bangladesh is the second-largest Muslim-majority nation and has the ninth-largest population in the world. Since 2005/06, it has been keeping its growth rate around 7%. Though the unemployment and poverty rates are still high and it is poorly ranked in the Global Innovation Index, Bangladesh is a nation of high potential due to its demographics with more than 60% consisting of the younger generations who can bring changes in the economy.

Ladies and gentlemen,

If we look at the organic development of Islamic banking in Bangladesh, this sector has achieved robust growth mostly due to the huge public demand, continuous success of Islamic banking and policy support from Bangladesh Bank. The first Islamic bank in Bangladesh, Islami Bank Bangladesh, started its journey in 1983 10 years after the first Islamic bank in the world, Dubai Islamic Bank.

As of December 2020, Bangladesh's 10 fully-fledged Islamic banks have been operating with 1,524 branches out of a total of 10,752 branches in the whole banking sector. In addition, 21 Islamic banking

__Md Nazrul Islam__ — Deputy General Manager, Bangladesh Bank

branches of nine conventional commercial banks and 163 Islamic banking windows of 11 conventional commercial banks are also providing Islamic financial services in Bangladesh.

Ladies and gentlemen,
Is that development sufficient? We are very lucky to be a Muslim-majority country with what we have achieved so far but on the other hand, we are very unfortunate not to understand Islamic finance, how it works in the area of development and how it improves in the area of innovation. The definition of Islamic banking is that it is Shariah-based banking and Islamic finance continues to grow globally due to its risk-sharing, resilience, inclusive and real asset-backed transaction features. But if we see the global trends of interest rates since the global financial crisis in 2007/08, I would rather say that Islamic finance empowers creativity, innovation and growth.

Ladies and gentlemen,

The COVID-19 pandemic has really changed the global economic perspectives, in addition to all the advances in monetary and macroprudential policies to strengthen financial stability and growth. Almost all countries have suffered from this ongoing pandemic and the projected global growth rate has been reduced and Bangladesh is no exception. To boost economic activities and achieve sustainable growth, the Bangladeshi government and Bangladesh Bank have jointly taken many measures that are under implementation.

Some of the historic steps are shared here:

1. A financial stimulus package including a refinance scheme

2. A credit guarantee scheme for cottage, micro, small and medium enterprises

3. The issuance of Sukuk for the first time in Bangladesh, and

4. The introduction of a start-up fund and directives to build banks' own funds.

Distinguished guests, ladies and gentlemen,
If we observe the relationship between productivity and the interest rate mechanism and global trends since 2007/8, countries have been taking so many steps to lower interest rates and are trying to boost the economy. Bangladesh Bank has also reduced the policy rate from 5% to 4% recently and is encouraging commercial banks to offer loans at a reduced interest rate.

At the end of the October–December 2020 period, deposits and investment grew by 2.28% and 3.55% respectively while remittances and excess liquidity of the Islamic banking sector increased by 19.24% and 60% respectively compared with that of the last quarter. Islamic banks accounted for a 40.51% share of remittances mobilized by the entire banking sector during the same period.

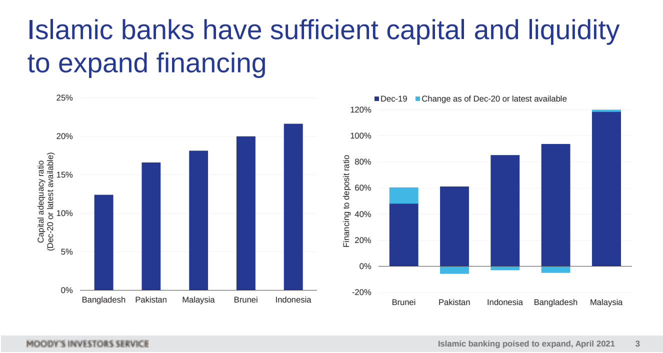
It would be worth sharing that the most challenging parts not only in this sector but also in the overall banking system are the lack of skilled human resources, product diversification, the use of technology and a strong legal framework for Islamic banking in Bangladesh.

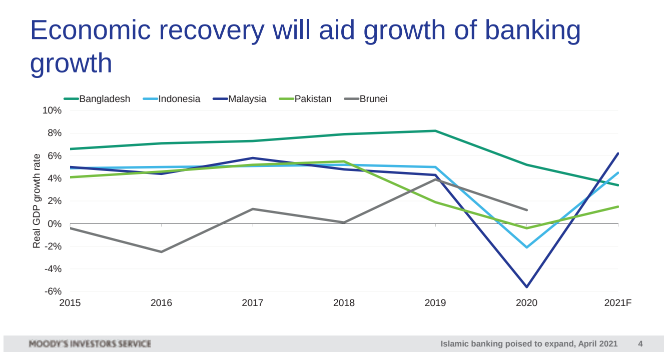
Please allow me to close my speech by expressing my appreciation and sincere gratitude to the organizer, speakers and participants for the willingness to join this event. I also would like to wish you all a fruitful discussion and deliberation in this important event.

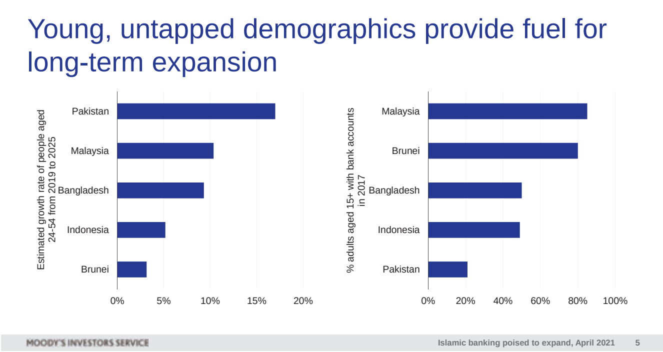
Thank you very much, Assalamualaikum.

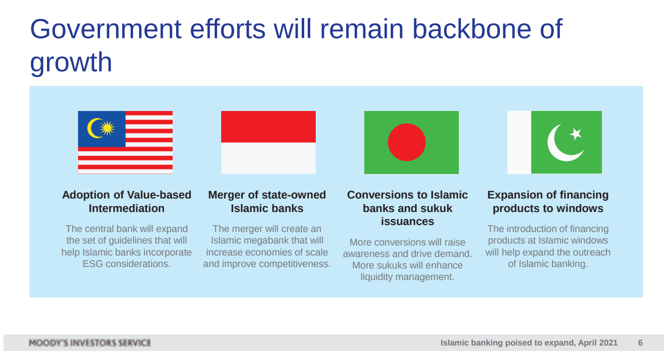
Islamic banking poised to expand across South and Southeast Asia post-pandemic

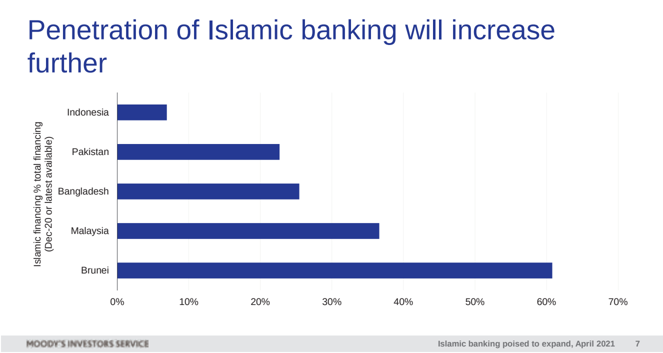
Tengfu Li, Analyst, Financial Institutions Group, Moody's Investors Services

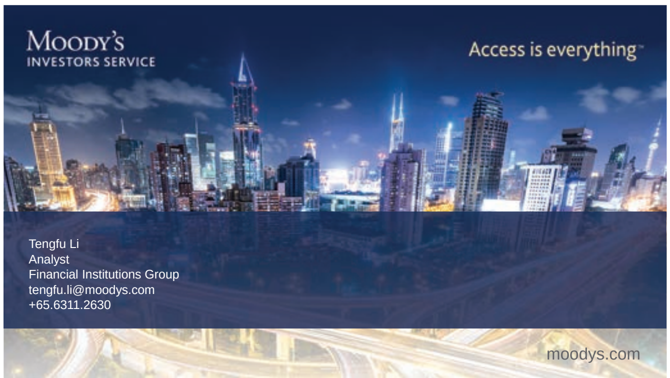












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CONSULTANCY PARTNER — Redmoney Consulting

Keynote Address:

Md Nazrul Islam — Deputy General Manager, Bangladesh Bank

Presentation

Tengfu Li — Analyst, Financial Institutions Group, Moody's Investors Services

Brave New World: Islamic Finance in Bangladesh

Panelists:

Md Touhidul Alam Khan — Additional Managing Director, Standard Bank (*Moderator*)

Ikbal Daredia — Advisor to CEO, Acting Director – Global Markets and Fixed Income (GMFI) and Acting Director - Treasury, The Islamic Corporation for the Development of the Private Sector

Professor Dr M. Kabir Hassan — Professor of Finance, Department of Economics and Finance, University of New Orleans

Dr Natalie Schoon — Consultant, Formabb

Dr Saliba Sassine — Managing Director, Bluemount Capital

Dr Scott Levy — CEO, Bedford Row Capital

The IFN Roadshow 2021 series opens with Bangladesh, a country that has a promising future in Islamic finance, especially as it launched its first corporate Sukuk in 2020. Bangladesh is on a sprint to aggressive development as the public demand for Islamic finance is rising, which has spurred the robust Islamic banking sector in the nation.

Moody's Investors Service forecasts a growth of more than 25% in Islamic banking penetration in the country, backed by strong government support due to the high demand. As the world economy moves toward recovery from the effects of the COVID-19 pandemic, Bangladesh is looking forward to greater conversion to Islamic banking, as access to finance due to digitalization comes into play. Overall, the future looks bright for Bangladesh as the government looks toward an enhancement of liquidity management through more regulatory frameworks and the establishment of an independent Shariah committee. This can be seen as a platform to enable a conducive ecosystem for more Sukuk issuances and further developments in the country. There is also a stronger emphasis on the advocacy of Islamic finance literacy among the public to further catalyze growth opportunities of other sectors such as the Halal industry and much more.

The challenges facing the Islamic finance industry are as follows:

1. Communication gap
   Misconceptions, misunderstandings and misplaced notions about Islamic finance must be removed through awareness and advocacy programs.

2. Trust gap
   Social business and impact investing should be emphasized to remove tension among the stakeholders of the Islamic finance industry.

3. Innovation gap
   Balance between macro and micro Maqasid should be maintained — the so-called form versus substance (financial engineering).

4. Talent gap
   A new brand of scholars who are well versed in Islamic jurisprudence and secular financing techniques and mechanisms must be nurtured.

5. Regulatory gap
   A proper and efficient regulatory framework and law should be enacted to provide a level playing field and guidelines and standards for Islamic finance industry stakeholders.

Professor Dr M Kabir Hassan is the professor of finance in the Department of Economics and Finance at the University of New Orleans.

The esteemed panelists discussed several areas particularly on how Islamic banking can be developed across the globe. Sufficient evidence was there to arrive at a conclusion that the Islamic banking industry in the South Asian region has access to adequate capital required for sustainable growth. In Bangladesh, it bears a long-term potential as well.

They also suggested that the country should put more emphasis on the governance and development of Sukuk that can fulfill the objectives of Shariah rather than on the budgetary deficit of the government. Should a secondary capital market be developed, Sukuk could be more popular and outperform conventional bonds in the market at some point. They view green Sukuk as this region's newfound potential to strengthen sustainable banking. Market penetration for this industry is being accelerated through the country's agent banking networks.

They added that Bangladeshi Sukuk have entered both the interracial and local markets as the country is widely considered a no-brainer for those who seek investments. Therefore, the potential of the Sukuk market is obvious here in Bangladesh where the government has due interest as to some mega infrastructure projects.

According to the experts, the playing field has to be level and the approaches from banks, non-banking institutions and other key market players need to be comprehensive for which a guideline and roadmap should be prepared if the bottleneck is to be reached under the scope of social finance.

The government should look into the tax structure to gain a bigger share in Islamic banking. Bangladesh Bank needs to conduct fit and proper tests besides selecting members of the Shariah boards in Islamic financial institutions, so that Shariah governance can be ensured properly.

As agent banking has been employed with the adoption of technology to penetrate the country's unbanked population, Bangladesh easily qualifies as a fine example of financial inclusion. The experts also opined that the existing technologies should be upgraded, including those used in fintech to ensure greater transparency.

They observed that the pool of trained professionals and human resources is not adequate when it comes to the delivery of Islamic banking services and products. Because of that shortage, they emphasized the development of skilled human capital to support the industry's goal to add values and advance while envisioning a state where it is based on Shariah itself, not just compliant with Shariah laws.

Md Touhidul Alam Khan is the additional managing director, chief risk officer and chief anti-money laundering compliance officer of Standard Bank, Bangladesh.

The Islamic finance market in Bangladesh is approximately 30% of the overall financial services market, yet the service offerings are not yet very well developed. However, the issuance of Sukuk by Bangladesh Bank in December 2020 is certainly a step in the right direction.

A number of possible future developments were highlighted such as a centralized Shariah board, and the development of both regulations and product development in line with international best practice. This will assist with (international) trade-related financial services and in growing the Islamic financial services industry.

There are potentially strong opportunities for Islamic finance in Bangladesh going forward, with innovation, as well as creativity in meeting customer demand, being key.

Dr Natalie Schoon is the principal consultant at Formabb.

KEY TAKEAWAYS

Tengfu Li

There is ample potential for Sukuk to grow in Bangladesh.

Firstly, the country's robust economic growth and favorable demographics provide a strong foundation for growth.

Secondly, the momentum for Sukuk issuances has picked up pace with the recent maiden government and corporate Sukuk issuances, with more expected to come this year.

In addition to bridging the long-term financing gap in Bangladesh, these Sukuk will help banks, which currently lack liquid Islamic instruments to invest in, to smoothen their liquidity management.

Last but not the least, more can be done in terms of the regulatory framework to support a sustainable growth in Sukuk.

Tengfu Li is an analyst in the Financial Institutions Group of Moody's Investors Service.

Dr Scott Levy

Bangladesh is probably the most interesting emerging economy. Bangladesh and a few Bangladeshi corporates have only recently entered the international capital market stage and done so with some innovative and forward-thinking initiatives.

Islamic finance (Sukuk in particular) has enormous growth potential both for the domestic market and as a destination for global Sukuk investors in search of better returns. However, some work needs to be done to take advantage of the strong start to 2021. The domestic capital markets have little experience of secondary markets (too heavily reliant on Murabahah) for Sukuk and the governance around Islamic finance is in its infancy.

We have seen a lot of recent interest in Bangladesh for Sukuk investment but challenges remain around central bank policy and local governance to bring Bangladesh to the forefront of Islamic capital markets. IFN's first Bangladesh forum demonstrated just how much knowledge and international experience there is to help support the development of Islamic finance in Bangladesh — the future is bright.

Dr Scott Levy is CEO of Bedford Row Capital.

TESTIMONIALS

MD. RAMIZ UDDIN MIAH

"The forum is extending their best effort to build strong, compliant and knowledge based Islamic banking. Best wishes for them."

SHERIEF RAHMAN

"Overall, excellent."

MD. MUSTAHIDUR REZA CHOWDHURY

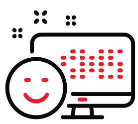
"This forum is playing an important role for developing the Islamic market."

A K M SHAHIDUL HOQUE KHANDAKER

"You are doing a great job for the betterment of Islamic finance and banking."

AMIRUL CHOWDHURY

"Thanks for sharing your forum. All the best. Jazakallah."



Bangladesh: A strong push for Islamic banking and finance

The past year has been a busy one for Bangladesh's Islamic banking and finance industry, as it sees greater demand for Islamic financial products and stronger governmental support. NESSREEN TAMANO writes an overview of the Republic's Shariah financial industry.

Regulatory landscape

While Bangladesh still does not have a dedicated Islamic finance and banking regulation, the Banking Companies Act and Companies Act have provisions for Shariah compliant activity. Bangladesh Bank (BB) also issued Islamic banking guidelines in 2009 covering licensing and conversion requirements, among others.

In 2019, the Bangladesh Securities and Exchange Commission (BSEC) issued regulations to facilitate the trading of Sukuk and derivatives in the capital market, as well as the entry of new items — including Sukuk — into the stock market.

In 2020, BB started working on guidelines on green Sukuk for Shariah banks and financial institutions as well as a policy framework on Shariah-based green financing. The central bank also announced that it will be placing a yet unspecified quota limit on Sukuk allocated for Islamic banks to be implemented during BB's auction scheduled for June 2021.

Banking and finance

As at December 2020, the share of total deposits of Islamic banks accounted for 25.33% of the banking sector, while the share of total investment of Islamic banks was 25.69% of the total loans and advances of the sector, according to data from the central bank.

There are 11 fully-fledged Islamic banks, with Standard Bank, Jamuna Bank and Global Islami Bank (formerly NRB Global Bank) being the most recent ones to convert their operations to become fully Shariah compliant. Meanwhile, 20 conventional banks offer Shariah financial products through their Islamic banking branches or windows.

In September 2019, Abu Dhabi Commercial Bank closed a landmark blockchain-based trade finance deal involving Islami Bank Bangladesh (IBBL) to move goods worth US$6.5 million from Canada to the South Asian nation. In 2020, City Bank executed an Islamic cross-border Murabahah-based letter of credit transaction on blockchain, the first in Bangladesh, in partnership with the International Islamic Trade Finance Corporation.

Capital markets

A few years ago, the central bank issued the Refinance Scheme for Investment in Green Products or Initiatives targeted at Islamic banks and financial institutions, in addition to the Inter Islamic Fund Market and the Islamic Refinance Fund Account. The government has also been consistent in issuing three- and six-month Bangladesh Government Islamic Investment Bonds.

The Sukuk market has seen a flurry of activity in the past two years, and notably at the end of 2020, Bangladesh issued its first-ever sovereign Sukuk worth a total of BDT80 billion (US$927.86 million). Proceeds from the issuance will be used to fund a safe water supply project across the country.

There has also been a rise in Sukuk issuances from financial institutions, with corporates announcing their intentions to follow suit. In the past few months alone, IBBL, Shahjalal Islami Bank and Export-Import Bank of Bangladesh have confirmed upcoming Sukuk issuances, while Bangladesh Export Import Company (Beximco) and Deshbandhu Group are vying to become the first corporate Sukuk issuers in the country.

There are two Islamic indices in Bangladesh, both launched in 2014: the Dhaka Stock Exchange and the Chittagong Stock Exchange.

Takaful

There are 11 Takaful operators in Bangladesh out of 77 insurance companies, all regulated by the Insurance Development and Regulatory Authority. About 12 conventional insurers offer Takaful products on a window basis.

According to the IFSB's latest data, over two-thirds of total Takaful contributions written in 2017 were attributed to Family Takaful which recorded a negative growth of -0.09%, whereas General Takaful showed a positive growth of 2.98% in the same period.

Islamic funds

IBBL has two Islamic funds: the SEMI IBBL Shariah Fund and the CAPM IBBL Islamic Mutual Fund, which started trading in March 2018. Conventional player Asian Tiger Capital Partners Investment launched a BDT100 million (US$1.2 million) Shariah fund in 2016.

IDLC Asset Management also rolled out its maiden Islamic fund, targeting a return per annum of 8–9% over a period of three to five years.

Outlook

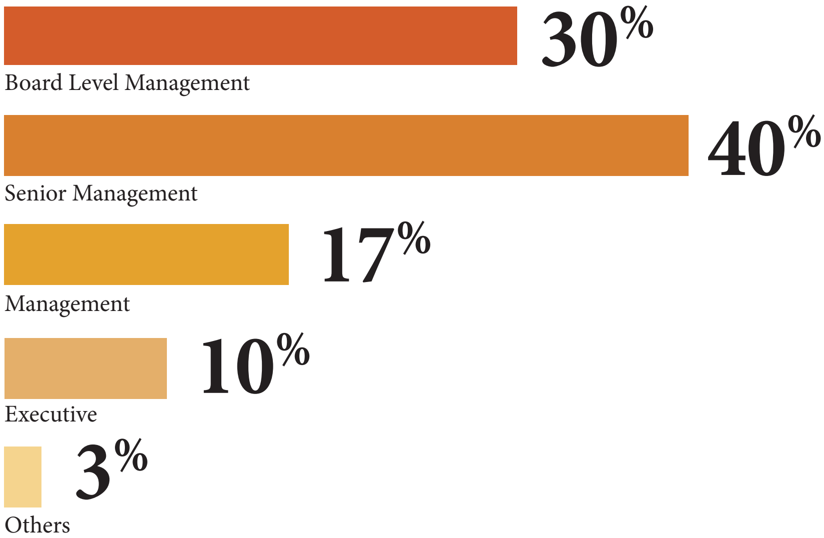
Bangladesh's Islamic banking and finance industry has ample growth potential that would enable it to hold its own with its neighbors, Sri Lanka and Pakistan, and especially with strong support from a government that is pushing for more Islamic finance transactions in the country. A promising Sukuk pipeline and more banks offering Islamic products can only get better with a more comprehensive legal and regulatory infrastructure, which is considered by industry players as the biggest obstacle they face.

Overall Evaluation
Online Event

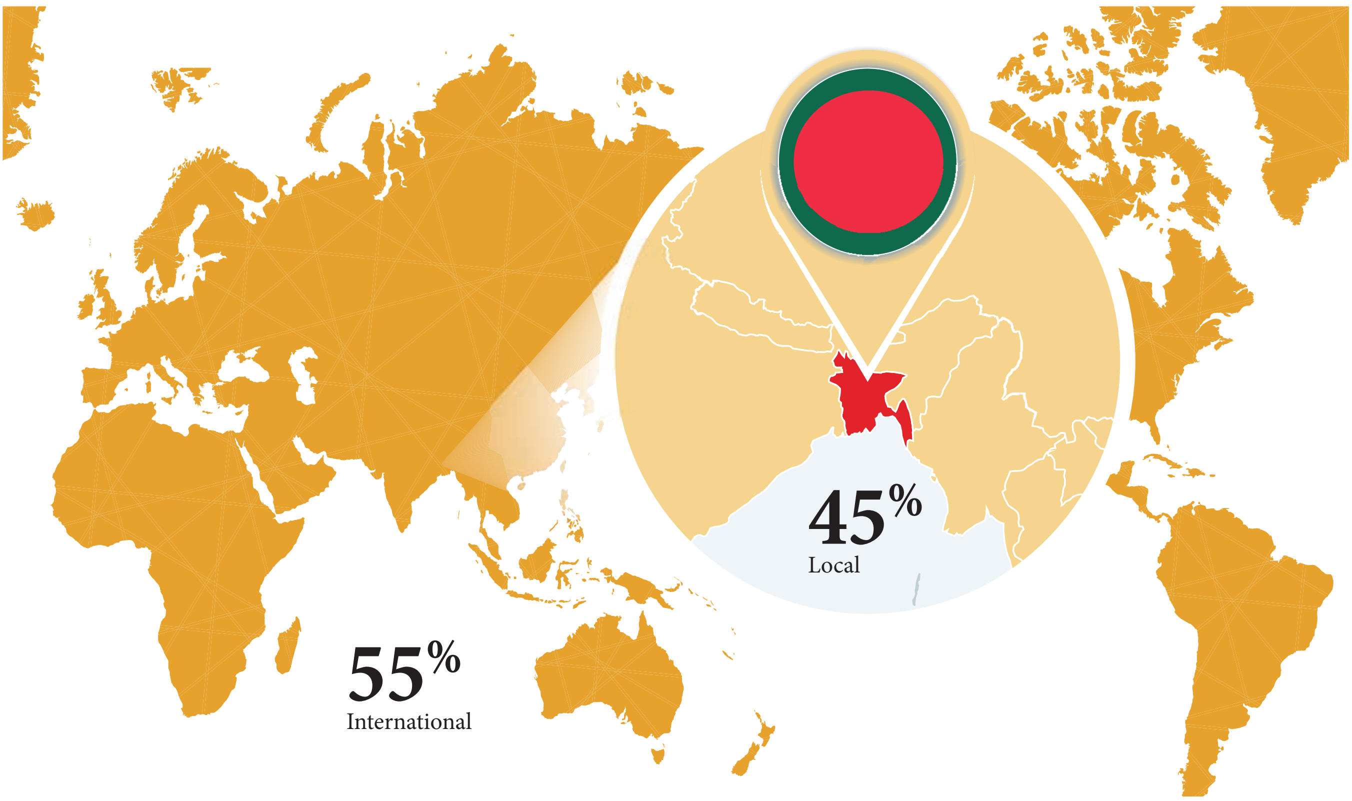
Speakers

Breakdown
Delegate

Job Title

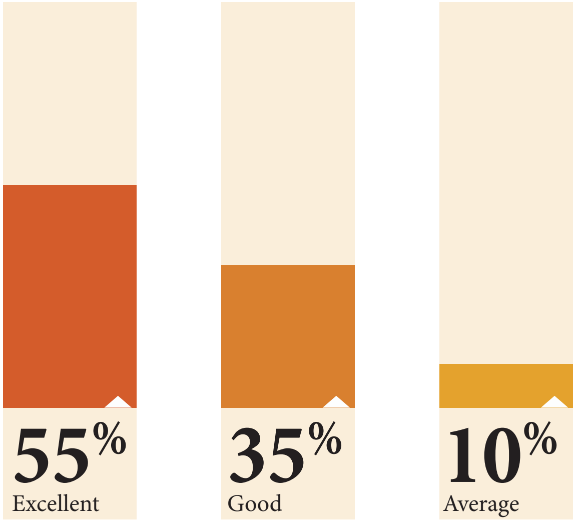


International & Local



Session Evaluation

Brave New World: Islamic Finance in Bangladesh



Delegates Who Would Like to Attend IFN Bangladesh OnAir Roadshow 2022

95% Yes

5% No

Viewership

IFN TV 499

Facebook LIVE 147

A DFI
Affin Hwang Investment Bank
African Alliance Insurance Takaful
Astana International Finacnial Center (AIFC)
Al Muslim Group
Al Rajhi Bank Malaysia
Alliott Hadi Shahid
Alpha Strategies
Alwaseet Travel
Aman Insurance
Amundi Aalam
Artvin Coruh University
ASR Leasing
Ataturk University
Atoba Business Networks
Attorney General"s Chambers, Malaysia
Avenir Registrars
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Bank Alfalah, Bangladesh
Bank Asia , Bangladesh
Bank Negara Malaysia
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Blida 2 University
BLM
BlueMount Capital Australia
BML Istisharat SAL
BRAC Bank
Bylur GmbH
Capital Banking
Cardiff Metropolitan University Research
Chittagong Stock Exchange
City Bank Capital
Colourcove
Concern Worldwide
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Durham University
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Kameelan Consortium
Katsina State Board of Internal Revenue, Nigeria
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Labuan International Business and Financial Centre Malaysia
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Maghreb Titrisation
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Midland Bank
Mirab Impex
MMBL
Modhumoti Bank
Mukas Capital
Mutual Trust Bank
Nigerian Stock Exchange
NRB Bank
OCBC NISP
OMS Advisory
ONE Bank
Padma Bank, Bangladesh
Poran Foods
Porus Capital
Prime Bank
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SHAPE Knowledge Services
Shapoorji Pallonji
Share & Care Developers
SJ Associates
SMC Enterprise
Social Islami Bank, Bangladesh
Sonali Bank
SQB Securities
Squire Patton Boggs
Standard Bank, Bangladesh
State Bank of Pakistan
Sterling Bank
TAIF Digital Institute
Telecom
The City Bank
Treasury Department Kwara State, Ministry of Finance
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iciec-communication@isdb.org iciec.isdb.org

مجموعة البنك الإسلامي للتنمية
Islamic Development Bank Group

System Restart: Islamic Finance in Morocco

Panelists:

Dr Wail Mohamed Aaminou — Chairman, Al Maali Group (*Moderator*)

Gonzalo Rodriguez — General Coordinator, SCIEF IE Business School

Hakim Bensaid — President, Moroccan Association for Participative Finance Professionals and Manager, Takaful Projects, Royale Marocaine D'Assurance

Ismail Filali Allach — Country Manager, Morocco, The Islamic Corporation for the Insurance of Investment and Export Credit

Dr Scott Levy — CEO, Bedford Row Capital

IFN focuses on dynamic Morocco once again after our last encounter in 2019, and dives into the current focus, developments and challenges in the country as the world economy activates its post-pandemic recovery plan.

The impact of the crisis has been particularly severe for the hospitality and transport industries, and for the manufacturing segments most exposed to international trade.

The government's response to the crisis has been appropriate, and the ambitious reforms being implemented could set the stage for a solid recovery which not only welcomes foreign investments but also increases the focus on international capital markets.

Morocco is blessed with a solid government which supports Islamic financial institutions to strive not only locally but also on the African continent and beyond. The central bank's participation in better access to financial solutions, regulations and fintech is seen as the beacon of hope for the Islamic finance industry, especially the SMEs which are the backbone of the country's economy.

Morocco is a well-respected, highly rated, stable country for investment. Conventional players have looked at Morocco as one of the most important MENA jurisdictions. Why should the global Islamic finance market see the country any differently? There is a great opportunity for Morocco to use its strong domestic market and its center of influence for western and sub-Saharan Africa to develop as a hub for regional Islamic finance. Fintech will play a key part of this. From central bank liquidity products to corporate issuers, Morocco should embrace its well-organized regulatory framework (which does need some further updating, admittedly) to create Salam products which can attract international capital. These new sources of capital can make a real impact on the domestic market as well as support the Kingdom's desire to be at the forefront of sustainable development goals investing in the region.

Dr Scott Levy is CEO of Bedford Row Capital.

According to the Global Islamic Fintech Report 2021, the Islamic fintech transaction volume within OIC countries is US$49 billion. Morocco ranks 37th from 64 countries in terms of development in this report ranking index.

The new Morocco crowdfunding bill is a very good signal that proves that the Moroccan authorities support and understand that one of the drivers to develop the Islamic finance industry in the country must be the Islamic fintech ecosystem development. We must understand that innovation is the path but impact is the destination.

Morocco is still at the beginning of this path — the Islamic banking assets as a percentage of total banking assets represent no more than 2% in the country — and there are still some important inhibitors to achieve a better development of the industry in the country but I have identified some clear opportunities and solutions that, undoubtedly, will help to develop the industry in view of the increase in financial education and awareness of Islamic finance, improve the regulation and provide further incentives for Islamic finance providers.

Gonzalo Rodriguez is the general coordinator at SCIEF IE Business School.

In only three years of activity, Islamic finance has made important strides in Morocco. To illustrate, 50% of real estate financing in the country was performed by Islamic banks in 2020.

On the banking side, refinancing is probably the most acute challenge as deposits cover only half of Islamic banks' financings, hindering the development of the activity.

2021 will probably be the year in which Takaful starts after the completion of the legal and regulatory framework.

The growth of Islamic banking and Takaful will contribute to the development of Islamic capital markets especially in the Sukuk sphere.

Integrating sustainability into Islamic financial institutions' business models can help mitigate the impact of the crisis, improve the value proposition of Islamic finance and build a more sustainable and resilient economy.

Current fintech initiatives focus primarily on payments and crowdfunding. Morocco needs to complete and reinforce the existing fintech legal and regulatory framework.

Dr Wail Mohamed Aaminou is the chairman of Al Maali Group.

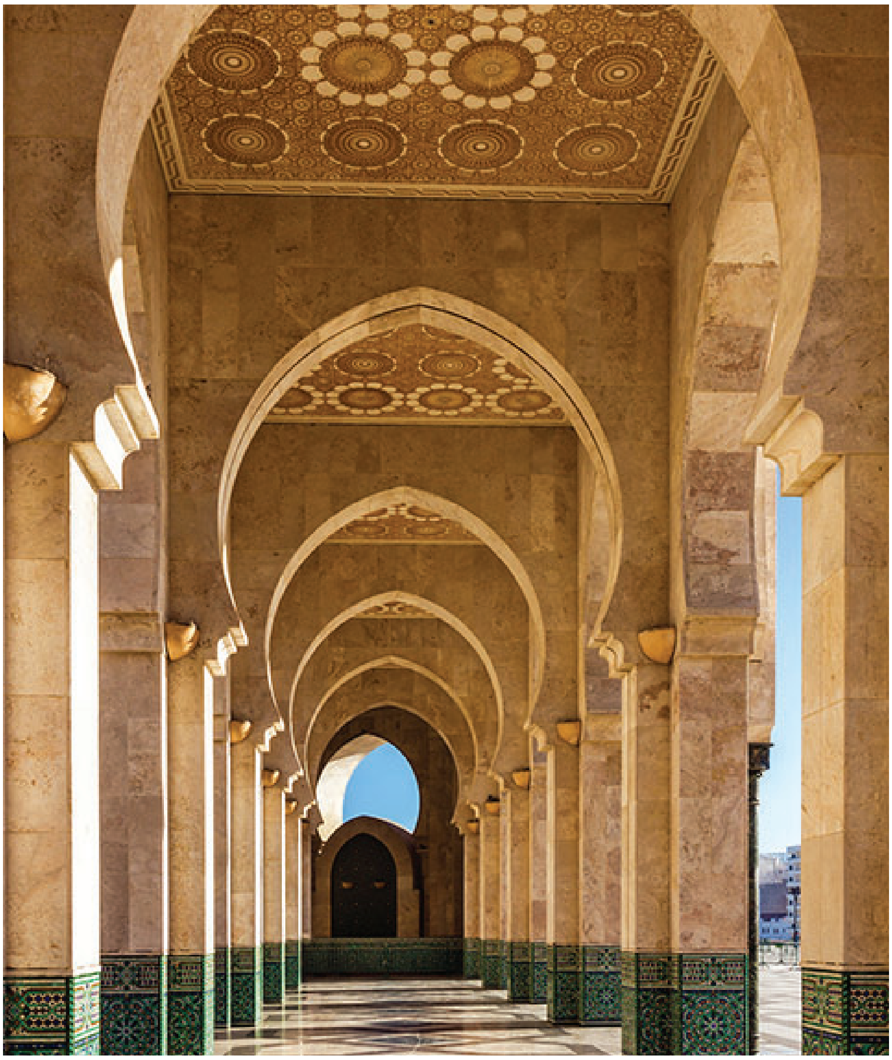
TESTIMONIALS

ISSAKA ABDUL-KARIMU
Ghana Institute of Islamic Finance and Economics

"Topics were excellently discussed."

KACEM DEBAR
MEC International

"Excellent organization good updates/insights into local and regional markets. Well done."



Morocco: Facilitating expansion

Morocco's fledgling Islamic finance industry has made great strides in the past three years to catch up with its peers, recording healthy growth in its different subsectors. NESSREEN TAMANO writes an overview of the nation's Shariah compliant financial landscape.

Regulatory landscape

An Islamic finance bill was passed in 2014 and a commission dedicated to Islamic banking was established by the Higher Council of Ulemas in 2015, paving the way for Shariah compliant transactions in Morocco. Soon after, in 2017, the Kingdom issued decrees approving five Islamic financial concepts and allowing the operation of Islamic windows, as well as giving the greenlight for Sukuk issuance and Takaful operations.

The government also published standards and regulatory requirements in support of Islamic banking, and in 2018, it amended its securitization law to accommodate a wider range of Sukuk structures and to facilitate the sale of these instruments. In the same year, a crowdfunding bill outlining regulations for Islamic platforms was also submitted for consultation.

Banking and finance

Eight banks in Morocco are licensed to offer Islamic products: Umnia Bank, Dar Al Amane (by Societe Generale Morocco), BTI Bank, Arreda (by Credit Agricole du Maroc), Bank Al Yusr, Al Akhdar Bank, Wifak Bank and Bank Assafa.

Umnia Bank, the result of a partnership between QIIB, Credit Immobilier et Hotelier and the Moroccan Deposit and Management Fund, was the first Islamic bank and the first to receive a license from the central bank, Bank Al Maghrib, to conduct participation banking.

One of the biggest challenges of participation banks in Morocco is the lack of a Shariah compliant clearing system. The central bank partnered in 2018 with the Central Shariah Board and the Moroccan Clearing System to assess the possibility of integrating Islamic banks.

Takaful

In July 2017, the government approved a draft decree on Takaful that allows authorities to establish regulatory provisions for Takaful contracts. In the same year, the Central Guarantee Fund announced plans to provide Shariah compliant solutions.

In August 2019, the House of Councillors approved a law allowing insurance companies to set up Takaful subsidiaries. Takaful operations were expected to commence within the first quarter of 2020, but official confirmation from the regulators that the law is pending 'final touches' and soon to launch was only announced in early 2021.

Sukuk

The Moroccan government was first expected to tap the domestic Sukuk market in 2017, but plans were delayed until October 2018, when the country's first Sukuk facility was issued, worth MAD1 billion (US$111.97 million) and structured under the Ijarah concept with a tenor of five years and a 2.66% annual coupon rate. The paper, guaranteed by the government, was exclusively offered to domestic investors and later oversubscribed by MAD3.6 billion (US$403.1 million).

There were other Sukuk issuances scheduled in 2018 but there have been no updates on them so far. The central bank is said to be planning the establishment of an Islamic interbank market as well as sovereign treasury Sukuk issuances to further support the Islamic finance industry.

Outlook

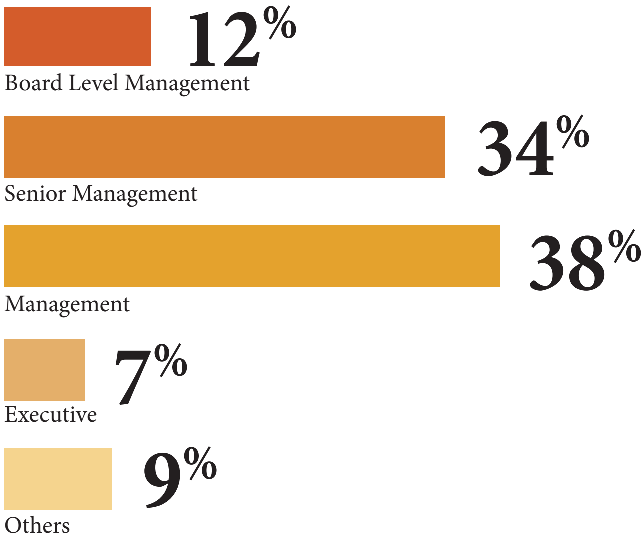
While the rapid growth of the Shariah finance industry in Morocco has been promising, especially given the governmental support it has been receiving, the absence of a developed Islamic finance infrastructure and the lack of public awareness are the two main factors expected to hold back progress in the sector. Despite this, however, local players are optimistic, and there has been some interest from international participants — for example in 2019, a Moroccan delegation started discussions with the Higher Shari'ah Authority of the Central Bank of the UAE on developing the Islamic financial industry in both countries.

Overall Evaluation
Online Event

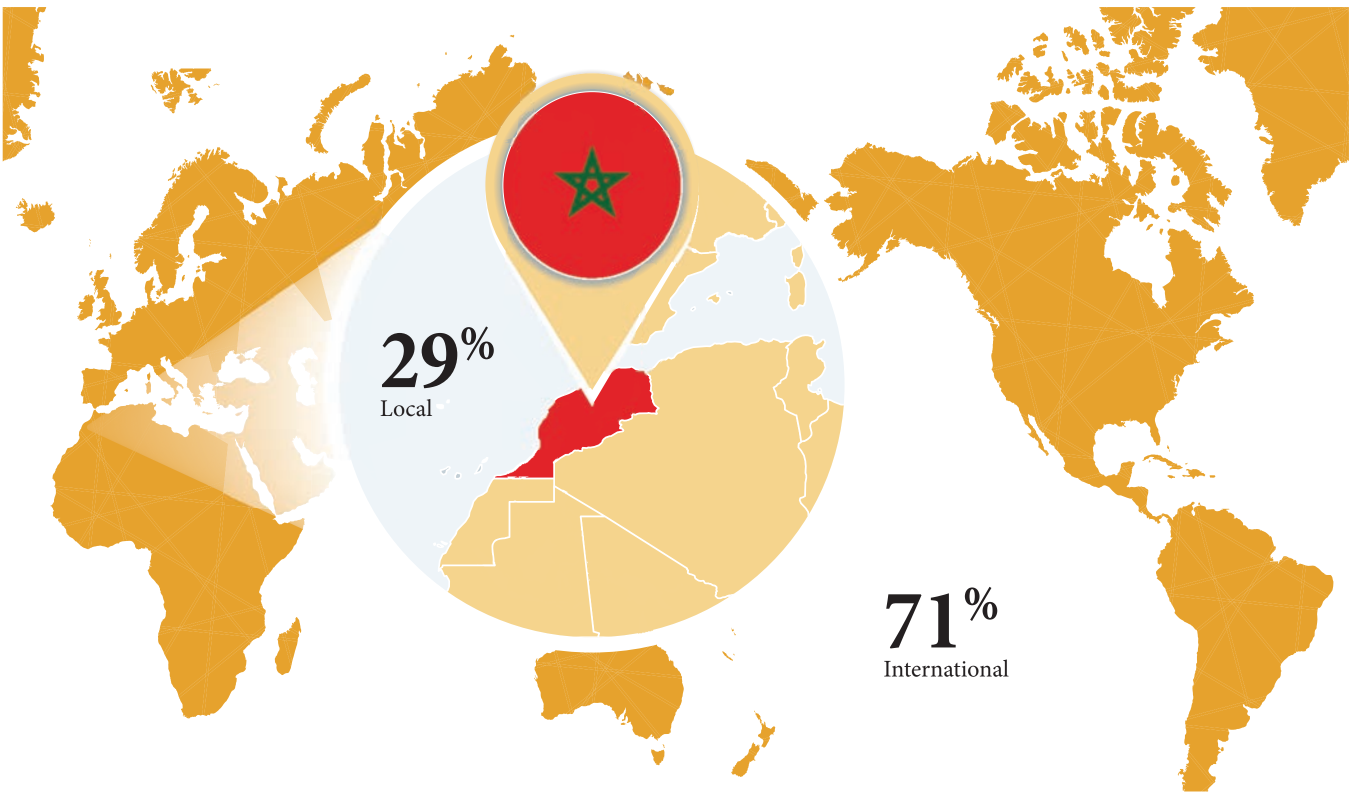
Speakers

Breakdown
Delegate

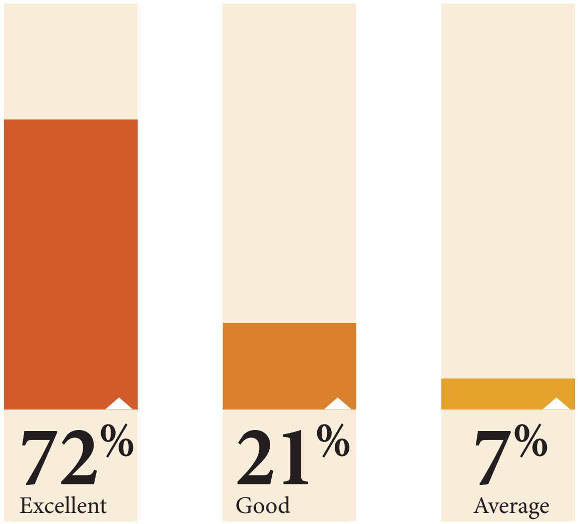
Job Title



International & Local



Session Evaluation
System Restart: Islamic Finance in Morocco



Delegates Who Would Like to Attend IFN Morocco OnAir Roadshow 2022

100%
Yes

Viewership

IFN TV **219**

Facebook LIVE **104**

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Al Maali Group
Al-Arafah Islami Bank Training and Research Institute
Alwaseet Travel WTTS
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Artvin Coruh Univrsity
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UIN
Um5
UM5 Rabat
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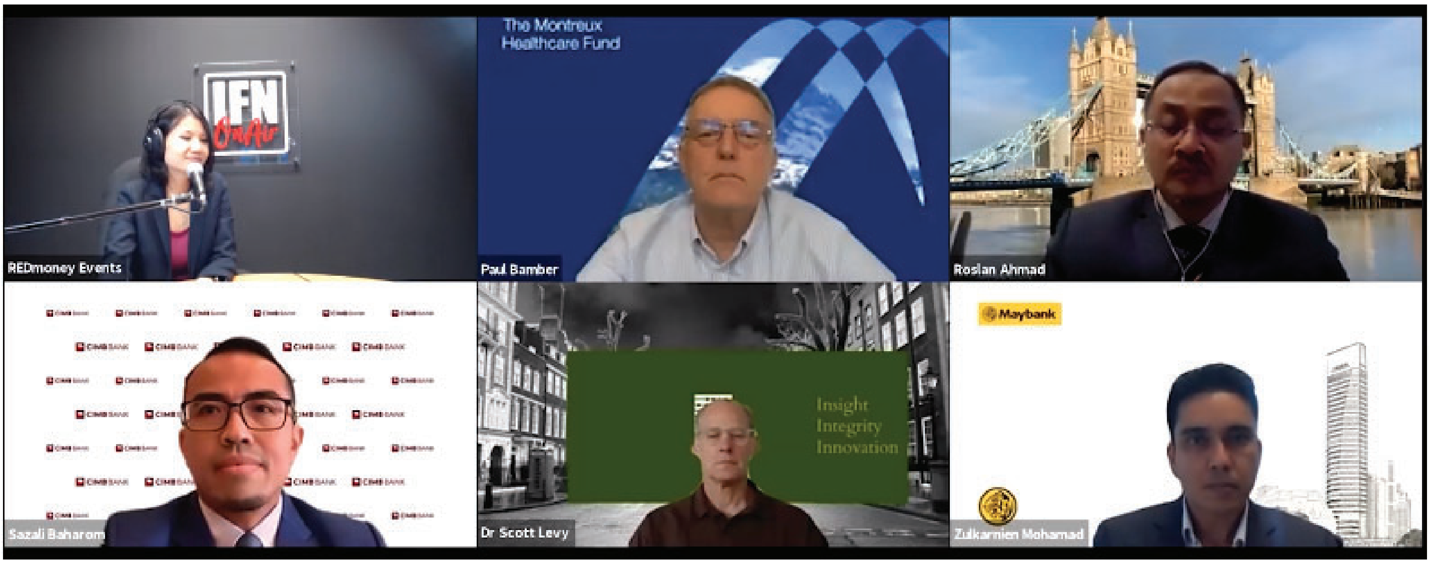


Land of Opportunity: Shariah Compliant Finance and Asset Management in Singapore

Panelists:

Vineeta Tan — Managing Editor, Islamic Finance *News* (*Moderator*)

Paul Bamber — Head of Sales, Asia, Montreux Capital Management

Roslan Ahmad — Chief Representative, DDGI

Sazali Baharom — Country Manager, CIMB Islamic, Group Islamic Banking Division, Singapore, CIMB

Scott Levy — CEO, Bedford Row Capital

Shaiful Kamarul Mohammed — Senior Country Manager, Indonesia, The Islamic Corporation for the Insurance of Investment and Export Credit

Zulkarnien Mohamad — Head, Islamic Banking, Maybank Singapore

Islamic finance professionals have called for a review of Singapore's Islamic banking guidelines enacted over a decade ago to better cater to changing market needs. This, market practitioners say, will facilitate the diversification of instruments to attract Shariah dollars into the island city, which is already brimming with untapped Islamic finance opportunities. VINEETA TAN reports.

Shariah compliant banking activities in Singapore are regulated under the Guidelines on the Application of Banking Regulations to Islamic Banking issued by the Monetary Authority of Singapore in 2010.

"The regulator has been very supportive so far — they've given their support in terms of launching new products, approvals and so on and so forth," said Sazali Baharom, the Singapore country manager of CIMB Islamic, at IFN Singapore OnAir Roadshow 2021, adding: "I feel that because of the advancement of the industry and requirements of market players, it is probably timely to look at the guideline to introduce new structures."

One structure Sazali highlighted was Wakalah, a structure adopted widely in other jurisdictions.

"This is important for Singapore because there are clients who tap Singaporean liquidity or offshore funding — so if we don't have a variety of structures to cater to these new requirements, then potentially, we are not able to acquire these opportunities."

Concurring with Sazali is Zulkarnien Mohamad, the head of Islamic banking at Maybank Singapore. "The regulator has been supportive, but we are still playing at the peripherals of the mainstream. Yes, we've seen progress from small to medium scale, but we've only seen a few landmark deals," Zulkarnien noted. "We require structural transformation on the industry level for us to move the needle."

Despite its relatively small Islamic finance market, Singapore's latent potential to spur and support Islamic financial and banking transactions is widely acknowledged due to its established position as a leading finance and wealth management hub.

"Singapore is sandwiched between leading Islamic finance countries such as Indonesia, Malaysia and Brunei. Together, there is a combined Muslim population of 300 million that Singapore can serve and I believe Singapore is well placed to do so," Shaiful Kamarul Mohammed, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)'s senior country manager for Indonesia, opined. In fact, Singapore's appeal is such that the ICIEC, which is part of the IsDB Group, is considering opening an office in the city to serve the needs and demands of its regional member countries such as Indonesia, Malaysia, Bangladesh, Pakistan and Brunei, Shaiful revealed.

There are nonetheless still gaps when it comes to Islamic finance.

"Singapore has got an interesting position as a hub — it is interesting that on the conventional side, Singapore is so innovative including in the areas of fintech, finance and asset management. But the lack of Wakalah does not help build on the strength of asset management to expand the capabilities within Singapore," commented Dr Scott Levy, CEO of London-based Bedford Row Capital, who also added that: "We are still at the beginning but there is a lot of talent and experience in Singapore. MAS [Monetary Authority of Singapore] not rushing to bring out specific Islamic finance legislation is actually good in my mind because it allows the industry to innovate."

"We have no doubt about the infrastructure and connectivity of Singapore, even the local Islamic religious council is supportive of the government's efforts for Islamic banking and finance," Roslan Ahmad, the chief representative of DDGI, the Malaysian arm of UK's DDCAP Group, echoed.

Roslan did however note that the real demand for Islamic finance in Singapore is from foreign players including from the Middle East, the US and Europe, instead of the domestic market. Only roughly 15% of Singapore's 2.7 million population are Muslims, according to latest statistics.

One such international player is Montreux Capital Management which domiciled its Montreux Healthcare Fund in Singapore as a conventional fund but pursued Shariah compliance for the fund on the advice of its local partner.

"Singapore is naturally a fantastically regulated and well-groomed market and is a superb hub for the region; a number of countries can feed off Singapore for banking and finance," Paul Bamber, Montreux Capital Management's head of sales for Asia, shared. "Once we've received Shariah compliance on the fund, the first place we marketed the fund is Malaysia and we've seen a lot of success from that." Bamber also confirmed that the firm is using Singapore as a springboard to get involved in Brunei and Indonesia.

Watch the full proceedings of IFN Singapore OnAir Roadshow 2021 here.

Dr Scott Levy

The skyline of Singapore is cluttered with global financial services businesses which recognize that it is a hub for virtually all financial services for ASEAN. Why has Islamic finance been slow to develop when the largest markets of Malaysia and Indonesia are almost a golf-shot distance away?

The regulatory framework is relatively open for both product development and fintech companies. Still, Singapore lags other markets for domestic products (which are poorly served), international issuance and fintech start-ups.

This will not be solved by the industry coming together but by entrepreneurial activities. Perhaps, the best place to start would be around liquidity products; the market needs more capital to deploy to green projects, impact or environmental, social and governance projects, infrastructure and even short-term liquidity investments.

Singapore has the depth of skills and background; 2021 hopefully will see some progress made to capitalize on the market position.

Dr Scott Levy is CEO of Bedford Row Capital.

Zulkarnien Mohamad

Our rough estimation suggests that the Islamic finance market size in Singapore is about 1% of the total size of Singapore's financial industry. Shariah compliant instruments form only marginal parts of Singapore's total financial asset size of SG$1.5 trillion (US$1.13 trillion), total banking loans of SG$687 billion (US$519 billion) (retail and business) and total assets under management of SG$4 trillion (US$3.01 trillion) — where Shariah compliant instruments represent SG$128 billion (US$96.7 billion) in retail investment funds, with total deposits of SG$763 billion (US$576.41 billion), a total local currency bond market share of SG$503 billion (US$379.99 billion), etc.

We have seen progress of Islamic finance in Singapore from a small to a medium scale though it falls behind in landmark and large-scale deals. We are still playing at the peripherals of mainstream industries.

To value add and spur vibrancy, Singapore's Islamic finance industry requires structural transformation and coordinated efforts by market participants.

To move the needle, we think it is essential to have a regulatory focus on the Shariah compliant financial industry by formulating and integrating Islamic finance into Singapore's Financial Services Transformation Map to outline and track the industry's roadmap, strategies, program and enablers. Regulatory tax incentives/schemes for Islamic finance instruments, especially those with sustainability elements and from Shariah compliant/Halal sectors, and for Sukuk, are most welcomed as a boost to attract investor interest domestically and globally.

For demand-led and in-depth Shariah compliant solutions, industry providers have to put in an extra focus on innovating its products and services and adopting technology to offer competitive advantages. In addition, regular industry engagements will provide platforms to discuss ideas, opportunities, challenges and strategies for Islamic finance in Singapore.

Structured Islamic finance educational programs are vital for retail, business and institutional segments as our observations indicate low awareness among them. Closer collaborations between regulators, Islamic financial institutions, business associations and community associations to jointly promote Islamic finance are recommended. Last but not the least, on the demand side, open-mindedness, feedback and support from end-customers across the retail, SME, commercial, corporate and institution segments, as well as government-linked companies, associations and others, are much needed to allow Islamic finance providers and experts to share the benefits and values of alternative solutions and to facilitate and co-journey with clients to meet their financial goals.

These suggestions may transform the Islamic finance industry in Singapore to a higher level. Resources and time are needed and the journey has to begin now.

Zulkarnien Nor Mohamad is the head of Islamic banking at Maybank Singapore.

Paul Bamber

For me, the main takeaway points from the roadshow can be summarized in a small number of words: product, opportunity, professional advice and media coverage.

There is no doubt Singapore is a strong and experienced center for finance; the product availability is there and the need to expand into the Shariah space is an important and large opportunity.

Ensuring professional advice is available for investors to access product and media coverage to ensure the market is aware of the availability is crucial. The panel discussion showed the expertise is already strong and with the right media coverage, they and others can take the opportunities available to expand products in the market plus leverage this expertise into the region using Singapore as the base.

Paul Bamber is the head of sales in Asia at Montreux Capital Management.

Roslan Ahmad

Singapore, a well-known financial hub, has prepared itself to serve the Shariah compliant finance and investment industry, not just the minority Muslims in Singapore but more importantly the global players. The challenges faced by the players are, among others, the lack of education and promotion and the deficiency in the depth and breadth of the Shariah compliant products. The latter could be due to less motivation to innovate and moreover, marketing new products as conventional products and services is a more established method than the Shariah compliant method. It is hoped that more activities can be planned, especially to educate the players about Shariah compliant products and services while there should be more efforts to propagate Shariah compliant finance and investment as the first choice.

Roslan Ahmad is the chief representative of DDGI.

Singapore: A strong potential for Islamic finance growth

Known for having a resilient economy and strong financial fundamentals with ample government backing, the Republic of Singapore, whose multicultural population includes 14% Muslims, is well placed to grow its Islamic finance sector. NESSREEN TAMANO writes an overview of the Shariah compliant finance and banking landscape in the country.

Regulatory landscape

Both Islamic finance and banking in Singapore and its conventional counterpart are governed by the same regulations — the Banking Act 1970 (revised 2008), the Securities and Futures Act (Chapter 289) and the Financial Advisers Act (Chapter 110).

There is no dedicated law on Islamic finance, but the Monetary Authority of Singapore (MAS) amended its regulatory framework to accommodate Shariah compliant banking and finance in 2005, referring to the standards and guidelines of the IFSB, of which the regulator became a member in the same year. The MAS also issued the 'Guidelines on the Application of Banking Regulations to Islamic Banking' in 2009.

In 2015, the MAS amended the Income Tax Act, waiving the imposition of double stamp duties on Islamic transactions in real estate and income tax and goods and services tax applications on some Islamic financial products.

Each Islamic financial institution holds the responsibility of appointing its own internal Shariah advisory board as there is no national Shariah advisory council in the country. Majlis Ugama Islam Singapura, or the Islamic Religious Council of Singapore, looks after the administration and interests of the Singaporean Muslim community and advises on matters pertaining to Islamic finance, but it does not hold any authority to make resolutions or issue regulations.

Banking and finance

Several foreign banks, notably Maybank, CIMB, Noor Islamic Bank and HSBC Amanah, offer Islamic financial products. Maybank was the first to introduce such products and services in 2005, followed by local bank OCBC Bank in 2007.

The Islamic Bank of Asia, the first local Islamic bank in the country, was established by DBS Bank in 2007 but ceased operations in 2015 when it was unable to achieve economies of scale as intended.

Singapore is well positioned to leverage its sophisticated wealth management expertise to develop a strong Islamic asset management repertoire. The country is home to Sabana REIT, one of the world's largest Islamic REITs, which had, in July 2020, announced a proposed merger with ESR-REIT to form the country's fifth-largest industrial REIT by asset size. The proposal is still pending approval from unitholders of both REITs and the Singapore Court.

Meanwhile, the Takaful sector remains underdeveloped. In 2019, Malaysian Reinsurance and the Singapore branch of Pacific Life Re signed an MoU to provide sustainable re-Takaful solutions to Family Takaful operators in Singapore, but these have yet to materialize.

Capital market

A popular Sukuk listing destination, there have been 20 international Sukuk issuances out of Singapore and 12 domestic issuances between 2001 and 2018, according to the International Islamic Financial Market's Sukuk Report 2019.

In 2018, the FTSE ST Singapore Shariah Index, the first to track Shariah compliant companies listed on the Singapore Exchange (SGX), was jointly developed and launched by FTSE Russell, Singapore Press Holdings and the SGX.

Fintech

A few Islamic fintech start-ups, including property crowdfunding platform Ethis and peer-to-peer crowdfunding platform Kapital Boost, call Singapore home. Ethis has also received its Islamic equity crowdfunding license in Malaysia, and a property crowdfunding license in the UAE.

Fintech vendor management platform Alpha Fintech, which is headquartered in Singapore, has collaborated with Bahrain's Finocracy on Shariah compliant solutions for the GCC market. FinAccel, which is Singapore-based and caters to Indonesian consumers, has also announced its plans to roll out Shariah compliant financing.

Singapore-headquartered RootAnt in 2020 launched a multitier finance platform powered by distributed ledger technology as part of its strategy to tap into the Halal and ethical finance markets.

Outlook

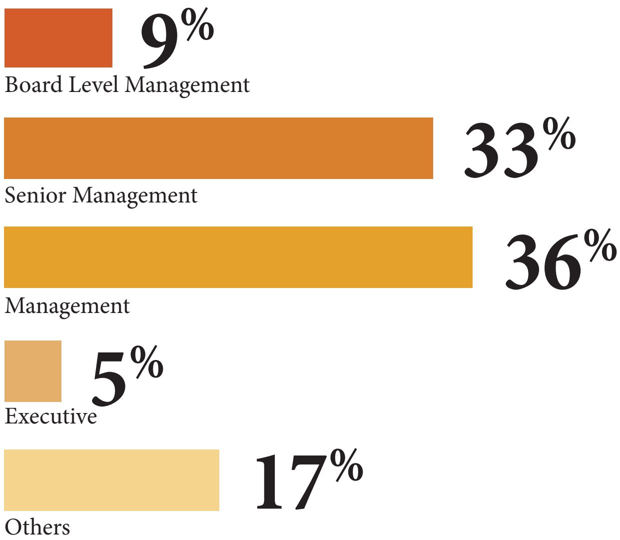
While there is strong potential for the growth of Islamic banking and finance in Singapore, the sector remains a niche that will need a substantial boost to propel it forward. Industry experts see much potential in Islamic finance complementing the country's thriving Halal business landscape as well as in the fintech arena. And especially with the MAS's goal of being a leading center for green finance, perhaps Singapore will see a stronger push for Shariah compliant finance in the coming years.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

Job Title



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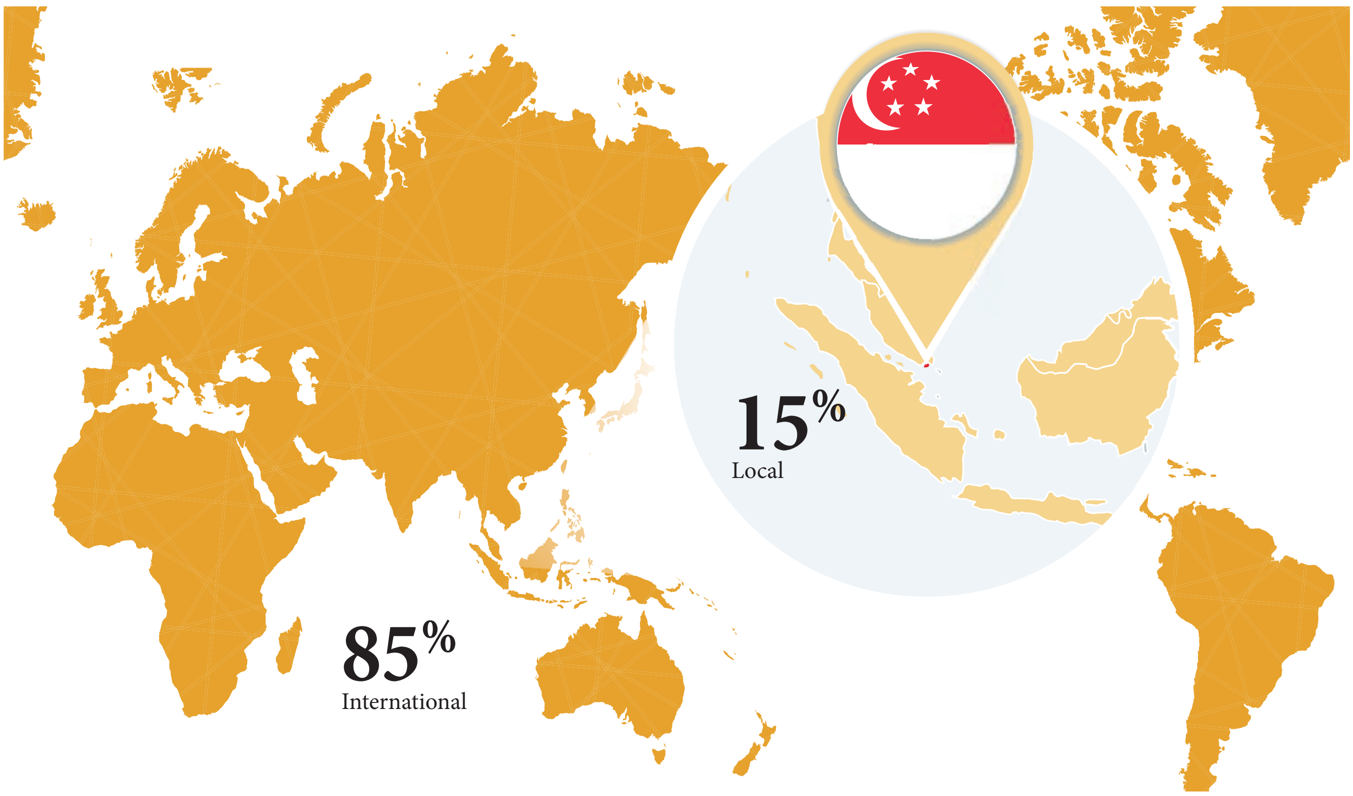
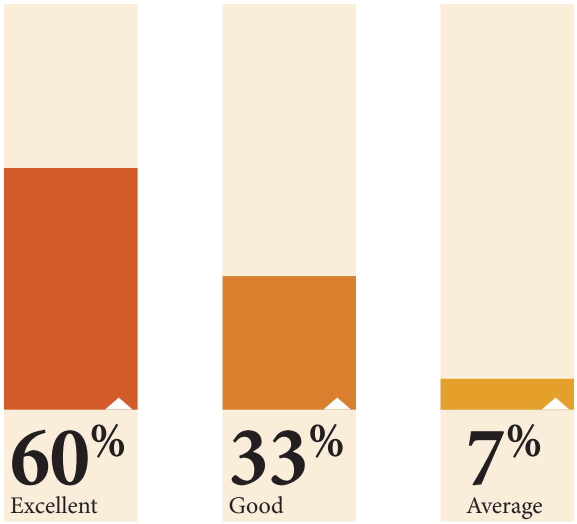


Session Evaluation

Land of Opportunity: Shariah Compliant Finance and Asset Management in Singapore



Delegates Who Would Like to Attend IFN Singapore OnAir Roadshow 2022

94% Yes

6% No

Viewership

IFN TV 189

Facebook LIVE 52

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AmanahRaya Trustees

"Well done and thank you for knowledge-sharing."

AZLAN FIRMAN ABD KARIM
Sidra Capital

"A great introduction to what Singapore can offer to Islamic finance practitioners from other parts of the world intending to establish a practice within the region."

AININ AMYLIA ADAM
Maybank

"Very informative session."

MOHAMAD GHAZALI SELAMAT
IXM Metals

"A pretty well-balanced discussion with perhaps time constraints."

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Umm Al-Qura University
UniSZA
University of Hong Kong
University of Warwick
UOB Group
Vardanyan, Broitman and Partners
West African Institute for Financial and Economic Management (WAIFEM)

Keynote Address:

Tarik Akin — Division Director (Islamic Finance), Finance Office of the Presidency of the Republic of Turkey

System Restart: Participation Finance in Turkey

Panelists:

Fatma Cinar — Manager, International Relations, Participation Banks Association of Turkey *(Moderator)*

David Testa — Executive Director, DDGI

Fatma Gamze Sarioglu — Senior Country Manager, The Islamic Corporation for the Insurance of Investment and Export Credit

Hüseyin Ünal — Head of Department, Department of Participation Finance (Insurance and Private Pension), Insurance and Private Pension Regulation and Supervision Agency of Turkey

Omer Çekin — Head of Participation Banking Unit, Banking Regulation and Supervision Agency

Rizwan Kanji — Partner, Akin Gump

IFN recognizes Turkey's position as a strong player in the global Islamic finance industry, especially with the strong commitment from the government, regulators and the participation banking industry.

To further progress in the areas of Islamic finance, the country has strategized to strengthen the market share of participation banks to 15% by 2025. Within the scope of the objective that was set, the actions to be taken for a healthy and sustainable development of participation banking in Turkey were planned under six main strategic objectives: communication; ecosystem; product range; standards and governance; digital; and competency-building. Overall, a holistic approach in financial inclusion with strong backing from the government would confirm the sustainable growth of the industry in the country for decades to come.

The contributions from the Islamic Corporation for the Insurance of Investment and Export Credit and the Turkish panelists provided fascinating insights into the legislative and regulatory initiatives to support participation banking and confirmed our views that the sector's future has the necessary legislative and institutional infrastructure to expand in line with the ambitious targets set by the government. Additionally, the focused discussion on fintech outlined the strong potential for growth in this area with room for both disruptors as well as those with 'enabling' fintech.

David Testa is the executive director at DDGI.

Over the last couple of years, new participation banks were founded by the government such as Vakif Katilim, Ziraat Katilim and Emlak Katilim. These banks expanded very quickly by opening many branches throughout the country and became active by launching many banking products in such a short time.

According to Fitch Ratings, the participation banking sector's share has increased to 7.2%. Six years ago, the same was recorded at 5%; the difference indicating an increase of approximately 40% is very significant.

In the current COVID-19 pandemic, foreign trade activities have become a priority for participation banks, with them especially concentrating on exports. Other than international trade, participation banks have also started to take part in the financing of infrastructure and health sector projects such as public–private partnership hospitals and the Canakkale Bridge.

Fatma Gamze Sarioglu is the senior country manager at the Islamic Corporation for the Insurance of Investment and Export Credit.

In his keynote address, Tarik Akin, the head of the Participation Finance Department at the Finance Office of the Presidency of the Republic of Turkey (CBFO), expressed the strong desire of preparation for a robust takeoff of participation finance in Turkey. The governance of the participation finance ecosystem will be covered with a holistic approach by the Participation Finance Department of the CBFO. The projected activities policies and strategic development goals will be directed to banking, capital markets, insurance and social finance institutions.

Participation finance architecture excels with newly established institutions in the central bank, the CBFO and the Insurance and Private Pension Regulation and Supervision Agency of Turkey.

The updated strategy report for the participation banking industry by the Participation Banks Association of Turkey is a significant initiative for the development of the sector. The five pillars of the national strategy report for participation finance are highlighted as follows: holistic transformation; infrastructure and enabling environment; Shariah governance; human capital; and perception and literacy.

A declaration for the participation finance industry in the new economic reform package will carry Turkey as the Islamic finance center. The progressive development of participation banks, adaptation to digitalization, highly qualified human capital and strong government support are mainly highlighted as the competive advantages of the industry.

The increasing market share of the participation banking industry in Turkey with its solid performance was acknowledged by the panelists. As real sector-driven institutions, participation banks actively engage in export and project financing deals.

With Turkey as a key market player in the Sukuk space, transaction efficiency and volume performance of Turkish participation banks are strongly emphasized.

In the insurance sector, Turkey's financial and legislative advantages will attract investors. A new draft law for participation finance is being studied actively by the Banking Regulation and Supervision Authority (BRSA) which will cover all institutions in the participation finance sector.

The BRSA is enhancing its activities to be compliant with international standards as much as possible. Liquidity management is one of the challenging issues of Islamic banks globally and the initiative by the president for the establishment of a megabank will relieve the sector players and contribute to the performance of Islamic financial institutions.

Turkey and the UK are closely connected with mutual collaborations in the fintech industry which will enable the solid and sustainable development of the sector to flourish.

Fatma Cinar is the head of international relations at the Participation Banks Association of Turkey.

The keynote speech focused on the grand strategy of participation finance from the lens of recent steps to carry participation finance forward to the next level.

It is important to understand the meaning and scope of participation finance, which covers all of the sectors, products and services that are compliant with the principles of Islamic finance. This means policies and strategy development goals have to address all of these sectors in a holistic way by considering inter-sectoral interlinkages and synergies.

Despite the detrimental impact of the COVID-19 pandemic on economies, societies and Islamic finance, the year 2021 has been fruitful regarding the concrete steps taken for the development of participation finance in Turkey.

The Department of Participation Finance has started preparing the Participation Finance Strategy Document covering 2021–25.

Turkey's economic reform package declared that the Participation Finance Act will be prepared and the International Islamic Arbitration Mechanism, the National Shariah Board and the Participation Finance Rating Mechanism will all be established by the end of this year.

Tarik Akin is the head of the Participation Finance Department at the Finance Office of the Presidency of the Republic of Turkey.

Turkey: Strong boost from regulators

With Turkish President Recep Tayyip Erdogan calling for more initiatives to push for Islamic finance in the country, the Republic of Turkey's participation finance sector has seen much progress in the last few years. NESSREEN TAMANO writes an overview of the thriving industry in a country with a Muslim population of 99.8%.

Regulatory landscape

The country's Islamic banking sector — widely known as participation banking — falls under the purview of the Banking Regulation and Supervision Agency (BRSA), which employs the Banking Law, and which published regulations for the operations of Islamic banks in 2018.

The Capital Markets Board (CMB) meanwhile first introduced Sukuk regulations in 2010. In 2012, sovereign Sukuk issuances were facilitated and the Capital Markets Law No 6362, which focuses on private lease certificates and asset-leasing companies, was implemented. The government soon allowed for lease certificates to be structured under various Islamic concepts and in 2015, a dedicated Islamic finance coordination committee was set up to focus on the development of the industry.

In early 2021, two dedicated Islamic finance units were launched: a participation banking division within the Central Bank of the Republic of Turkey, and a participation finance department within the Finance Office of the Turkish Presidency.

The Ministry of Treasury and Finance first brought up the establishment of a central Shariah advisory board in 2018; in 2020, the regulators collaborated with the Participation Banks Association of Turkey (TKBB) to complete a legal infrastructure on Islamic banking, under which the formation of the advisory board is also outlined.

Banking and finance

There are 53 banks in Turkey, out of which six are fully-fledged Islamic banks, listed with the BRSA. According to the TKBB, the total assets of participation banks in Turkey held a 5.1% share of the market in 2012 and a 6.3% share in 2019, reaching 7.1% by the end of the third quarter of 2020.

National bank Halkbank announced plans a few years back to open a participation window, and the country is in talks with the IsDB and Indonesia about establishing an Islamic bank, which was supposed to have been launched in 2018 but has yet to materialize. Also in 2018, AlBaraka Turk launched Insha, a digital Islamic bank, in Germany.

In mergers and acquisitions, the Turkish Treasury has expressed interest in taking over a controlling stake in Vakifbank, and in 2019, the UAE's Emirates NBD acquired 99.85% of Russia's Sberbank's stake in DenizBank.

In 2021, President Recep, in a meeting with D-8 developing nations, called for the establishment of an Islamic megabank in the country to address the financing needs and requirements of Shariah financial institutions and infrastructure projects alike.

Sukuk

The first Sukuk facility issued was in 2010 by Kuveyt Turk Katilim Bankasi, which raised US$100 million in lease certificates. The Turkish government made its sovereign Sukuk debut in 2012, raising US$1.5 billion. It regularly auctions gold-based Sukuk and issues Islamic lease certificates as well.

In May 2020, in response to demand, the Turkish Treasury announced that local currency-denominated fixed rent rate lease certificates will be issued to Islamic banks through direct sales.

Turkey is one of the top jurisdictions leading global Sukuk issuances (the others being powerhouses Malaysia, the UAE and Saudi Arabia). Regular issuers include Turkiye Finans, Vakif Katilim and AlBaraka Turk. As at the end of 2020, Sukuk issuances by the Ministry of Treasury and Finance reached TYR75 billion (US$8.89 billion), while Sukuk offerings by participation banks amounted to TRY43 billion (US$5.1 billion), the TKKB said.

Asset management

There are three fully-fledged Islamic asset managers in Turkey, but conventional asset managers are permitted to offer Islamic products on a window basis with no need to apply for separate Shariah approvals, making it difficult to ascertain the total number of Islamic funds in the country.

Popular in the country are Sukuk participation funds and participation pension funds, which are established and managed by portfolio management companies licensed by the CMB, and which together constitute around 5.5% of the total fund sector.

Outlook

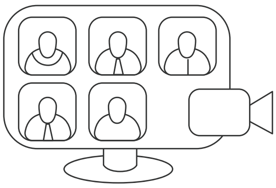
Turkey is a key Islamic banking market that enjoys regulatory support, lending its Shariah compliant products resilience and allowing the industry to stay competitive despite economic challenges. Experts and industry players are optimistic about the participation finance industry's growth; Moody's Investors Service expects Turkish Islamic banking assets to double over the next five years, recording a 54% growth in 2020 that outpaced the conventional banking sector.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

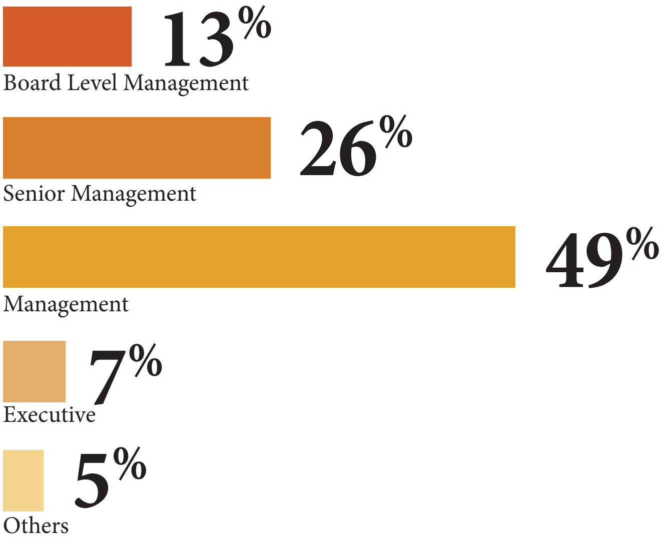
97%
Delegates



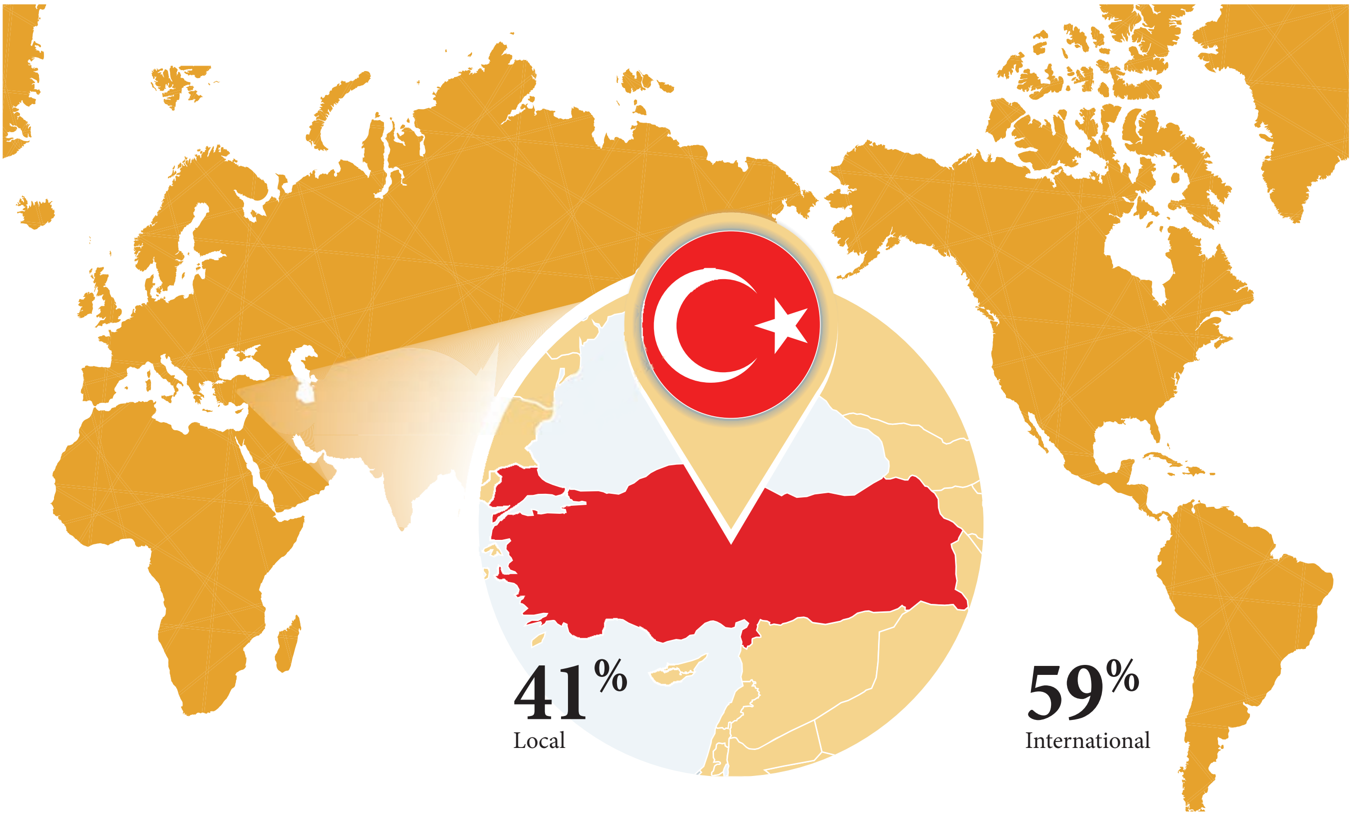
■ ONLINE CONFERENCE ■

3%
Speakers

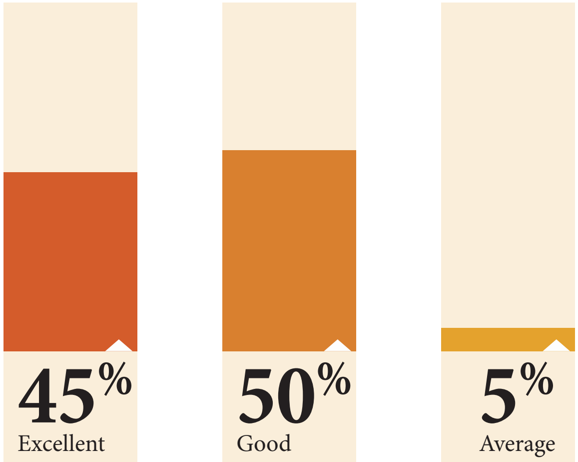
Job Title



International & Local



Session Evaluation
System Restart: Participation Finance in Turkey



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95% Yes

5% No

Viewership

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Albaraka Türk Katılım Bankası
Al-Quds University
Alternatif Bank
Alwaseet Travel
Amundi Aalam
Ankara Yıldırım Beyazıt University
Apcedesouth
Artvin Çoruh Üniversitesi
Association of National Development Finance Institutions in Member Countries of the IDB (ADFIMI)
Astana Inertnational Financial Center (AIFC)
Atatürk Üniversitesi
Attorney General"s Chambers, Malaysia
Banca Monte dei Paschi di Siena
Banco Sabadell
Bank Al Habib
Bank Negara Malaysia
Banking Regulation and Supervision Agency (BRSA)
Barclays
Bedford Row Capital
Bingöl Üniversitesi
Blida 2 University
BML Istisharat SAL
Bursa Malaysia
Bylur GmbH
CaixaBank
CaixaBank, Turkey Representative Office
Cardiff Metropolitan University
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Cheok Advocates & Solicitors
Crédit Agricole Italia Spa
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Gateway Global
Ghana Institute of Islamic Finance and Economics
Great Abelinco
Hagnus Group
Halk Invest
HSBC
Huriya Gold
ICIEC
IICPSD
Ijara Capital
Ines
Insurance and Private Pension Regulation and Supervision Agency of Turkey
Isbank AG
Islamic Corporation for the Development of the Private Sector (ICD)
Islamic Development Bank ICIEC
Islamic Economics and Finance Research and Application Centre (ISEFAM)
Islamic Financial Services
Istanbul Sabahattin Zaim University
Istanbul Zaim University
Jaiz Bank
K & L Gates
Katılım Emeklilik
KTO Karatay Universty
Kuveyt Türk Katılım Bankası
Kuwait Turkish Participation Bank, Bahrain Branch
Labuan IBFC
Licungo University
Mal wa Halal
Marmara University
Maxima Markets
MEB
MEC Intlernatinal
Mukas Capital
Mutlu Avakatlik Ortakligi
Necmettin Erbakan University
Nigerian Exchange
NIS Rating
NN Group, Turkey
OdeaBank
Old Mutual
Participation Banks Association of Turkey (TKBB)
Prime Bank
Prince Sultan University
Private Pension Regulation and Supervision Agency (SEDDK)
Psalm Fiduciary
PTT A.Ş.
Putra Business School
RMA Morocco
S & P Global Ratings
Sabah Eldin zaim university
Sabahattin Zaim üniversitesi
Sakarya Üniversitesi
Sakeenah Group
SAL Group
Salim Megatama Group
Saracens Solicitors
Sarıibrahimoğlu Hukuk Bürosu
SberBank
Silk Bank
Social Islami Bank
Squire Patton Boggs
Standard Bank
State Bank of Pakistan
SunTrust Bank Nigeria
Taif Digital Institute
Telenor Microfinance Bank
The Islamic Corporation for the Insurance of Investment and Export Credit
Treasury Dept Kwara State, Ministry of Finance
Trillion Exchange
Turkish Participation Banks Association
Türkiye Finans Katılım Bankası
Türkiye Hayat Emeklilik
UAH
UBS AG Singapore
United Nations Development Programme (UNDP)
University of Malaya
Vakif Katilim
Wafa Assurance
YIEA Institute, Indonesia
YOA Law Office
Zorlu Enerji Elektrik Üretim

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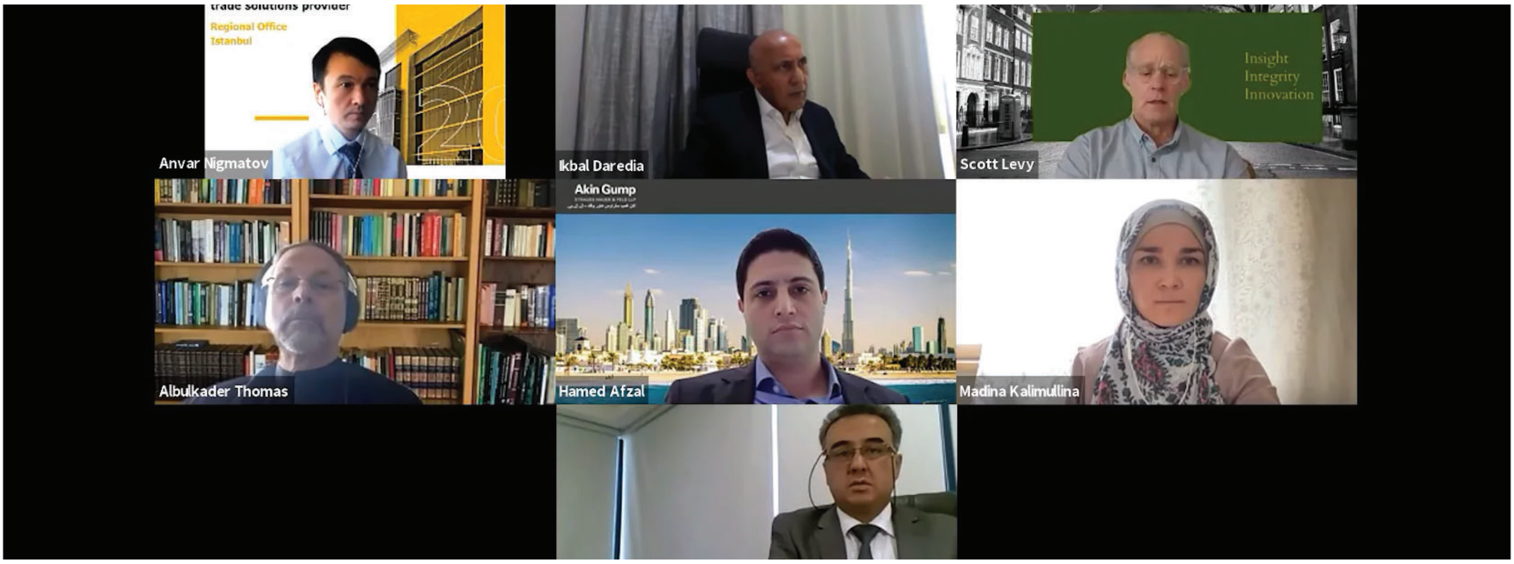

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Brave New World: Islamic Finance in Commonwealth of Independent States and Russia

Panelists:

Abdulkader Thomas — Group CEO, SHAPE™ Knowledge Services *(Moderator)*

Anvar Nigmatov — Manager, Relationship Management with CIS, International Islamic Trade Finance Corporation

Hamed Afzal — Counsel, Akin Gump

Ikbal Daredia — Advisor to CEO, Acting Director – Global Markets and Fixed Income (GMFI) and Acting Director - Treasury, The Islamic Corporation for the Development of the Private Sector

Madina Kalimullina — Executive Secretary, Russian Association of Experts in Islamic Finance

Dr Scott Levy — CEO, Bedford Row Capital

Zafar Mustafaev — CEO, Uzbek Leasing International

IFN takes a closer look at Russia's Islamic finance landscape as well as how the development of the Commonwealth of Independent States (CIS) countries has progressed in terms of the regulations, Islamic banking and frameworks in place to propel Islamic finance to the next level.

The past five years have seen the birth of several fully-fledged Islamic banks in the Islamic CIS countries which have led to the establishment of an ideal ecosystem for the development of the economy and international trade through Islamic finance.

The prospects of Islamic finance in the region are promising and mainly substantiated by the significant reforms in the regulatory landscape which have gradually transformed the region into a new emerging market for Islamic finance. Supportive legislation has been developed to facilitate the need for Shariah compliant services in the CIS frontier region.

KEY TAKEAWAYS

Our diverse panel enjoyed a wide discussion about the prospects of Islamic finance in Russia and the Commonwealth of Independent States (CIS). Ikbal Daredia [advisor to CEO and acting director – global markets and fixed income and acting director – treasury, the Islamic Corporation for the Development of the Private Sector] and Anvar Nigmatov [manager of relationship management with CIS, International Islamic Trade Finance Corporation] shared the contributions of the IsDB Group in the region. Ikbal noted important regulatory gaps and indicated that this hinders the development of local currency Sukuk which are, in his view, an empowering way to support local SMEs in the CIS region.

Hamed Afzal [counsel of Akin Gump], however, shared how the lack of regulation was not always an impediment. But the lack of tax parity was a problem. Dr Madina Kalimullina [the executive secretary of the Russian Association of Experts in Islamic Finance] and Zafar Mustafaev [CEO of Uzbek Leasing International] also commented on the lack of regulations, but noted the range of constructive developments in Russia and Uzbekistan. While awaiting Islamic finance laws, Zafar noted that his firm has secured a Fatwa in favor of its leasing operations.

Hamed and Dr Scott Levy [CEO of Bedford Row Capital] discussed whether or not windows were a short cut. Dr Scott postulated that non-banks can be more innovative than banks. Anvar contributed how IsDB Group often started with windows and banks to create capacity in the CIS.

Dr Madina led a vibrant discussion of the opportunities for Islamic finance to support the rapidly growing Russian Halal export sector.

Dr Scott reprised the benefit of Sukuk but noted the importance of education to develop the market. He gave our meeting a notable quote: “The CIS grows better together.”

Abdulkader Thomas is group CEO of SHAPE Knowledge Services.

Russia and the Commonwealth of Independent States (CIS) have a large Muslim population spread across a number of independent states which, although they have a common recent historical background, have very different approaches to Islamic finance. The panel discussions covered a number of interesting aspects including tax and regulations as well as fragmented local markets and lack of education. Financial institutions are currently using Islamic windows to approach the market in parallel to a number of entrepreneurial businesses which are going direct. The Astana International Finance Centre has demonstrated that there is the possibility of regional developments but there is a long way to go. The support of the IsDB has been important in selected areas but none of these deals have managed to ignite the local market. A combination of fintech and broader education will be needed to push through the legislative and tax changes necessary to make Islamic finance a viable commercial option in Russia and the CIS.

Dr Scott Levy is CEO of Bedford Row Capital.

Who should be the main innovators in the Islamic finance segment in the Commonwealth of Independent States (CIS)? Fintech provides solutions which allow us to surpass the hurdles related to banking regulation, including taxation issues, making the services uncompetitive compared to conventional finance.

As pointed out by some of the other panelists, globally, the trend is not with the banks. In the CIS, the main trendsetters in the consumer markets are either financial groups or big resellers such as Ozon.

The market is also witnessing the mergers of both. Among the latest examples of diversifying businesses are the introduction of financing services by Ozon.ru, business diversification by Sberbank which opened cafes in bank branches and launched its delivery services, and the buyout of a bank by Yandex Group.

The bigger groups have greater resources to market any new product and to make it affordable to any consumer. In this environment, it makes it almost impossible for any newcomers to compete. Therefore, a common Islamic finance services provider has to be smart enough not to expect that Shariah compliance as a competitive advantage is enough to be efficient.

The success is in the speed, convenience, social benefits and the clear added value to the customer and the economy. This is enhanced by the growing trend toward environmental, social and governance, ethical finance and the convergence between the financial and trade sectors.

Madina Kalimullina is the executive secretary of the Russian Association of Experts in Islamic Finance and a senior researcher of the HSE-Skolkovo Institute for Law and Development at HSE University.

TESTIMONIALS

ZIASINFOS
Self-employed

“Good forum for introduction to a hitherto unknown potential market and development opportunities for Islamic finance.”

Russia: Fostering relations with the Middle East

Islamic finance and banking has a large potential market in Russia which, according to World Population Review, has an estimated total population of 146 million in 2019, 6.5% of which is Muslim. However, progress has been slow, even as the country has a strong education base and receives support from international entities. NESSREEN TAMANO writes an overview.

Regulatory landscape

There is no dedicated Islamic finance regulatory infrastructure in Russia; providers of Shariah compliant products operate within the country's existing regulations.

The Advisory Council on Islamic finance legislation of the State Duma Committee on Economy, Policy, Industry, Innovative Development and Entrepreneurship created a special working program in 2017 to incorporate Islamic finance within the legal infrastructure. The State Duma, however, rejected draft regulations on Shariah finance a year later. The draft is expected to be tabled again, providing an amendment exercise is completed.

In 2018, the Central Bank of Russia (CBR)'s Participation Banking Working Group (PBWG) had a roadmap for Islamic finance in the pipeline — supposed to be adopted in 2018–19 — and was studying ways to remove hurdles in the legal system that might hinder Islamic finance. The CBR was also said to be looking at developing Islamic banking, Takaful and Islamic securities. These plans have yet to be implemented.

In 2019, the IsDB started discussions with the central bank to prepare a framework for the launch of commercial Islamic banks.

Banking and finance

There are no fully-fledged Islamic banks in Russia, but some institutions offer Shariah compliant products. In 2018, a potential joint Islamic bank — by Iranian and Russian entities and a Shariah bank in Grozny of the Chechen Republic — was in discussion but has yet to materialize. Sberbank, Russia's largest lender which provides Islamic solutions, was also mulling the establishment of an Islamic finance entity.

In 2020, the state-owned bank announced its plans for a fully licensed Islamic banking window, as well as the establishment of its subsidiary Sberinvest Middle East in the UAE, with its first office and a dedicated Shariah department to open in Abu Dhabi in early 2021.

A few other banks, including AF Bank, Bank Express, Moscow Industrial bank and Sovcombank, used to offer Islamic financial solutions but have been shut down after internal decisions to withdraw their respective licenses.

Lale, an investment fund of Tatarstan's state-owned AK Bars Capital, began operations in 2019, facilitating Islamic investments in Russia and abroad using Shariah compliant investments. At least three institutions — Amal Finance House, LaRiba Finance and Fincity — offer Islamic microfinancing.

Sukuk

Russia's first Sukuk transaction was a test issuance in 2017 by Sukuk Invest, an SPV. The transaction, accepted and registered by the CBR and arranged by Fintech Invest, was expected to aid local corporates and sovereign entities to tap the Islamic debt capital markets. However, no progress has been seen in this area to date.

Takaful

In 2018, the central bank's PBWG was said to be considering granting Takaful licenses to local operators and focusing on initiatives that support the sector. However, to date, only Allianz Life Insurance's Allianz Invest+ solution is the closest Russians have to a Takaful product, even though it is yet to be certified Shariah compliant.

International support

Russia receives strong support from foreign entities. The IsDB has signed agreements of cooperation with a number of Russian financial institutions, and the multilateral bank's Islamic Corporation for the Development of the Private Sector has lobbied for changes in Russian banking legislation to incorporate Islamic banking.

Russian banks and entities have established relationships with Islamic finance powerhouses including the Dubai Islamic Economy Development Centre and the Export Development Bank of Iran. The country is a member of the Eurasian Economic Union, an international organization of regional economic integration of which Kazakhstan, Kyrgyzstan, Armenia and Belarus are also members. As special laws relating to Islamic finance are already in place in both Kazakhstan and Kyrgyzstan, particularly in banking, insurance, the capital market and licensing, it is hoped that a harmonization of legislation between these member countries will result in their established Islamic financial institutions being legally allowed to work in the Russian financial markets.

Outlook

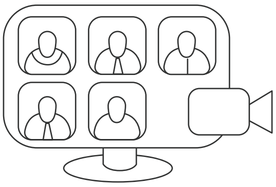
There is a strong base for education and building awareness on Islamic finance in Russia, with a few educational institutions offering programs that focus on the sector. This, paired with the Russian government's willingness to further develop its relations with the Gulf region, is an encouraging sign that the demand and opportunities for Islamic finance and banking exist in the country.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

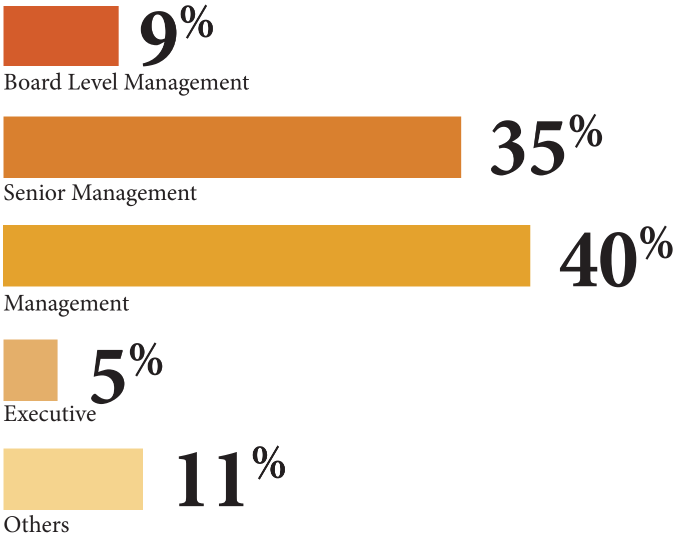
94%
Delegates



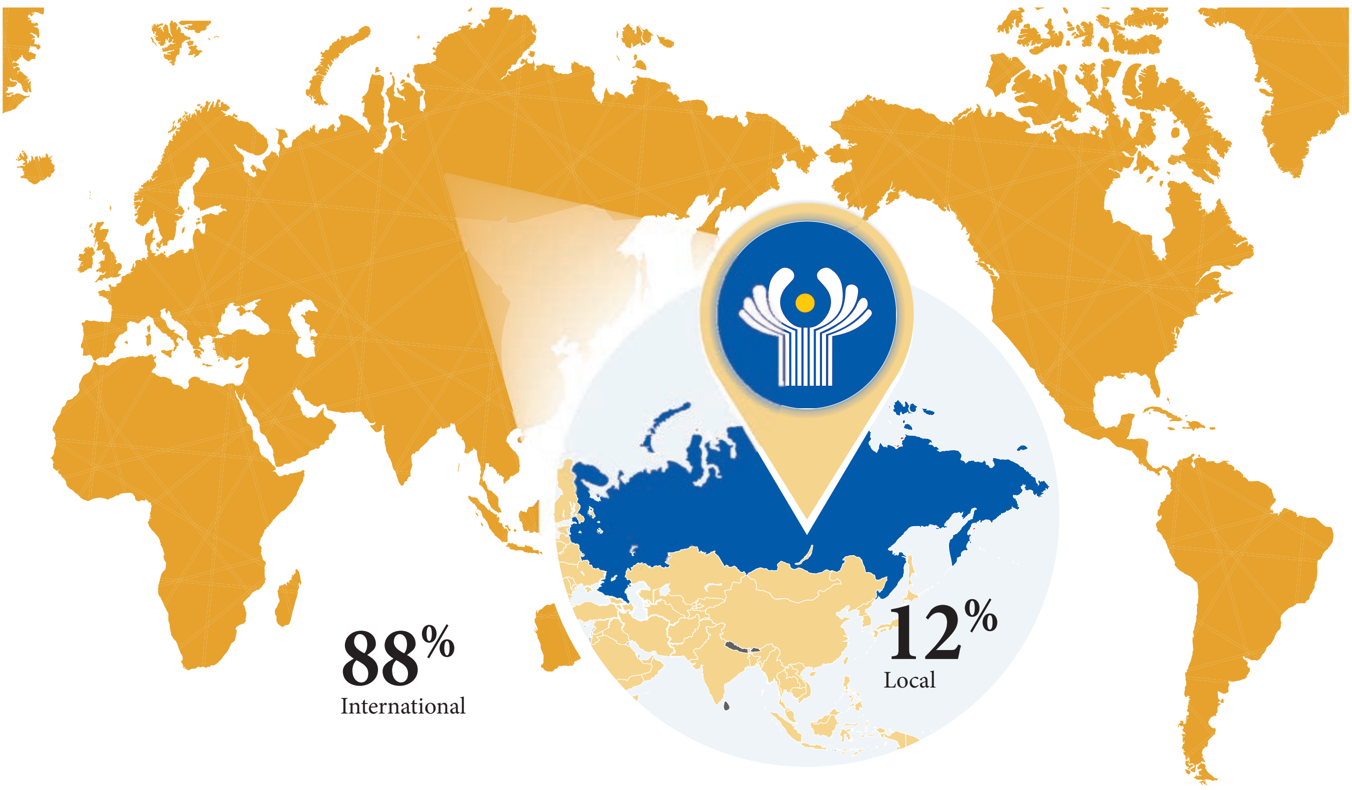
■ ONLINE CONFERENCE ■

6%
Speakers

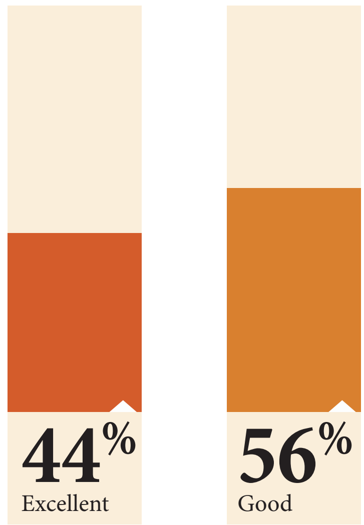
Job Title



International & Local



Session Evaluation
Brave New World: Islamic Finance in Commonwealth of Independent States and Russia



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Viewership

IFN TV 137

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Bedford Row Capital
Bluemount Capital
BML Istisharat
BSA Law Firm
Bursa Malaysia
Bylur GmbH
Capital Banking Solutions
Cardiff Metropolitan University
CESAG Business School, Senegal
City Resort S.R.O
Clifford Chance
Codebase Technologies
Cura Management
Da Afghanistan Bank (Central Bank of Afghanistan)
DDGI
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KAAP
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Licungo University
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Oxford University
Pairstech Capital Management
Paytut
Platilate, Rusiia
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PwC, Uzbekistan
Russian Association of Experts in Islamic Finance
S&P Global Ratings
Sakarya University
Sakeenah Group
SAL Group
Salaam Gateway
Salim Megatama Group
Samba Financial Group
Sberbank
SHAPE™ Knowledge Services
Siaflux
Spektr Consultant
Squire Patton Boggs
Standard Bank
State Bank of Pakistan
Sterling Bank
SunH Holdings
Taiba Leasing
Taj Bank
TheCityUK
Treasory Dept of Kwara State, Minstry of Finance
Turkiye Finans
University of British Columbia
Uzbek Leasing International
Uzexim Capital
Vakif Katilim Bankasi
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System Restart: Islamic Banking and Finance in South Africa

Panelists:

Cassim Docrat — Regional Director, DDCAP *(Moderator)*

Amman Muhammad — CEO, FNB Islamic Banking

Bessem Soua — Senior Division Manager, Sub-Saharan Africa & Europe Region Division, The Islamic Corporation for the Insurance of Investment and Export Credit

Yasmina Francke — CEO, South African National Zakah Fund

Yumna Emeran —Head of Coverage Analyst, Development Bank of Southern Africa

The post-pandemic recovery period has brought greater attention to the African market, with a focus on Sukuk as a viable way out to spur growth in the backdrop of a recovering economy.

Foreign investments have been seen as one of the potential areas of opportunity to be tapped into and in which the government's support is much sought-after. International trade finance and cross-border transactions have garnered much interest from the local Islamic finance practitioners in the market.

The country is looking forward to greater collaboration between the Islamic banking industry and regulators for greater access to finance supporting the local businesses or SMEs through microfinancing and integrating financial technology in the process.

Despite being one of the non-Muslim-majority countries on the African continent, South Africa has proven its place in the Islamic finance industry through its strong foundation of creating diverse products and tools to support the development of the sector in the country.

The role of the South African Islamic social finance sector is an important discussion point in exploring a system restart to address the myriad of socioeconomic challenges in our country — particularly now that we need to recover from a debilitating virus.

The Islamic financial industry, and particularly Islamic banking, in South Africa enables Muslims in the country to manage their financial affairs in a way that is aligned to their beliefs.

A person may live their entire life avoiding Riba/interest and investing in Shariah compliant products but it might be in vain if he or she is not mindful of Zakat and the timeous discharging of this obligation.

Islamic banking coexists with Zakat in that it can be a powerful facilitator for ensuring that Zakat obligations are fulfilled by the Muzakkis in respect of the wealth entrusted to the bank or investment house.

As a country, South Africa's poverty reduction strategy must incorporate all components of the Islamic social finance ecosystem. Each of these components functions at various levels of efficiency and impact, but is still relatively independent of each other. We need greater collaboration between the various players to be truly effective, which will also serve to eliminate some of the inefficiencies and duplications.

Yasmina Francke is CEO of SANZAF.

South Africa: Turning to Islamic finance

The famously multicultural nation of South Africa is also the region's second-largest economy by GDP and a pioneer in Shariah finance. The country suffers from a weak economy, however. NESSREEN TAMANO writes an overview of the African nation's Islamic finance and banking industry.

Regulatory landscape
Islamic banking and finance in South Africa is governed by the same legislation as its conventional counterpart, with accommodations for Shariah compliant transactions. Concepts including Mudarabah, Murabahah and Musharakah are recognized in the Taxation Law Amendment Act of 2010 as well.

Sukuk facilities were formally recognized in 2011 as an instrument for the government only, but later in 2016 were opened up to public entities and listed companies.

In 2018, the government started developing a regulation to audit Islamic institutions, expected to be launched in early 2019 but has yet to materialize.

Banking and finance
South Africa boasts a sophisticated financial system with over 50 banks, according to the South African Reserve Bank.

The Republic has only one fully-fledged Islamic bank, however — Al Baraka Bank South Africa (Al Baraka SA), which was established in 1989 — and one fully-fledged retail financier, Lendcor, which converted into a Shariah compliant institution in 2016. Four other banks offer Islamic products on a window basis — Barclay's Absa Bank, Habib Bank Zurich's HBZ Bank, First National Bank and Standard Bank.

According to the Banking Association of South Africa, the Islamic banking sector of the country has shown substantial growth, with total deposits reaching ZAR37 billion (US$2.68 billion) as at the end of June 2020 compared with ZAR35 billion (US$2.54 billion) recorded at the end of December 2019 and ZAR23 billion (US$1.67 billion) achieved at the end of December 2018.

An Islamic crowdfunding platform was said to be in the works in 2018, focusing on funding for industries like import–export, manufacturing and agro-processing. Also in the pipeline is an Islamic robo-advisor awaiting regulatory approval. A few Shariah compliant products debuted in the market in the past few years, including Murabahah financing, as well as a working capital solution and trade finance product by Global Islamic Financial Services Firm — the former is said to be the first Islamic invoice discounting solution in the region.

Takaful
There are two fully-fledged Takaful operators in South Africa: Absa Takafol, previously Takaful SA which was established in 2003 and acquired by Absa Group in 2011, and Takaful Africa, which partners with Canada-based Fairax's subsidiary Bryte Insurance Company South Africa.

In 2017, First National Bank's Islamic unit started offering Takaful products, and Al Baraka SA has also expressed interest in tapping the Takaful market.

Asset management
There are 11 asset management companies offering Shariah instruments with over 20 Islamic funds, including at least three exchange-traded funds (ETFs), in the South African Islamic fund space.

The first Islamic mutual fund in the country was introduced by Al Baraka SA in 1992 — a collaboration with Old Mutual Investment Group — and Absa Group pioneered Shariah ETFs with its NewFunds Shariah Top 40 Index ETF in 2009.

Other funds in the market include Old Mutual's 10-year close-ended African Agri Farmland Fund and the Rasmala Trade Finance Fund by UK-owned and Dubai-based Rasmala Investment Bank. In late 2019, Momentum Securities launched a global Shariah portfolio that invests in MSCI World Islamic Index companies.

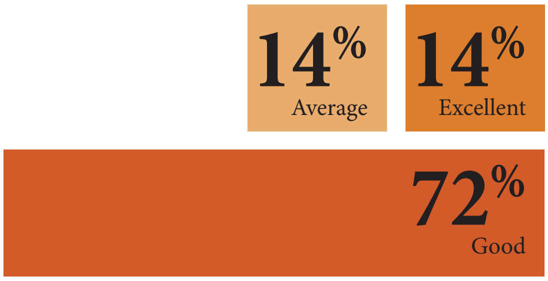
Sukuk
South Africa was the first African government to tap the global Sukuk market with its debut issuance worth US$500 million in 2014. A sophomore rand-denominated Sukuk facility was expected in 2018 but has been delayed at least three times; early this year, the National Treasury said it will be issuing a US$3 billion Sukuk paper in 2021/22 to diversify its debt portfolio.

In the corporate market, Al Baraka SA issued its maiden Sukuk, the country's first Tier 2 capital Sukuk by a bank, in 2018 and announced plans for a second issuance which was supposed to be in 2019. State-owned electricity provider Eskom is also working on a domestic Sukuk issuance.

Outlook
The rainbow nation's credit rating has been downgraded to junk status by Moody's Investors Service, as the country was already in recession even before its first COVID-19 case. Still, Islamic finance industry players remain optimistic, as a substantial portion of consumers, while non-Muslim, lean toward alternative, ethical financing and investment options, in addition to the government's strong interest in developing Shariah finance.

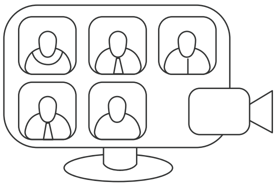
Overall Evaluation
Online Event

Speakers



Breakdown
Delegate

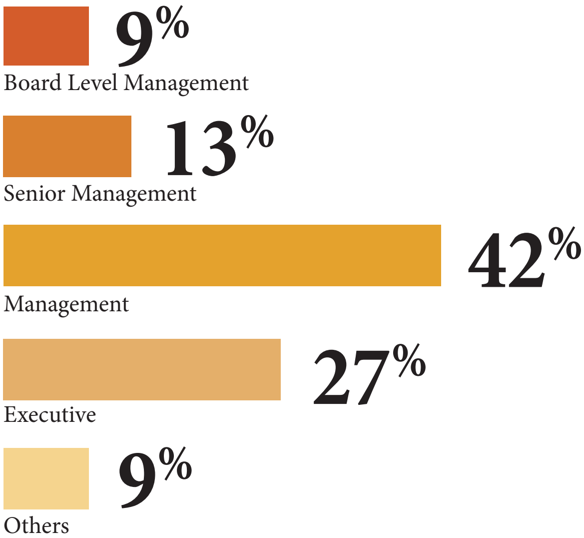
95%
Delegates



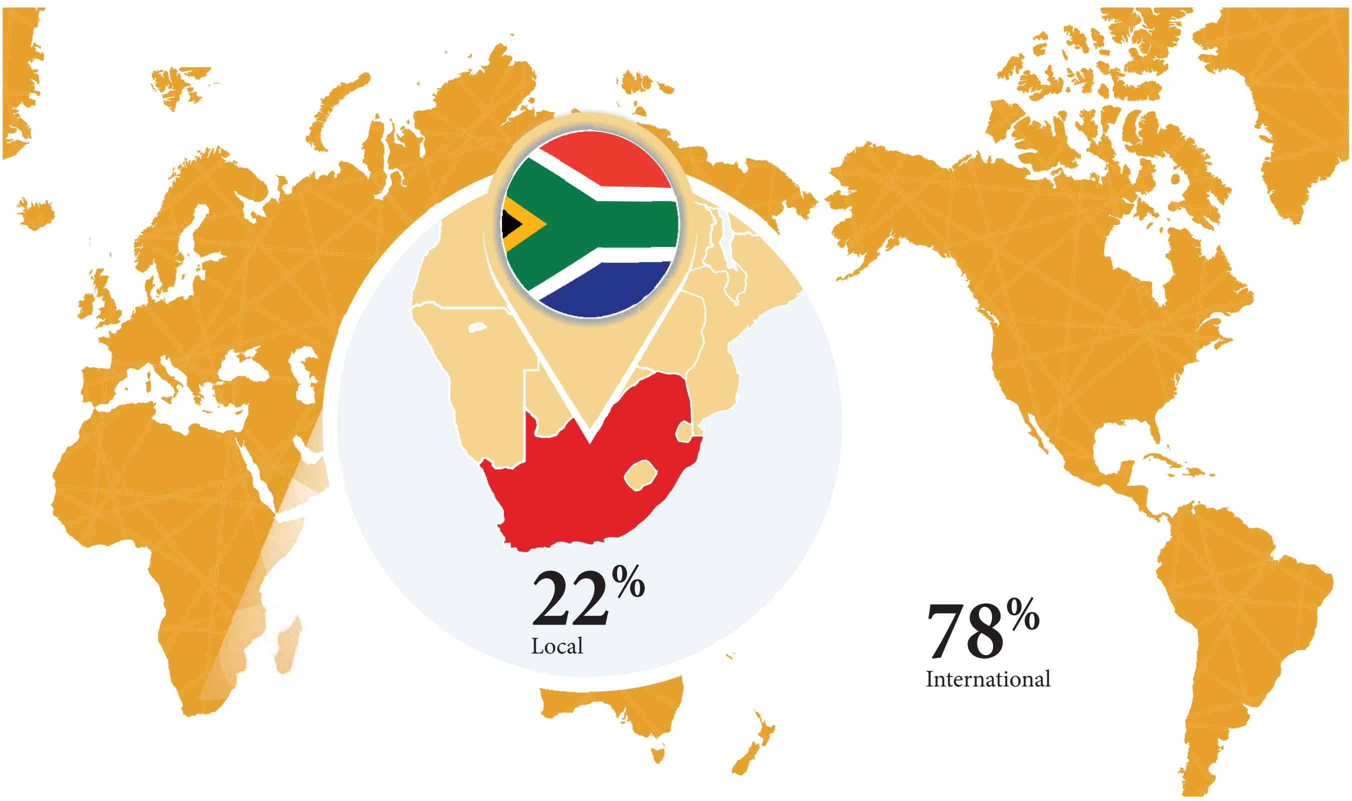
ONLINE CONFERENCE

5%
Speakers

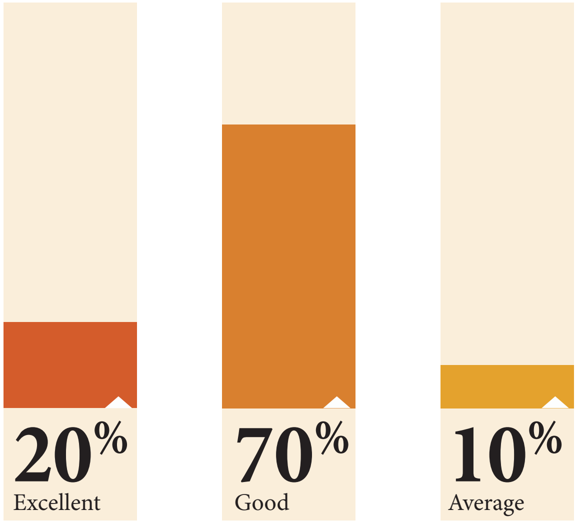
Job Title



International & Local



Session Evaluation
Brave New World: Islamic Finance in South Africa



Delegates Who Would Like to Attend IFN South Africa OnAir Roadshow 2022

86%
Yes

14%
No

Viewership

116

47

Ableace Raakin

Absa Islamic Banking

Allied Cooperative Insurance Group

Alwaseet Travel

Andalusia Consulting

Arka Projects

Arka Projects Strategic Planning

Awqaf SA Foundation

Baker McKenzie

Banco Sabadell

Bank Negara Malaysia

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Bedford Row Capital

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Cardiff Metropolitan University

Central Bank of Nigeria

CESAG, Senegal

Dawat e Islami

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FNB Commercial

FNB Islamic Banking

FTSE Russell

Gate House Bank

HBZ Bank

HM Treasury, UK

Huriya Gold

ICIEC

ICMIF

InfoPro

Jaiz Bank

Keystone Law

Kuveyt Turk Participation Bank

Labuan IBFC

Licungo University

Marmara University

Moody's Investors Service

Orrick Herrington & Sutcliffe (UK)

Prince Sultan University

Psalm Fiduciary

Renaissance Capital

Sakeenah Group

Sal Group

Salaam Gateway

Samak Ethical Finance

Social Islamic Bank

South African National Zakah Fund

Squire Patton Boggs

Standard Bank Group

Standard Bank Shariah

State Bank of Pakistan

Sutraq Technologies

Tanadi

The center for International Business (TCIB) UK

The Islamic Corporation for the Insurance of Investment and Export Credit (ICD)

Treasury Dept of Kwara State, Ministry of Finance

University of Kerbala

Uzbek Leasing International

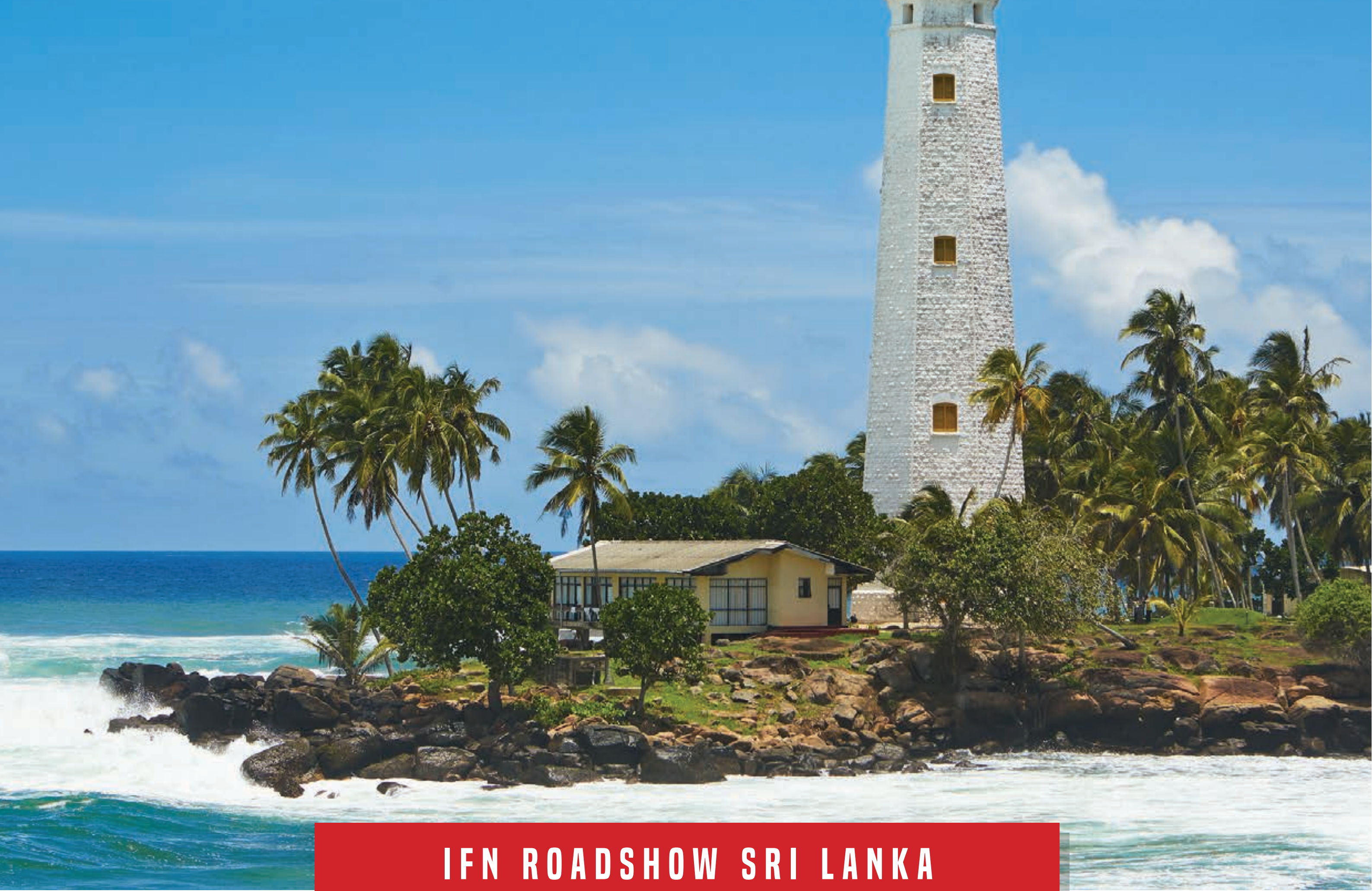
Vigeo Eiris (V.E) an affiliate of Moody's

WAIFEM

World Bank

REDmoney

IFN ROADSHOW
SRI LANKA
2021



IFN ROADSHOW SRI LANKA
17TH MAY 2021

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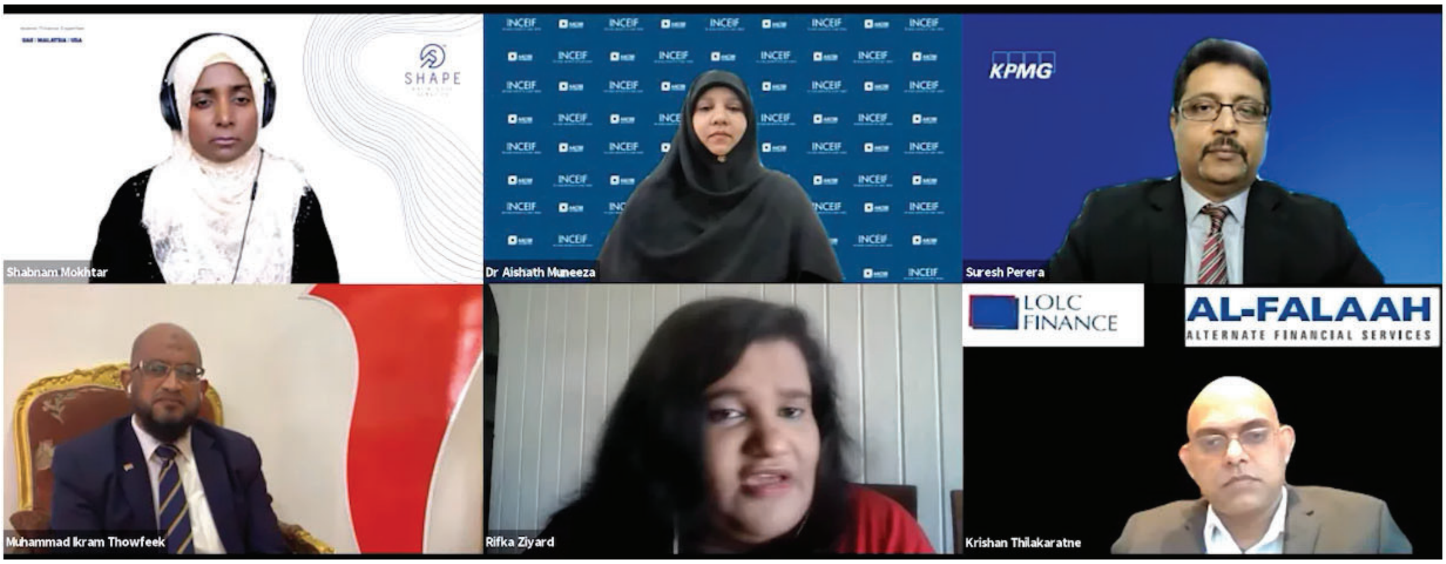

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Brave New World: Islamic Finance in Sri Lanka

Panelists:

Shabnam Mokhtar — Group Executive Vice-President, SHAPE Knowledge Services *(Moderator)*

Dr Aishath Muneeza — Chairman, Ayady Takaful Shariah Board and Chairman, Shariah Board of Allied Investment

Krishan Thilakaratne — Group Head – Alternate Financial Services, LOLC Group

Muhammad Ikram Thowfeek — Founder and Managing Director, MIT Global Group

Rifka Ziyard — Secretary, Association of Alternate Finance Institutes of Sri Lanka

Suresh R.I. Perera — Principal - Tax and Regulatory, KPMG Sri Lanka

IFN returns to Sri Lanka once more after the last IFN Sri Lanka Forum in 2014, as there is an inclination toward trajectory growth in the Islamic finance landscape in the country. There has been a steady rise in demand for Shariah compliant financial products in the country, a demand supported by around 10% of its Muslim population.

Greater government support and regulations are much desired to be the foundational support of Islamic finance in the country. The Association of Alternative Financial Institutions, also known as the Islamic Finance Association of Sri Lanka, was established by market players in 2015 to push for regulatory developments and further reforms to the Banking Act to accommodate a wider range of products and to support more complex transactions.

With its strategic location and diverse population, as well as an Islamic finance ecosystem already in place, Sri Lanka has the potential to be a regional hub for Shariah finance. However, the country still needs more work in terms of regulations, governance and standards to move to the next level.

The formation of the Association of Alternate Financial Institutions (AAFI) is a key landmark in the Islamic finance industry in Sri Lanka. The creation of a formal association was much needed to make a collective representation to the relevant policymakers and regulatory authorities to facilitate accounting, tax and legal changes needed for the furtherance of the alternate finance industry in Sri Lanka.

The challenge continues to be the lack of awareness on the industry especially in the public sector. Hence, it is an obstacle to introducing Islamic finance instruments to attract the much-needed foreign direct investments (FDIs).

Further to the representation made by AAFI and industry players, a reference was made in the National Budget speech of 2016 on the introduction of Sukuk (alternate long-term investment bonds); however, no further steps were taken thereafter.

The UK issued a GBP500 million (US$708 million) sovereign Sukuk facility early this year and was able to attract investments from the Middle East and Asia. A sovereign Sukuk issuance should be explored by the Sri Lankan government to attract FDIs.

Rifka Ziyard is the secretary of the Association of Alternate Financial Institutions of Sri Lanka.

Political support and support from the key stakeholders of the Islamic finance industry are required to further develop the local Islamic finance industry to the next level. There is scope for the government of Sri Lanka to issue sovereign Sukuk to raise finance in the midst of the COVID-19 pandemic by following what countries in the region like the Maldives and Bangladesh have done.

It is imperative for the Takaful sector to rethink their product and service strategies and to offer humanized and socially impactful products and services. Innovation in this regard is important. For instance, if Takaful participants are unable to pay their Takaful contributions, Takaful operators could create a special fund to assist them by allowing interested parties to pay the contribution on behalf of the Takaful participants. Likewise, social Takaful funds can be initiated to provide social Takaful assistance to those who are adversely affected by the pandemic.

Key changes in the industry in terms of the regulatory framework have been happening and from 2015 onwards after the formation of the Association of Alternative Financial Institutions of Sri Lanka, the stakeholders together have been lobbying for the changes that are required for the further development of Islamic finance in the country. It was highlighted that due to a change in the inland revenue laws, a level playing field has been created between conventional and Islamic finance. Section 32 of the Inland Revenue Act, No 24 of 2017 states that: "Income arising from any Islamic financial transaction shall be subject to tax in a similar manner as equivalent in substance to non-Islamic financial transactions."

In terms of Value Added Tax Act No 14 of 2002, the threshold of value-added tax (VAT) has been increased up to LKR300 million (US$1.51 million) giving an opportunity for small players in the market to engage in Islamic finance transactions without paying VAT.

In terms of taxation, the most critical issue facing the Islamic finance industry is the double taxation issue caused by the stamp duty ordinance. So far, this issue has not been resolved, impacting certain Shariah compliant products, for example diminishing Musharakah products which will be expensive if offered.

The Annual Report 2020 of the Central Bank of Sri Lanka states that the Sri Lankan economy contracted in 2020, reflecting the effects of the COVID-19 pandemic and according to the provisional national account estimates of the Department of Census and Statistics, the Sri Lankan economy contracted by 3.6% in 2020, compared with the 2.3% growth recorded in the preceding year. As such, the government has to tap into alternative financing products and Islamic finance has the potential to provide solutions.

Overall, what is important is that the Sri Lankan Islamic finance industry needs to be re-strategized in the light of the pandemic. The industry needs to adopt technology in an escalated manner, there is an immediate need to embrace fintech and at the same time, humanizing of products and services offered is required. Further, Islamic social finance needs to be institutionalized parallel to Islamic commercial modes of finance with the hope that Islamic finance could be aligned with its objectives derived from Maqasid Shariah.

Yasmina Francke is CEO of SANZAF.

The COVID 19 pandemic has adversely affected both the conventional and Islamic banking sectors in Sri Lanka, and it is a challenge to rebuild, revisit and reinvigorate the industry in this decade.

The Takaful industry is becoming more humanized and customer-centric in some countries in the region, and it is the need of the hour, given these unprecedented challenging times, to look at other players. Also, it is important to introduce entrepreneurial Takaful, like General Takaful, Family Takaful, medical Takaful, automotive Takaful, marine Takaful, etc, to support the SMEs and budding entrepreneurs.

There is still appetite for Islamic finance in the global financial market amid these challenging times of COVID-19. Recent examples to share are: Bangladesh Bank (the central bank of Bangladesh) raised funds via Sukuk to support the government's budget deficit. Similarly, London raised GBP500 million (US$708 million) via Sukuk too. These are benchmarks and global trends; the Sri Lankan government and the central bank along with the banking sector can look forward to bringing Islamic finance funding to support the country's revenue-generating and infrastructure development projects.

Since 2005, with the introduction of Islamic finance in the country, lots of regulatory changes have been made to strengthen the Islamic finance industry in the country, although there are still many more changes to happen, including the stamp duty regulations, etc, in order to get the full benefit from the industry from a global perspective.

The Association of Alternative Financial Institutions can be a catalyst in bringing together all the stakeholders of the Islamic finance industry to work toward supporting the industry both at the corporate and government levels. Introductions of product knowledge on gold pawning, financing farmers, etc, are great initiatives by the association and much more can be initiated to raise the bar.

The challenge for Sri Lanka is to bring global best practices in the field of Islamic finance to the local markets to attract foreign direct investments from Islamic finance propositions.

The local Islamic banking and finance sector has introduced and promoted corporate social responsibility initiatives for orphans and is also promoting entrepreneurship for ladies.

Farmers are one of the most affected groups of people during this pandemic and they are looking for financial support to help them with their crops and produce. Islamic finance has a viable alternative funding arrangement for farmers/MSMEs called Salam. Unfortunately, this product has not been introduced or capitalized on to bring the much-needed support to them. It is high time to look at this product positively.

Islamic banking is continuously evolving, while new product development, educating the masses and awareness among the government sectors can trigger a boost to look into this industry positively.

Finally, support is needed from the government, the central bank and other regulatory authorities to take this industry to yet another level, mainly with the objective of attracting the much-needed foreign direct investments for the development of the nation, irrespective of any religious bias but with the objective of bringing benefits to all.

Muhammad Ikram Thowfeek is the founder and managing director of MIT Global Group.

It was an honor to moderate the IFN OnAir Roadshow Sri Lanka 2021 on the 17th May. Although the growth of Islamic finance in Sri Lanka has been slow after the 2019 Easter bombings and the COVID-19 pandemic, there were interesting developments and opportunities shared by the panel of speakers:

1. Regulatory and tax law issues:
   - 2011–18: changes in the Income Tax Act provided a level playing field for Islamic financial institutions.
   - 2018 — abolishment of indirect taxes (effective in 2020). This was another boost for Islamic financial institutions as the multiple steps in Islamic finance transactions attract many of these indirect taxes.
   - The value-added tax limit was increased to LKR300 million (US$1.51 million), providing benefits to smaller players.
   - The challenge for Islamic financial institutions is stamp duty because this is in the hands of the provinces, not the federal government. However, the Shariah scholars have allowed Islamic financial institutions to take a mortgage instead of the title to properties in diminishing Musharakah for example to manage this issue.

2. There is a need to link Islamic social finance products to the Islamic commercial products. For example, the Takaful companies enjoyed a higher surplus during COVID-19 as there were fewer claims. However, should profit be the only measure of success for Islamic financial institutions? Or should Takaful players create a COVID-19 relief fund to include COVID-19 related coverage as well? This approach (looking at commercial and social impacts) is in line with the impact investment development in the global financial market.

3. One could approach innovation with add-on features if we are not ready to go for a full-blown change. Here are some of the examples that the panel shared:

   i. 'Wakaful' which stands for Wakalah + Takaful. In this approach, if Takaful participants have difficulty making a contribution due to the pandemic or other life challenges, Takaful operators can take the opportunity to bring in social funding elements. Others can also donate (crowdfunding) to help the people in difficulty so that their Takaful coverage doesn't lapse.

   ii. In the Sukuk market, if the government is having difficulty selling national assets, it could issue a Sukuk Mudarabah facility where the proceeds will be channeled to state-owned enterprises that have Shariah compliant activities. The Maldives has done this.

4. Collaboration is also another approach for countries to solve the problems of adverse ratings and high government debt. It is important to leverage on working with multilateral development financial institutions like the IsDB, Asian Development Bank, etc. The Maldives, which was facing these difficult situations, worked with the Islamic Corporation for the Development of the Private Sector and successfully raised funding during difficult economic conditions.

5. Last but not the least, knowledge and familiarity of Islamic finance for the public sector are keys to developing the legal and regulatory framework, as well as sovereign Sukuk issuance. While there is buy-in and support from the top government officials, there is a knowledge gap with the middle-tier officers in the government who are in charge of implementation but with a different vision. The panel recommended allocating a few slots for government officers to join Islamic finance training programs.

There were many interesting learning points raised by the panel. I have selected a few for us to ponder and take action on. Social finance, add-on features for innovation, collaboration and knowledge are keys to take Sri Lanka to the next level.

Shabnam Mokhtar is the group executive vice-president of SHAPE Knowledge Services.

Sri Lanka: Slowly but steadily building Islamic finance

After a spate of negative, anti-Muslim sentiments in Sri Lanka following the 2019 Easter Sunday attack that rocked the country and slowed down business, the Islamic finance industry has bounced back on its feet. NESSREEN TAMANO writes an overview of the Shariah finance and banking industry in the island nation.

Regulatory landscape

Sri Lanka's Banking Act No 30 of 1988, amended in 2005, allows commercial and specialized banks to offer Islamic finance products. The Central Bank of Sri Lanka requires these banks to maintain separate books of accounts and to comply with the same regulations imposed on conventional banks.

The regulatory infrastructure is, however, not equipped to support more complex transactions. The Association of Alternative Financial Institutions, also known as the Islamic Finance Association of Sri Lanka, was established by market players in 2015 to push for regulatory developments and further reforms to the Banking Act to accommodate a wider range of products. The organization also highlights and addresses all other issues faced by the Islamic banking and finance industry with the relevant authorities.

In 2018, the Inland Revenue Act No 10 of 2006 was amended in 2018 so that both Islamic and conventional finance deals are subject to the same tax treatment. In the same year, Sri Lanka started its application to become a member country of the IsDB, which, if approved, would pave the way for more updates on regulations as well as Shariah compliant activities in the South Asian island nation.

Banking and finance

With about 9% of the total population of Sri Lanka being Muslim (according to the Department of Census and Statistics's last report published in 2013), there is a demand for Shariah compliant financial products in the country.

There is one fully-fledged Islamic bank — Amana Bank — for which the IsDB is the principal shareholder, with a 29.97% stake. In 2020, the bank recorded total assets of LKR100 billion (US$505 million).

At least seven conventional banks have Islamic windows, including Pakistan-headquartered MCB, Hatton National Bank, NDB Bank and the Commercial Bank of Ceylon. Leasing firm LOLC Finance runs Al-Falaah Islamic Financial Services, its Shariah compliant arm. In late 2020, CLC Islamic Finance, the Islamic banking division of Commercial Leasing and Finance, expanded with six new service centers dedicated island-wide.

In the Shariah compliant insurance sector, Amana Takaful, which is also present in the Maldives, is the only fully-fledged Takaful operator in Sri Lanka. Early this year, the company secured approval from the Securities and Exchange Commission (SEC) for its convertible debenture issue worth LKR300 million (US$1.52 million) — a first from a non-bank, non-financing and non-capital market institution in the country.

Conventional players HNB Assurance, People's Insurance and LOLC Insurance offer Takaful on a window basis.

In July 2020, the Colombo Stock Exchange and the SEC introduced and placed into effect a framework of REITs, followed a few months later by the launch of the country's first REITs, seen as an area of interest for Islamic investors.

Sukuk

Sri Lanka's debut Sukuk facility was issued by LOLC Finance's Al Falaah Islamic Business Unit in August 2016, a LKR500 million (US$2.53 million) Sukuk Ijarah paper. The company had planned a sophomore issuance — a dollar-denominated Sukuk facility — in 2018 which has yet to materialize.

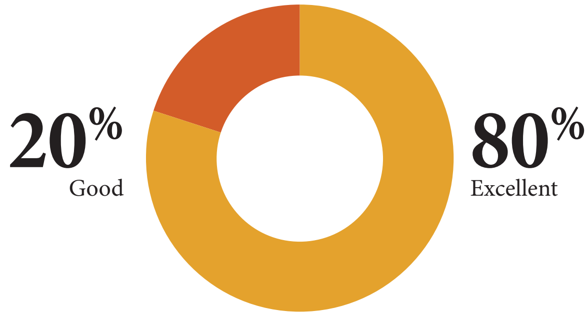
In August 2018, Citizens Development Business Finance issued various tranches of Sukuk Ijarah worth a total of LKR290 million (US$1.46 million), which received a lukewarm response.

A sovereign Sukuk issuance has been in the works since 2016. In 2019, the central bank confirmed with IFN that a facility worth LKR310 billion (US$1.57 billion) is in the pipeline as the government is looking to diversify its foreign funding sources with Sukuk facilities, Samurai bonds and Panda bonds. While a few international banks were reported to have submitted proposals for the Sukuk in 2020, there has been no further update on the status of the planned Sukuk issuance.

Outlook

With its strategic location and diverse population, as well as an Islamic finance ecosystem already in place, Sri Lanka has the potential to be a regional hub for Shariah finance. However, the country still needs more work in terms of regulations, governance and standards to move to the next level.

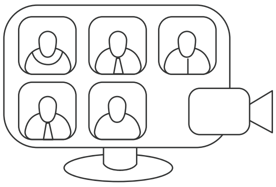
Overall Evaluation
Online Event



Speakers

Breakdown
Delegate

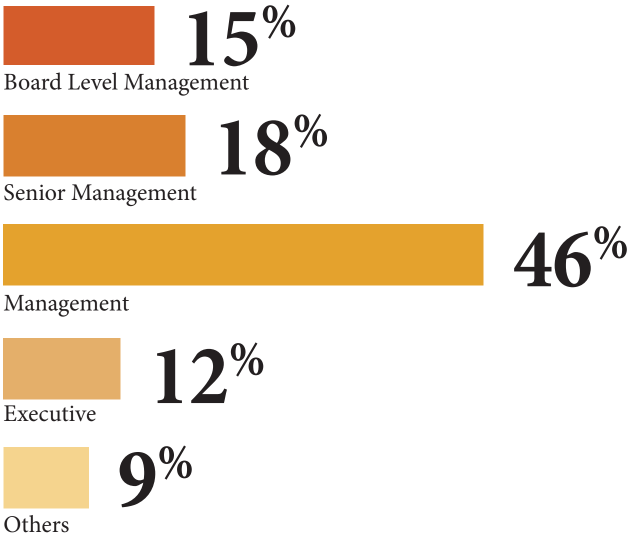
96% Delegates



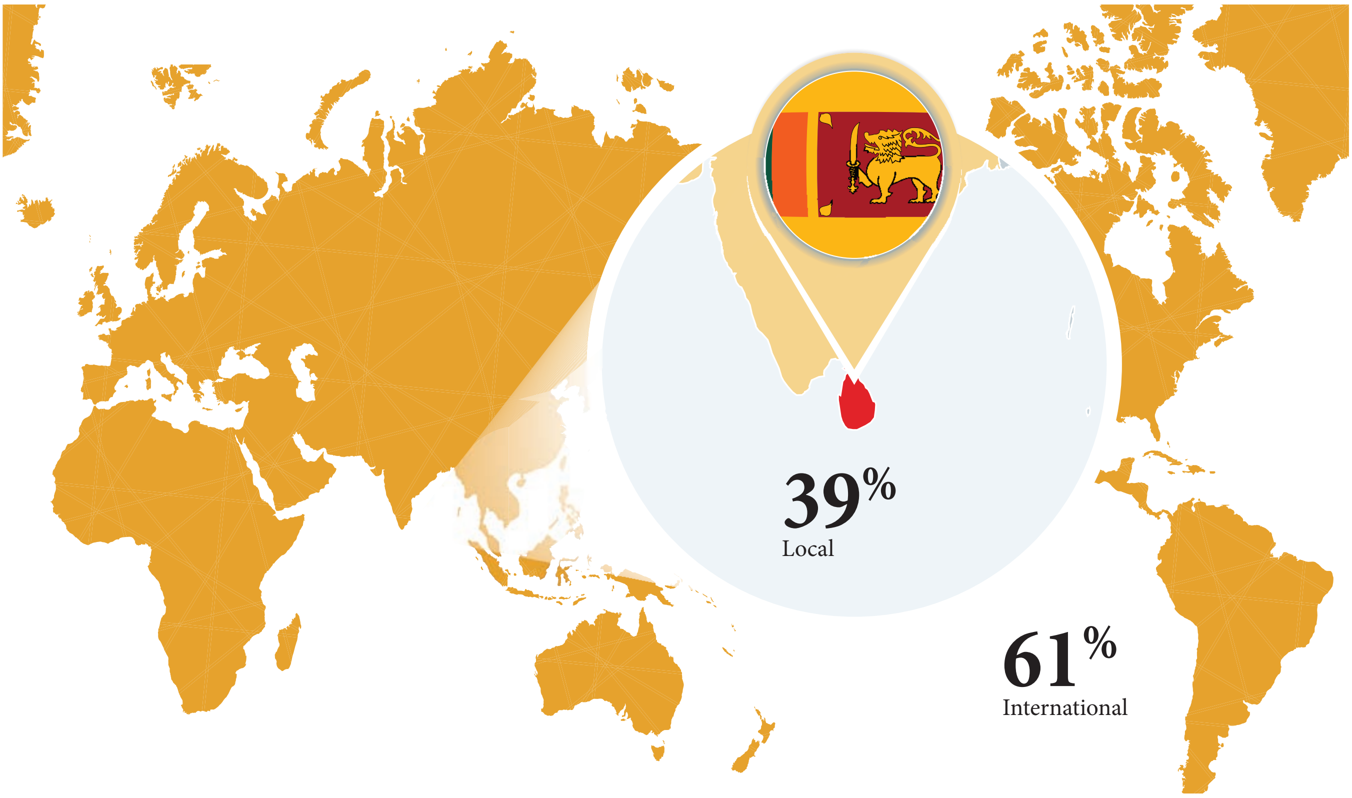
ONLINE CONFERENCE

4% Speakers

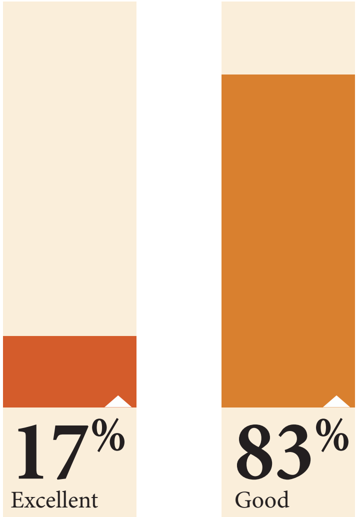
Job Title



International & Local



Session Evaluation
Brave New World: Islamic Finance in Sri Lanka



Delegates Who Would Like to Attend IFN Sri Lanka OnAir Roadshow 2022

83% Yes

17% No

Viewership

IFN TV 181

Facebook LIVE 47

TESTIMONIALS

SARIMAH AHMAD
Kolej Universiti Islam Melaka, Malaysia
"It's such a great discussion."

EAMONN SWEENEY
Huriya Gold
"The forum was educational and thought-provoking."

MD ABDUL HAMID
Social Islami Bank
"Excellent presentation."

Ableace Raakin
Academic
Adl Capital
Agricom Lanka
Alami Sharia
All Ceylon Jamiyyathul Ulama
Alliott Hadi Shahid
Aluthgama Development Foundation
Alwaseet Travel
Amana Bank
Association of Alternate Finance Institutes of Sri Lanka
Bait Al-Mashura
Bakht Asset Management
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Bank Negara Malaysia
Banwo & Ighodalo
Be Unique Group
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BML Istisharat SAL
Bursa Malaysia
Bylur GmbH
Cardiff Metropolitan University
CESAG, Senegal
CIEFSA
Commercial Bank of Ceylon
DDCap
Dentons (UK & Middle East)
Deshbandhu Group
Development Interplan Ceylon (DICL)
Dialog Axiata
Dickoya Dairy Products
DigiAlly
Dynamic Marine Logistics
Eiger Trading Advisors
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Equitativa Group
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Gatehous Bank
Global Compact Network Malaysia
Huriya Gold
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IIBE
IIUM
Islamic Development Bank ICIEC
JS Global Capital
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KPMG
Kuveyt Turk Participation Bank
Labuan IBFC
Lion Global Investors
LOLC Al Falaah
LOLC Al-Falaah Alternate Financial Services
LOLC Holdings
Maldives Islamic Bank
Marmara University
Masryef Management House
Maxima Markets
MBT Consulting
MCB Bank
MIT Global Group
MJ Wealth
Muslim Ladies College
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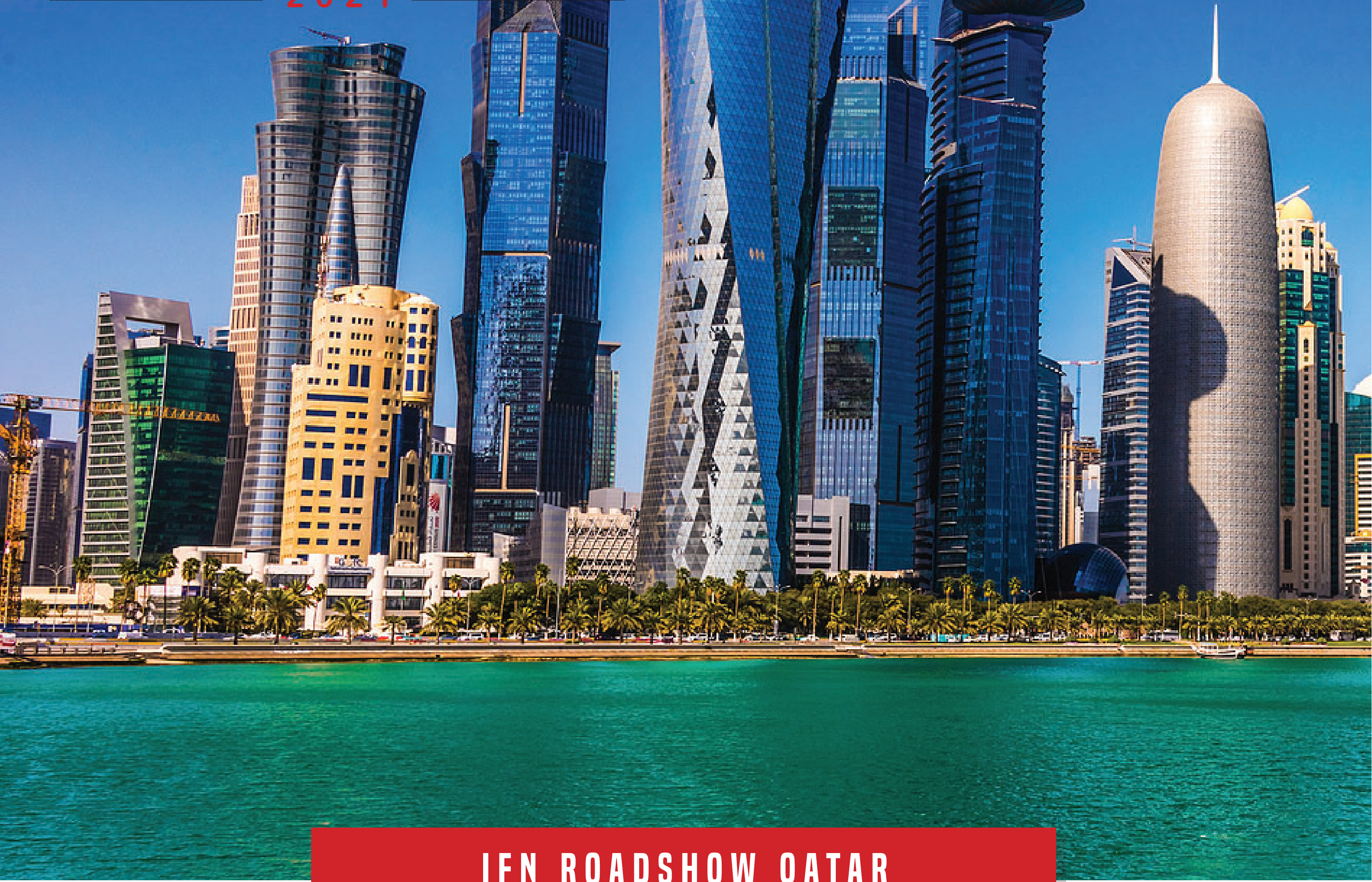
myBIZ
Noor Bank
NumberTree
Prince Sultan University
Psalm Fiduciary
PwC
QIB
Sakeenah Group
SAL Group
Salim Megatama Group
Seylan Bank
SHAPE Knowledge Services
Shariah Board of Allied Investment
SIT and DINE
Social Islami Bank
SR Holdings
SRB
Standard Bank
TAIF Digital Institute
Treasury Department Kwara State, Ministry of Finance
Unipak Trading
UzbekLeasing International
Ventureskey
Youth Economic Group
Zahira College
Zaryah Investment Company

REDmoney

IFN ROADSHOW QATAR 2021



IFN ROADSHOW QATAR
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ICIEC — The Islamic Corporation for the Insurance of Investment and Export Credit

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Islamic Development Bank Group Business Forum

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System Restart: Islamic Finance in Qatar

Panelists:


Lawrence Oliver — Deputy CEO, DDCAP Group *(Moderator)*


Dr Andrew Mazen Dahdal — Assistant Professor, Qatar University


Ashraf Madani — Vice-President – Senior Analyst Financial Institutions Group, Moody's Investors Service


Professor Habib Ahmed — Sharjah Chair in Islamic Law & Finance, Durham University Business School

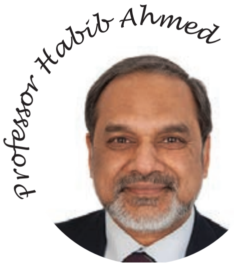

Hanna Mousa Al Khoury — Group Treasurer, Qatar Islamic Bank


Tanvir Aslam — Country Manager, United Arab Emirates, The Islamic Corporation for the Insurance of Investment and Export Credit

IFN revisits Qatar after six years and unveils a wealth of developments, exciting opportunities and activities in the now, very developed Islamic finance sector.

The global economy and the financial and banking sector have gone through an unprecedented crisis. These events posed a new challenge to the financial and banking system in Qatar. The solid foundation and measures that Qatar has built over the years in Islamic finance have assisted the nation to focus on ensuring business continuity, supporting liquidity and providing support to affected sectors, and Qatar has managed to mitigate the implications of the crisis, maintain credit flow to economic sectors and achieve financial and banking stability in the country.

Islamic finance in Qatar is witnessing continuous development through policies and regulations that are being updated to ensure its continued competitiveness at both the regional and global levels.



Most of the GCC countries are trying to diversify their economies to non-oil sectors. For the financial sector, this requires adjustments and there will be a need to diversify financing in the productive non-oil sectors. For Qatar, the blockade was a blessing in disguise as it forced the country to produce many products domestically. The financial sector, including Islamic banks, has contributed to the new emerging non-oil sector growth in the country and is expected to continue doing so.

Moving forward, there would be a need to identify sectors that are likely to gain importance in the post-COVID-19 era, including the SME sector, the digital and information technology-related sector and the health sector, among others. Islamic banks can play an important role in investing in these sectors as they are aligned with Islamic finance's ethical and social values and principles.

Given the relatively small market in Qatar, Islamic banks need to strategically expand their businesses globally in countries with no Islamic finance presence. Expanding global Islamic banking practices will not only help the development of Islamic finance globally, it will also enable Qatar to have a footprint in the Islamic financial industry worldwide and benefit from the growth potential of emerging economies.

Qatar has to compete with other GCC countries in fintech. The Network Readiness Index developed by Portulans Institute indicates that Qatar is lagging in rankings for regulations (Bahrain – 36th; the UAE – 52nd; Saudi Arabia – 60th; Qatar – 64th) but has best performance for trust (Qatar – 24th; the UAE – 30th; Saudi Arabia – 46th; Bahrain – 60th). The long-term growth of fintech in Qatar will depend on developing smart regulations that build trust and balance growth objectives with managing emerging risks.

With Qatar being a signatory to the UN Sustainable Development Goals and together with the four pillars or developmental goals in the Qatar National Vision 2030, there is a need to include social, human and environmental development in Islamic financial decision-making. In this regard, the Islamic social finance sector (Zakat, Sadaqah and Waqf) can also play an important role in the form of blended finance.

Professor Habib Ahmed is the Sharjah chair in Islamic law and finance at the Durham University Business School.

TESTIMONIALS

TABREZ FAROOQUEE
Takaful Oman Insurance SAOG

"Short and sweet, well organized."

EKO NUR CAHYO
Coventry University, UK

"This program was very insightful and excellent."

JAIME OON
K&L Gates (Qatar)

"Excellent and professional."

HAKIM ASHAGIDIGBI

"Very interesting, informative and insightful. A lot of quality information packed into just one hour."

EAMONN SWEENEY
Huriya Gold

"A knowledgeable and considered approach to Islamic finance."

Qatar: Against the odds

The Saudi-led GCC embargo on Qatar that started in 2017 was lifted in January 2021, and with it came an optimism about renewed cooperation in the region, particularly in the Islamic finance and banking arena. NESSREEN TAMANO writes an overview of the State's Shariah finance industry.

Regulatory landscape

Qatar Islamic Bank (QIB), the country's first fully-fledged Islamic bank, was established in 1982 — a full 30 years before the Central Bank Law No 13 of 2012 came into effect, formally dictating the guidelines for Shariah compliant banking.

A year prior, in 2011, a directive by the Qatar Central Bank had prohibited conventional lenders from operating Islamic banking windows, which led to eight banks in the nation shutting down their Islamic units.

A centralized Islamic regulatory framework is currently under development, and the country, through the Qatar Financial Centre Authority, is an active member of the IFSB.

Banking and finance

Qatar ranks sixth in the top jurisdictions for Islamic banking in terms of assets, according to the Islamic Financial Services Industry Stability Report 2020, with 26.1% of the total market share of global Islamic banking assets as at the third quarter of 2019.

In the same period, the country, which has five fully-fledged Islamic banks, recorded a positive growth of 10.4% compared with the previous year, an increase that could be linked to the merger between two of its Islamic banks — Barwa Bank and International Bank of Qatar in April 2019. Barwa Bank had, in October 2020, rebranded as Dukhan Bank.

Meanwhile, Masraf Al Rayan's merger with Al Khalij Commercial Bank, which is currently in the process of being finalized, is expected to lead to the formation of Qatar's second-largest bank.

Abroad, QIIB founded Umnia Bank, Morocco's first fully-fledged bank, in 2017. More recently, Masraf Al Rayan-owned Al Rayan Investment is working on establishing a fintech-based Islamic bank in Kazakhstan's Astana International Financial Centre.

Islamic fintech is an area of focus for the country, with Qatar Fintech Hub launching incubator programs in mid-2020 to develop fintech start-ups focusing on Islamic finance, including Takaful tech and Shariah compliant cryptocurrency.

Capital market

When the global Sukuk market expanded to a 24% growth in 2019, it was supported primarily by increases in issuances from countries that included Qatar with its thriving Sukuk landscape, particularly with corporate Sukuk papers, according to the IFSB.

The most notable issuance coming out of Qatar in the past few years was QIB's US$800 million Formosa Sukuk facility in early 2020, which was listed in Taipei and Dublin. The Sukuk paper was upsized from its original US$650 million following high investor demand.

In 2020, the government issued three Islamic papers — one of them by the central bank — worth a total of QAR1.8 billion (US$494.23 million), and QIIB, Masraf Al Rayan (MAR) and QIB issued dollar Sukuk facilities. In early 2021, both QIIB and MAR, along with Dukhan Bank, announced plans to issue Sukuk.

Meanwhile, Qatar Investment Authority has expressed its interest in investing in energy projects in the Philippines through Sukuk issuance.

Takaful

The country is a relatively small GCC Takaful player, but the sector's performance is strong. In 2019, Takaful contributions in Qatar recorded a growth of 2.3% or US$324.3 million, compared with the previous year, according to IFSB data.

There are four Takaful operators in Qatar, collectively providing a domestic market share of 45%.

Outlook

The State of Qatar came out of the years-long geopolitical blockade relatively unscathed, with its Islamic finance and banking industry's performance waning little, but the lift on the embargo is seen as a positive sign by market players to further develop the sector. Fitch Ratings expects global Sukuk to accelerate this year, particularly with the normalization of relations between Qatar and its neighbors, and also expects more consolidation to take place in the nation's overbanked system.

Overall Evaluation

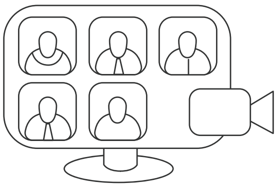
Online Event

Speakers

Breakdown

Delegate

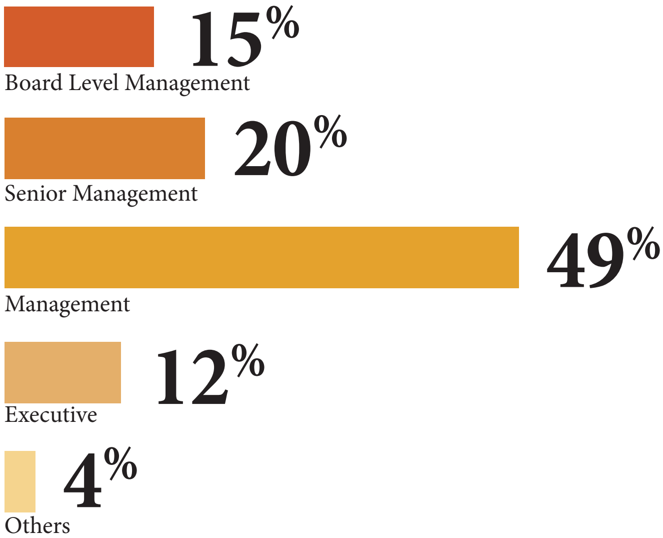
96%
Delegates



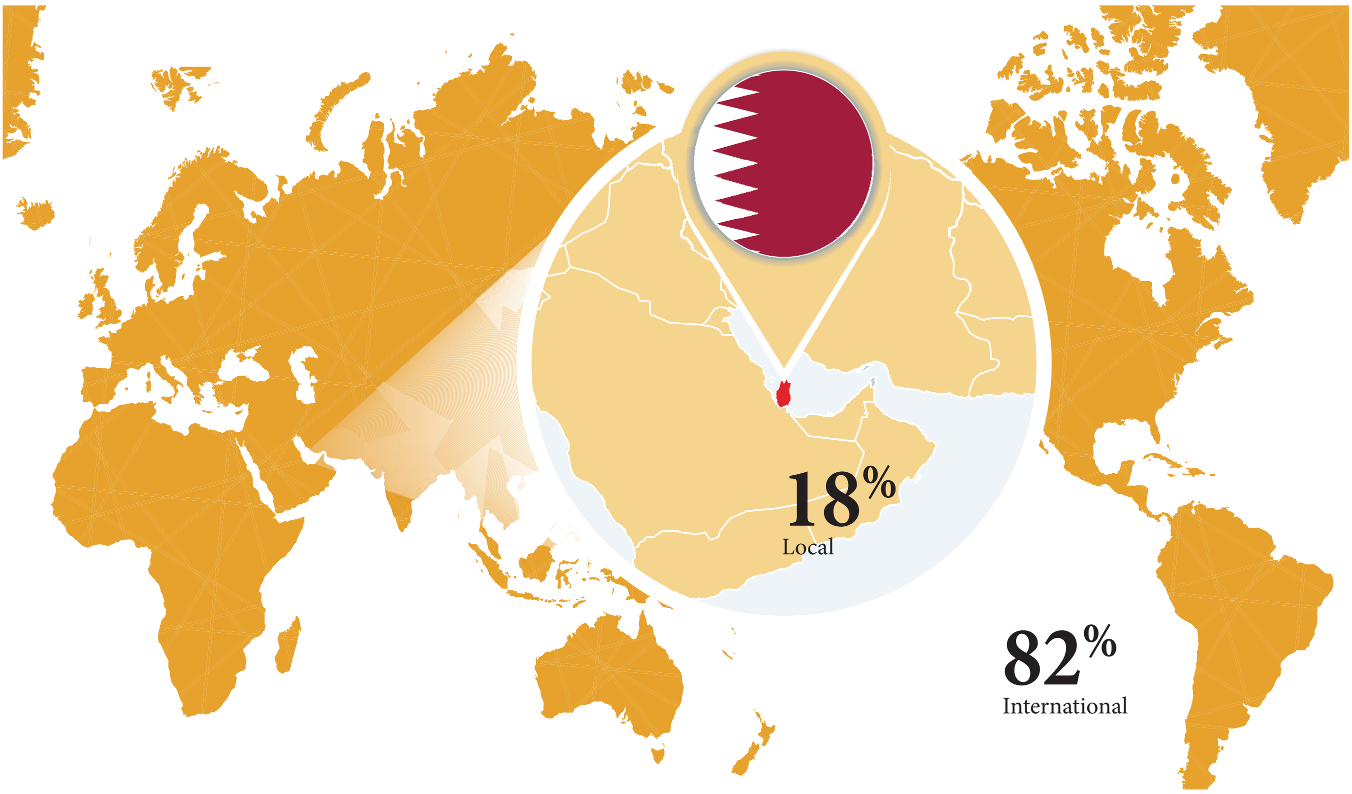
■ ONLINE CONFERENCE ■

4%
Speakers

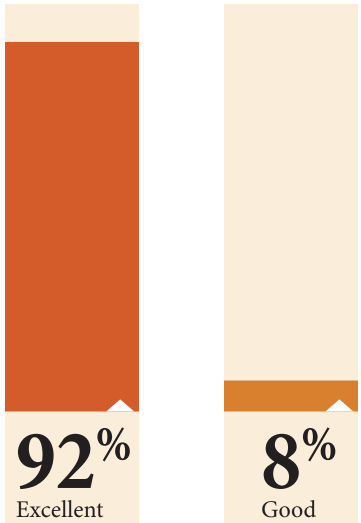
Job Title



International & Local



Session Evaluation
System Restart: Islamic Finance in Qatar



Delegates Who Would Like to Attend IFN Qatar OnAir Roadshow 2022

92% Yes

8% No

Viewership

IFN TV 155

Facebook LIVE 67

Ableace Raakin

Academic

Afrief

Al Huda CIBE

Al Rajhi Bank Malaysia

Al Tamimi & Company

Alwaseet Travel

Amundi Aalam

Amundi Malaysia

Artvin Coruh University

ASA Philippines Foundation

Astana International Financial Cemter (AIFC)

Ataturk University

Azimut (ME)

Bait Al Mashura

Bank Negara Malaysia

Barclays

Bedford Row Capital

Blida 2 University

BlueMount Capital (WA)

BML Istisharat SAL

Bursa Malaysia

Bylur GmbH

Capital Banking Solution

Cardiff Metropolitan University

Cbonds

CIMB Islamic Bank

Coventry University, UK

CUK

DDCAP Group

Dentons

DigiAlly

Distinct Model Schools

Durham University Business School

Eiger Trading Advisors

Emind Consultancy

Eminence Global Asset Management

Emirates red crescent

Fairway Group - Jersey

Federation of International Gender and Human Rights

Financial Services Regulator

Finepolis Consulting

FTSE Russell

Gate House Bank

Ghana Institute of Islamic Finance and Economics

Ghana Revenue Authority

Global Educational Services

GlobalSadaqah.com (Ethis Ventures)

Gulf Central Merchant Bank

Hamad Bin Khalifa University

Huriya Gold

IAIN Sultan Amai Gorontalo

ICD

IFIM

IIBI

Ijara Capital

InfoPro

ING

International Islamic University Malaysia

Islamic Development Bank

justblockchain

K&L Gates (Qatar)

Keystone Law

Kuveyt Turk Participation Bank

Labuan International Business and Financial Centre Malaysia

Licungo University

Marmara University

MCB Islamic Bank - Pakistan

Meacart

MEC International

Moody's Investors Service

Mukas Capital

NumberTree

Orrick Herrington & Sutcliffe (UK)

Pairstech

Pamecas

Pharisina Investment Concepts

Pillsbury Winthrop Shaw Pittman

Prince Sultan University

Private University

Psalm Fiduciary

PwC Middle East

Qatar Foundation

Qatar Islamic Bank

Qatar Islamic Bank

Qatar University

QIB UK

Refinitiv

Refinitiv, an LSEG Business

RHB Bank

S&P Global Ratings

Safety Horizon

Sakarya University

Sakeenah Group

SAL Grouo

Sealed Nectar Nigeria

Social Islami Bank

Spektr Konsalt

Squire Patton Boggs

St Charles

Sutraq Technologies

TAJ Bank

Takaful Oman Insurance SAOG

The Islamic Corporation for the Insurance of Investment and Export Credit

Treasury Department Kwara State, Ministry of Finance

Trowers & Hamlins

Turkiye Finans

Umm Al-Qura University

Universitas Airlangga

Universiti Sains Islam Malaysia

University of Airlangga

University of Salford

Upright Management Consulting, Abu Dhabi

UzbekLeasing International

Vakif Katilim

Wahed Invest

Watson Farley & Williams (Middle East)

Weill Cornell

REDmoney

IFN ROADSHOW NIGERIA 2021

IFN ROADSHOW NIGERIA

26TH MAY 2021

IN PARTNERSHIP WITH

NGX Exchange

LEAD PARTNER

Bedford Row Capital

MULTILATERAL STRATEGIC PARTNERS

ICD Islamic Corporation for the Development of the Private Sector

ICIEC The Islamic Corporation for the Insurance of Investment and Export Credit

itfc International Islamic Trade Finance Corporation

Islamic Development Bank Group Business Forum

CONSULTANCY PARTNER

Redmoney Consulting

PARTNERS

Akin Gump Strauss Hauer & Feld LLP

DDCAP Group™

Moody's Investors Service

TAJBank Our only interest is you.

Nigeria to return to sovereign Sukuk market in Q3

Interviewee: **Patience Oniha** — Director-General, Debt Management Office Nigeria
Interviewer: **Vineeta Tan** — Managing Editor, Islamic Finance *news*

NIGERIA: The Nigerian government is likely to return to the sovereign Sukuk market in the third quarter (Q3) of this year, becoming a familiar face in the space and certainly the most active in the African region, as the Debt Management Office (DMO) looks to further strengthen the country's Islamic finance repertoire by diversifying its Sukuk offerings to support a wider array of Nigeria's development, IFN has learned.

"We are in the process of appointing [Sukuk] transaction parties — I expect that by the third quarter of this year, [the Sukuk] will be out," Patience Oniha, the director-general of Nigeria's DMO, revealed at IFN OnAir Nigeria Roadshow yesterday.

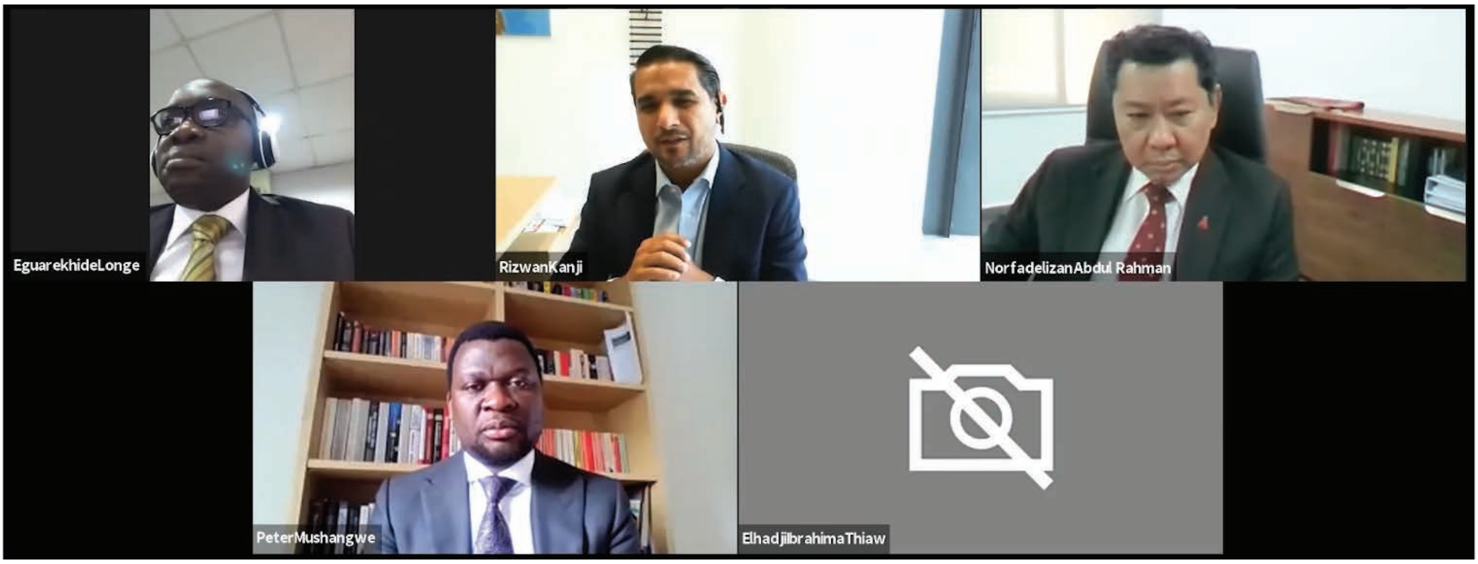
The upcoming offering, the government's fourth, will once again adopt the tried-and-tested Ijarah structure. The tenor, however, has yet to be decided as it would depend on market conditions. The previous three papers — issued in 2017, 2018 and 2020 respectively — carried a seven-year maturity. Proceeds from the impending Sukuk facility will be channeled toward road projects.

Despite a challenging first offering four years ago, driven mainly by a lack of understanding of Sukuk and Islamic finance in general by the Nigerian people, the West African nation's Sukuk journey can be characterized as successful as every offering outperformed the last by demand. Its 2017 NGN100 billion (US$242.34 million) debut was marked by a 5.8% oversubscription, the sophomore paper was oversubscribed by 32% and its most recent Sukuk offering attracted an astounding subscription level of 446%, leading to its largest Sukuk to date at NGN150 billion (US$363.52 million).

As Africa's largest economy by GDP, Nigeria is actively diversifying its funding pool, and Islamic finance is a major focus for the country.

Going forward — it may not be in the near-term, ie 2021 — but we will need to upscale the Sukuk issuance to include other projects, maybe stand-alone projects from road projects

"Going forward — it may not be in the near-term, ie 2021 — but we will need to upscale the Sukuk issuance to include other projects, maybe stand-alone projects from road projects. More importantly, we will be looking to support revenue-generating projects to service the Sukuk. It is a journey — we are at the early stages," Oniha said. Apart from different underlying projects and structures, this also extends to potentially issuing in different currencies.



IN PARTNERSHIP WITH — LEAD PARTNER — MULTILATERAL STRATEGIC PARTNERS — PARTNERS — CONSULTANCY PARTNER

Keynote Address:

Temi Popoola — Chief Executive Officer, Nigerian Exchange Limited

System Restart: Islamic Finance in Nigeria

Panelists:

Rizwan Kanji — Partner, Akin Gump *(Moderator)*

Elhadji Ibrahima Thiaw — Country Manager, Senegal, The Islamic Corporation for the Insurance of Investment and Export Credit

Peter Mushangwe — AVP – Analyst, Financial Institutions Group, Moody's Investors Service

Eguarekhide Longe — Managing Director, AIICO Pension Managers Limited

Norfadelizan Abdul Rahman — Managing Director, Taj Bank

IFN shines the spotlight on Nigeria's Islamic finance and banking industry, an emerging market which has rapidly evolving regulatory and supervisory structures that support its growth. Even more potential lies in the country's large Muslim population making up almost half of the entire nation's population, as well as the government's interest in the Islamic capital market to address its large financing requirements.

Tremendous government support has propelled the development of regulatory controls in the industry; in 2009, guidelines for the operation of Islamic financial institutions were released, and in 2013, the Securities and Exchange Commission of Nigeria issued regulations on Sukuk.

However, there seems to be a lot more room for growth and development opportunities in Nigeria as there is a need for a stronger development of regulatory infrastructure, ethical and sustainable financing abilities and ultimately greater awareness in Islamic finance for all and not just for the Muslim community.

KEY TAKEAWAYS

Elhadji Ibrahima Thiaw

The financial turmoil that Nigeria has experienced during the past years, as well as the constant decrease in oil prices amid the coronavirus pandemic, has put Nigeria in a situation where the country needs to find sustainable solutions for its economic development. Islamic finance can be an interesting track to find new ways to finance the economy at the country level. Given its position as the country with the fifth-largest Muslim population in the world, Nigeria could play a central role and serve as a hub for the flourishing of Islamic finance in sub-Saharan Africa for the benefit of Muslims and non-Muslims. One of the key areas where Islamic finance could play a tremendous role in the Nigerian economy is the financing of infrastructure. In this regard, Sukuk can be a good means to finance infrastructure and other public–private priority investments in Nigeria.

Elhadji Ibrahima Thiaw is the country manager for Senegal at the Islamic Corporation for the Insurance of Investment and Export Credit.

TESTIMONIALS

ISMAIL OLOJEDE
The Oke Ogun Polytechnic Saki Nigeria

"Very grateful to have attended."

ZAYYAD IBRAHIM
Premium Pension

"It's an interesting forum, in fact a remarkable one. On this note, the existence of Islamic finance will greatly bring about development in the banking sector."

BAYO YUSUF
Confiance Employee Benefits Advisory

"Excellent and enlightening."

IBRAHIM LAWAN ROGO
Northern Nigeria Flour Mill (NNFM)

"The forum has been very enlightening to us for the possibilities that abound in Shariah compliant forms of financing."

ISAAC ADEJUMO
Skyview Capital

"Very well organized."

ANITA GOPALDAS
Nigerian Exchange

"It was a very insightful topic and the panelists clearly articulated their views in an easy-to-understand manner. Very engaging and will be watching out for the next event."

AGBOOLA S. MODINA
Foresight Securities & Investment

"Very insightful event."

MARYAM ABDU
Marbebs Consulting

"This is a very interesting and educative forum."

KENNETH EBERE
PFI Capital

"Good and commendable."

ABUBAKAR ABDULKAREEM
e-Health Africa

"It's an awesome event."

SULAIMAN LAWAL
Galama Investment & Resources Management

"It is very informative. I look forward to next year's event."

DR. JOHNSON OKOH
National Open University of Nigeria, Abuja

"Discussions are quite enriching!"

KINGSLEY AJAERO
Biz Expansion Consulting

"Good event."

Nigeria: Tapping the Islamic financial market

The Nigerian government has, for a few years now, taken an interest in supporting the Islamic finance industry, resulting in more Shariah compliant players and products entering the market. NESSREEN TAMANO writes an overview of the West African nation's Islamic finance and banking sector, and its developments in the last decade since its establishment.

Regulatory landscape

Nigeria has regulations in place to accommodate Islamic finance: in 2009, guidelines for the operation of Islamic financial institutions were released, and in 2013, the Securities and Exchange Commission of Nigeria issued regulations on Sukuk.

In 2015, the Central Bank of Nigeria (CBN) established the Financial Regulation Advisory Council of Experts, which advises regulators on Shariah-related matters, and three years later, the CBN issued Islamic banking regulations that also cover Shariah microfinance banks. The National Pension Commission also approved the investment of pension funds in Shariah compliant assets, and the following year, the Rules Governing the Listing of Sukuk and Similar Debt Securities went into effect.

In 2020, the central bank revealed its plan to release a non-interest regulatory framework, mainly to support SMEs affected by the COVID-19 pandemic.

Banking and finance

There are two fully-fledged Islamic banks in Nigeria: Jaiz Bank was established in 2013 and listed on the Nigerian Stock Exchange in 2017, and in July 2019, the central bank granted TAJ Bank an operational license. Stanbic Bank runs an Islamic banking window while Sterling Bank in 2020 received regulatory approval to restructure and spin off its Islamic window into a stand-alone non-interest bank serving the retail and commercial segments.

There are four Shariah compliant microfinance institutions — Al-Barakah Microfinance Bank, Tijarah Microfinance Bank, I-Care Microfinance Bank and Giginya Microfinance Bank which was launched in Sokoto in February 2020. Nigeria enjoys strong backing from the IsDB, which has supported the National Hajj Commission as well as the country's agricultural and manufacturing sectors, among others.

Sukuk

The Islamic capital market in Nigeria has seen much activity in the past few years. The federal government's debut Sukuk facility was issued in 2017, a NGN100 billion (US$255.35 million) facility utilized to finance the budget deficit and road infrastructure. A sophomore Sukuk issuance of the same size followed in 2018 — both were oversubscribed.

In June 2020, the Debt Management Office issued the country's third sovereign Sukuk, originally planned for issuance in 2019, worth NGN150 billion (US$393.18 million) and which was oversubscribed four times, to fund the construction of 44 road projects.From the private sector, Nigeria-based Africa Finance Corporation issued a debut Sukuk paper worth US$150 million in 2017. Meanwhile, the IsDB, the International Organization for Migration and the Nigerians in Diaspora Commission held discussions on a Diaspora Humanitarian Sukuk facility to support Nigerians both at home and abroad.

Takaful

The Takaful sector is regulated by the National Insurance Commission, which introduced a framework in 2013 allowing operators to offer Mudarabah, Wakalah and hybrid products, in addition to enabling conventional insurers to run Islamic windows. In 2020, the regulator announced plans to issue microTakaful regulations to introduce microinsurance services in the country.

African Alliance Insurance was the first to offer Takaful products in 2003. The other fully-fledged Takaful operators in the country are Lagos-based Noor Takaful; Jaiz Bank's Takaful subsidiary; Salam Takaful Insurance Company; and Cornerstone Takaful Insurance Company.

Asset management

Nigeria is home to fully-fledged Islamic investment manager Lotus Capital, which launched the country's only Shariah compliant index in collaboration with the Nigerian Stock Exchange in 2012. The fund manager introduced the Lotus Halal Equity ETF (exchange-traded fund) in 2014, the first Islamic ETF in Nigeria, and in 2016 rolled out the Lotus Halal Fixed Income Fund. Stanbic IBTC Asset Management, ARM Investment Managers, Kord Capital and Marble Capital all offer Islamic solutions.

In 2020, FBNQuest Asset Management, a subsidiary of FBN Holdings, launched its FBN Halal Fund, followed by United Capital debuting its Sukuk Fund, an open-ended mutual fund. In early 2021, financial services group Norrenberger also launched its open-ended mutual Islamic fund, to be followed by a second Shariah fund by December 2021. Meanwhile, the Pension Fund Operators Association of Nigeria announced its plans to establish an Islamic pension fund by the first half of 2021.

Outlook

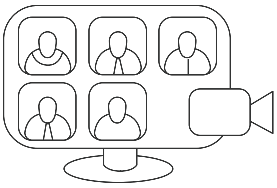
Nigeria's Islamic finance and banking industry, while nascent, enjoys rapidly evolving regulatory and supervisory structures that support its growth. Even more potential lies in the country's large Muslim population making up almost half of the entire nation's population, as well as the government's interest in the Islamic capital market to address its large financing requirements.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

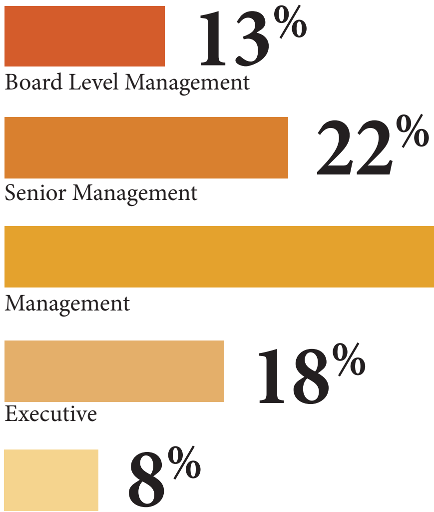
99%
Delegates



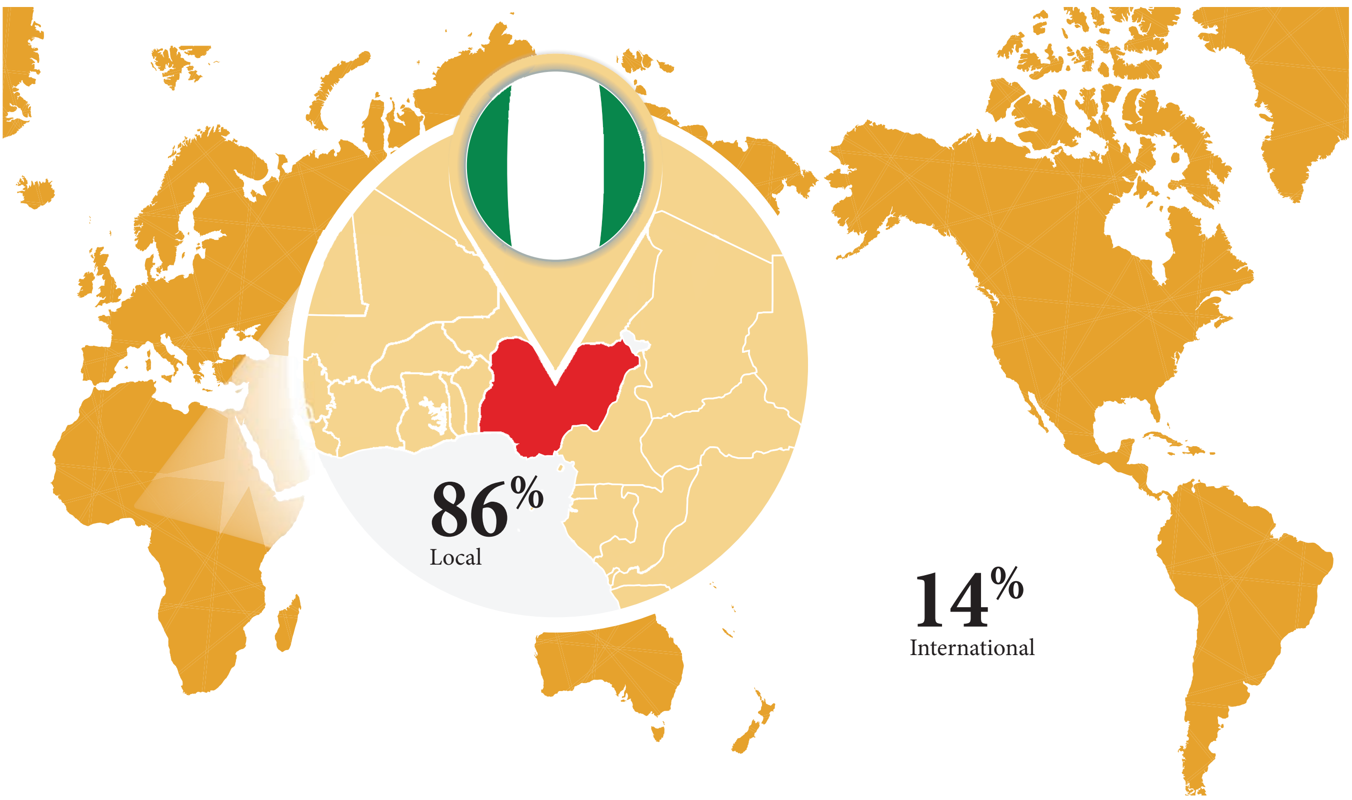
ONLINE CONFERENCE

1%
Speakers

Job Title

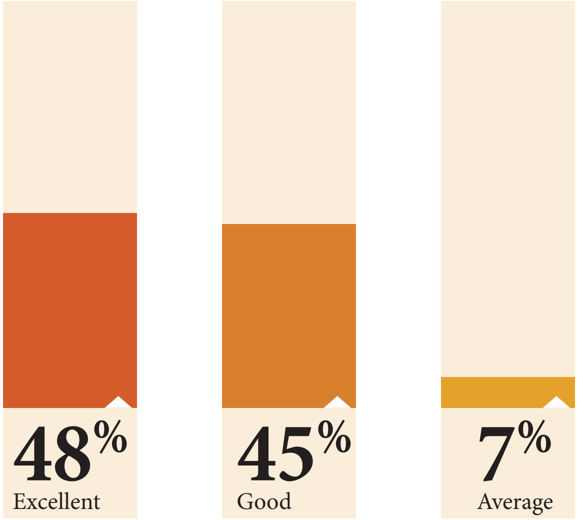


International & Local



Session Evaluation

System Restart: Islamic Finance in Nigeria



Delegates Who Would Like to Attend IFN Nigeria OnAir Roadshow 2022

Viewership

IFN TV 640

Facebook LIVE 66

A. S. Gobir & Associates
Abdul, Aderogba & Co
Ableace Raakin
Absa Islamic Banking
Abu Dhabi Islamic Bank
Abu Hsnifa Kano
Abuja Property Development Company
Access Energy & Geophysical Exploration
ADSR
Afex Commodity Exchange
Africa Islamic Economic Foundation (AFRIEF)
Africa Prudential
African Alliance Ins urance Takaful
Afrinvest West Africa
Agbaje, Agbaje & Co
AGPC
Agro Allied Marketing&Empowerement Farms
Ahmadu Bello University Teaching Hospital
AIICO Multishield
AIICO Pension
AIICO Pension Managers Limited
Akewe & Co
Akin Gump
Al-Hikmah University, Ilorin
Aliant Qais Conrad Laureate
Almon Technologies
Alternative Capital Partners
Altra Capital
Alwafiq
Alwaseet Travel
Amana Bank
Anchoria
Apel Asset
APT Pension
APT Securities & Funds
Arbico Nigeria
Arbitrage Capital
Ardova
Are Universal
ARM Trustees
Arthur Steven Asset Management
Associate Consultants
Associated Assets Managers
Avante Capitale Management Resources
Bakertilly Nigeria
Baltic Cyclone
Bancorp Securities
Bank Negara Malaysia
Banwo & Ighodalo
Baolyte
Bauchi Investment Corporation Securities
Bayero University Kano
Belbis & Associates
Bestoption Business Core
Bilard Tech
Bilyak
Biz Expansion Consulting
Blida 2 University
BlueMount Capital (WA)
BML Istisharat.com
Bota FinTech Nigeria
Bounty Yield Investment
BPL Nigeria
Brent Mortgage Bank
Broadlink
Brussels-Africa Hub
Bua Cement Schools
Bursa Malaysia
Business & Financial Media
Business 360 News
Business Hallmark
Business Post Nigeria
Bylur GmbH
Caleb Consulting
Capital Assets
Capital Bancorp
Capital Trust
Cardiff Metropolitan University
CardinalStone
Carnot Solutions
Casa Straniera
Cautious Services
CBN
Centerbase International Communication
Central Bank of Nigeria
Centrel Security Cleaning System (CSCS)
Century Securities
Champion Newspapers
Chapel Hill Denham
Charles, Ihekaihe & Partners
Chartered Institute Of Stockbrokers Nigeria
Chris Ogunbanjo
Clifford Chance
Clout Realty
Comercio Partners
Concept Media World
Confiance Employee Benefits Advisory
Cordros Asset Management
Cordros Capital
Cordros Securities
Crestos Institutional
Crown Capital
CSL Stock Brokers
Cutix
Cyrus Touch Systems Concepts
Dangote Petrochemical Refinery
DDcap
Debt Management Office Nigeria
DeepNeks
Deloitte & Touche
Delta State University Abraka
Dentons UK & Middle East
DEPL Consulting
Deshbandhu Group
DiD
DigiAlly
Dikko & Mahmoud Solicitors
Distinct Model Schools
Docen Nigeria
Dominion Trust
DSU Brokerage Services
Dunbell Securities
Dynamic Portfolio
E O Sotomi - Aroyewun & Co
Earthpoint Development Services
EDC Securities
e-Health Africa
Eiger Trading
Eins Interglobal
Elixir Securities
Ellah Lakes
ELSdon Services
EM Tech Services
Emeka Uzodinma & Co
Emind Cpmsultancy
Equity Capital Solution
eTijar
Eurocomm Securities
Everx Management Solutions
ExxonMobil
EY, Nigeria
Famfa Oil
FBN Quest
FBS
FCMB Pensions
Federal Capital Territory Admin, Treasury, Nigeria
Federal Inland Revenue Service (FIRS)
Federal Ministry of Transportation Abuja, Nigeria
Federal Mortgage Bank of Nigeria
Federal Polytechnic Bauchi, Nigeria
Federal Polytechnic, Ede. Osun State. Nigeria
Federal University Dutse, Nigeria
Federal University Gashau, Nigeria
Federal University Otuoke, Nigeria
Federal university, Dutsin-Ma, Nigeria
Fidelity Pension Manangers
FIMA
Financial Edge
Financial Reporting Council of Nigeria (FRC)
Financial Street
FINEOPOLIS Consulting
FININFO Radar
FINMAL Finance Services
FinSight Professional Services
First Bank of Nigeria
First Fiduciary Corporation
First News, Nigeria
FIS Securities
Flour Mills of Niheria (FMN)
FMC Yola
FMDQ Group
FMDQ Securities Exchange
FOB Capital Investment
Foresight Securities & Investment
Franklin Templeton
Fruitful Bough Foods
FSCL Asset Management
FSDH Capital
FSL Securities
FTI Consulting
FTSE Russell
Galama Investment & Resources Management
Gate House Bank
GCR Ratings
GDL Finance, Nigeria
GEI Farms
Gentech Power Supply Nigeria
Geokev Industry
Ghana Institute of Islamic Finance and Economics
Gidauniya Investment & Securities
Globalview Capital
Gombe State University
Gruene Capital
GTI Capital
GTI Scurities
Haslim Integrated Services
Hedge Securities & Investment Company
Hikhuman Co-operation IT Consultancy & Solution
Hope Fountain Academy
Huriya Gold
iAEC
Ibadan Zone Shareholders' Association
ICMG Securities
Icon Stockbrokers
IFING Media
IGM Financial
IITA
IIUM, Malaysia
INCEIF
Innovate 1 Pay
Institute of International Finance (IIIF)
International Finance Corporation
International Shari'ah Research Academy for Islamic Finance (ISRA)
Interstate Securities
Invealth Partners
IsDB
Islamic Development Bank ICIEC
Islamic Finance News
Islamic Finance Research Institute in Ghana (IFRIG)
Islamic finance research institute, Ghana
ITMB, Nigeria
Jackson Etti and Edu
Jaiz Bank

Jaiz International Halal Certification
Jaiz Takaful Insurance
Jigawa State Investment & Property Development Co
Juli PLC, Niegria
Kano University of Science and Technology. Wudil
Keystone Bank
Konsol & Associates (UK) Limited
KPMG
Kuveyt Turk Participation Bank
Kwara state Government
Laddan Furniture Company
Lagos Internal Revenue Service
Lagos State Government, Ministry of Energy and Mineral Resources
Leadership Media
Leadway Pensure PFA
Lex Futurus
Licungo University
Lighthouse Capital
Linkage Assurance
Littleland
Lotus Capital
Lotus Financial Services
Madonna Law Office
Madu Oshinor
Mainstreet Bank Securities
Makun Investment Nigeria
Malvinocom Concept
Marbebs Consulting
Marble Capital
Marmara University
Martex investment
Mazars
MBC Securities
MEC International
Mega Capita Aset
Mega Capital Asset
Mega Equities
Mercy Mission Global
MercyGate Business & Education Training School
Meristem Capital
Meristem Securities
Meristem Stockbrokers
Meristem Wealth Management
Mermeroglu Law & Consultancy
Micfib
Michiah Enterprises
Milimis Global Resources
Ministry of Education
Ministry of Foreign Affairs
Mistertax Consult
MIT Global Group
MMSL
MO International
MOD
Molten Tryst
Montego Upstream
Moody's Investors Service
MPL
MQuad Consulting
MS & A
MSL
Multipro Consumer Products
Muslim Association of Nigeria
Muslims School Proprietors Association (MUSPASS)
Nadwat Nigeria
NASFAT
National Agency for the Great Green Wall (NAGGW)
National Institute of Industrial Engineering
National Open University of Nigeria, Abuja
National Wire
Nenu & Kesibari Assurance International
New Black Panther Party
New Telegraph Newspaper
News Agency of Nigeria (NAN)
News Business Nigeria
Newsshelve
NGX Group
NGX Regulation Limited
Nigeria Bar Association (NBA)
Nigeria Deposit Insurance Corporation (NDIC)
Nigeria International Limited
Nigeria Stock Exchange
Nigerian Exchange Group
Nigerian Exchange Limited
Nigerian Ports Authority
Nigerian Stockbrokers
Nigerian Petroleum Development Company Ltd (NPDC)
NLPC PFA
Nodac Consulting Nigeria
Noor Takaful Insurance
Northern Nigeria Flour Mill (NNFM)
Obafemi Awolowo University, Ile-Ife, Nigeria
Ogador
OHL Kaduna
Olabisi Onabanjo University
Olalekan Fadiya & Co
Olatilewa Sanusi SIPML
ONDO State Oil Producing Areas Development Commission(OSOPADEC)
One17 Capital
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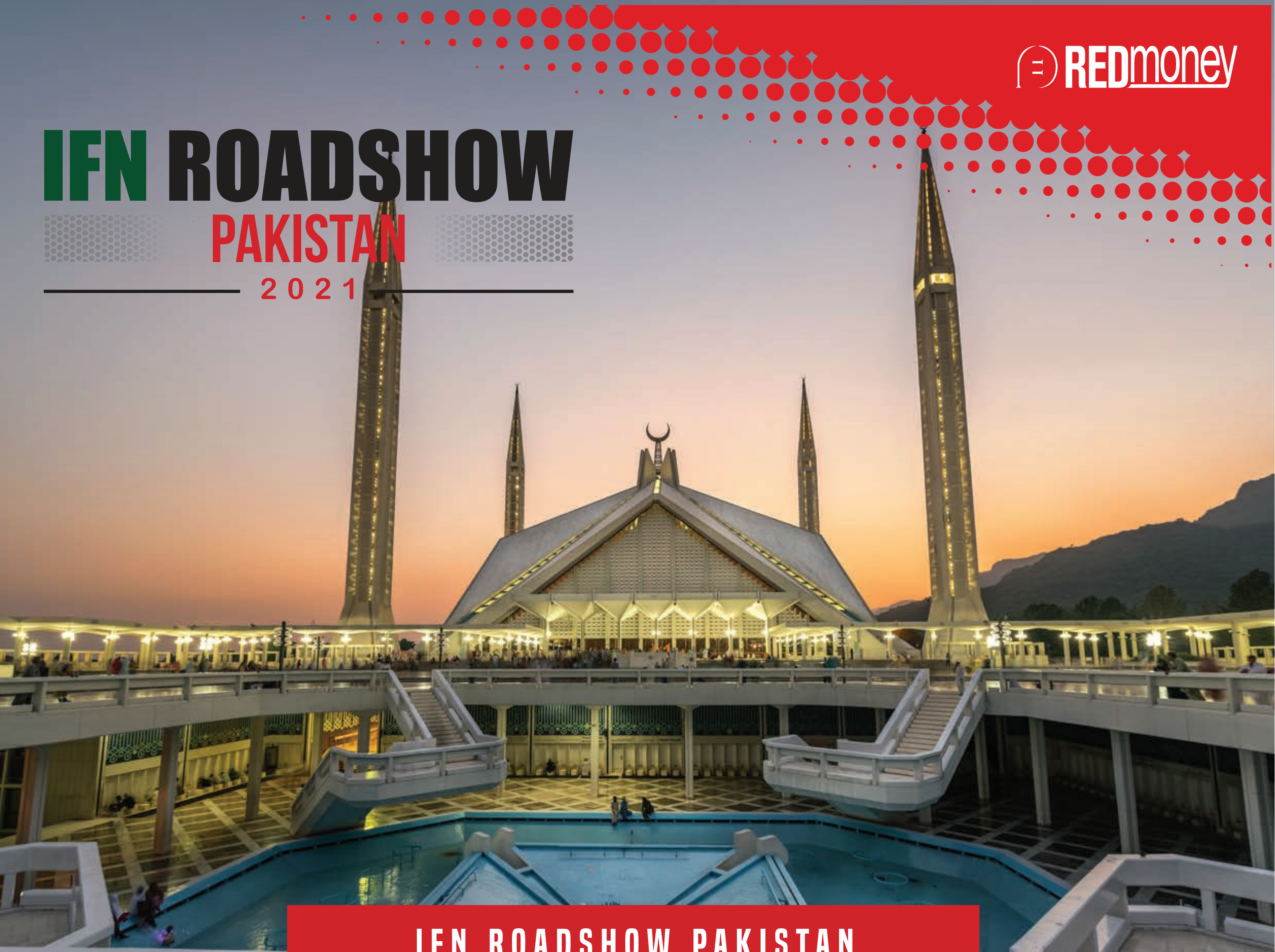
Osborne Capital Markets
Pairstech
PFI Capital
Phronesis Securities
Pilot Securities
Pinga Agro Investment
Pioneer Alfa Petroleum Services
PIPC Securities
Polaris Bank
Polaris Bank
PRAIL, Nigeria
Premium Pension
Primewater Holdings, Nigeria
Primewealth Capital
Prince Sultan University
Project Solutions Institute
Proshare Nigeria
Psalm Fiduciary
PSL Capital
Pyramid Securities
QAF Trust
Rainbow Securities & Investment Co
Rand Merchant Bank
Ranthiam
Rehoboth Investments
Reliance Infosystems
Renaissance Capital
Reward Invetsments & Services
Rostrum Investment and Securities
S. P. A. Ajibade & Co.
Safanda
Sakeenah Group
Sam Akoji & Company
Sankore Securities
Santrust Securities
SBM Intel
SBM Intelligence
SCM Capital
SE Legal Consults
Sealed Nectar Nigeria
Securities & Exchange Commission Abuja
Securities & Exchange Commission Nigeria
Securities & Exchange Commission Zambia
Securities and Exchange Commission
SeedField Professional Services
Sefton Fross
SHAPE Knowledge Servicces
Siaflux
Sigma
Sigma Pensions
Sigma Securities
Signet Investment & Securities
Signet Investments and Securities
Skyview Capital
SMADAC Securities
Sosanolu Accounting Consult & Professional Services
SPA Ajibade & Co
Squire Patton Boggs
SSC Capital
Stanbic IBTC
Standard Bank
Sterling Bank
StoneX Financial Nigeria
Supermaritime Nigeria
Sutraq Technologies
TAJ Bank
Techno Prints
Templars
The Infrastructure Bank
The Islamic Corporation for the Insurance of Investment and Export Credit (ICD)
The Nation Newspaper
The New Practice
The Nigerian Exchange
The Oke Ogun Polytechnic Saki Nigeria
The Sun Newspapers
Tiddo Securities
Toptech
Total E & P Nigeria
Treasury Department Kwara State, Ministry of Finance
Trexi
Tringey Africa
Tropical General Investment Group
TrustBanc Arthur
Trustfund Pensions
UCML Capital
Udo Udoma & Belo-Osagie
UDUTH, Sokoto
UIDC Securities
Ummakhalif
United Capital Asset Management
Universal Chambers
Universal Insurance, Nigeria
Universiti Utara Malaysia
University of Abuja
University of Benin
university of Lagos
University of Lorin
University of Maiduguri
University of Portharcourt
University Teaching Hospital
UzbekLeasing International
Vakif Katilim
Valmon Securities
Valueline Securities & Investments
Verraki Partners
Vetiva
Vicmem Investment Services
Victsoft
Vita
Vitafoam Nigeria
Wahed Invest
Wealth Paradigm
White Phoenix
Will Electrical
WSTC Finance
X-Front Trader
XGV
Y. A. A Investments
YES Inc Mali
Zaytun Commodities & Agro Allies
Zenani Nigeria Company
Zenith Bank
Zenith General Insurance Company



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17TH JUNE 2021

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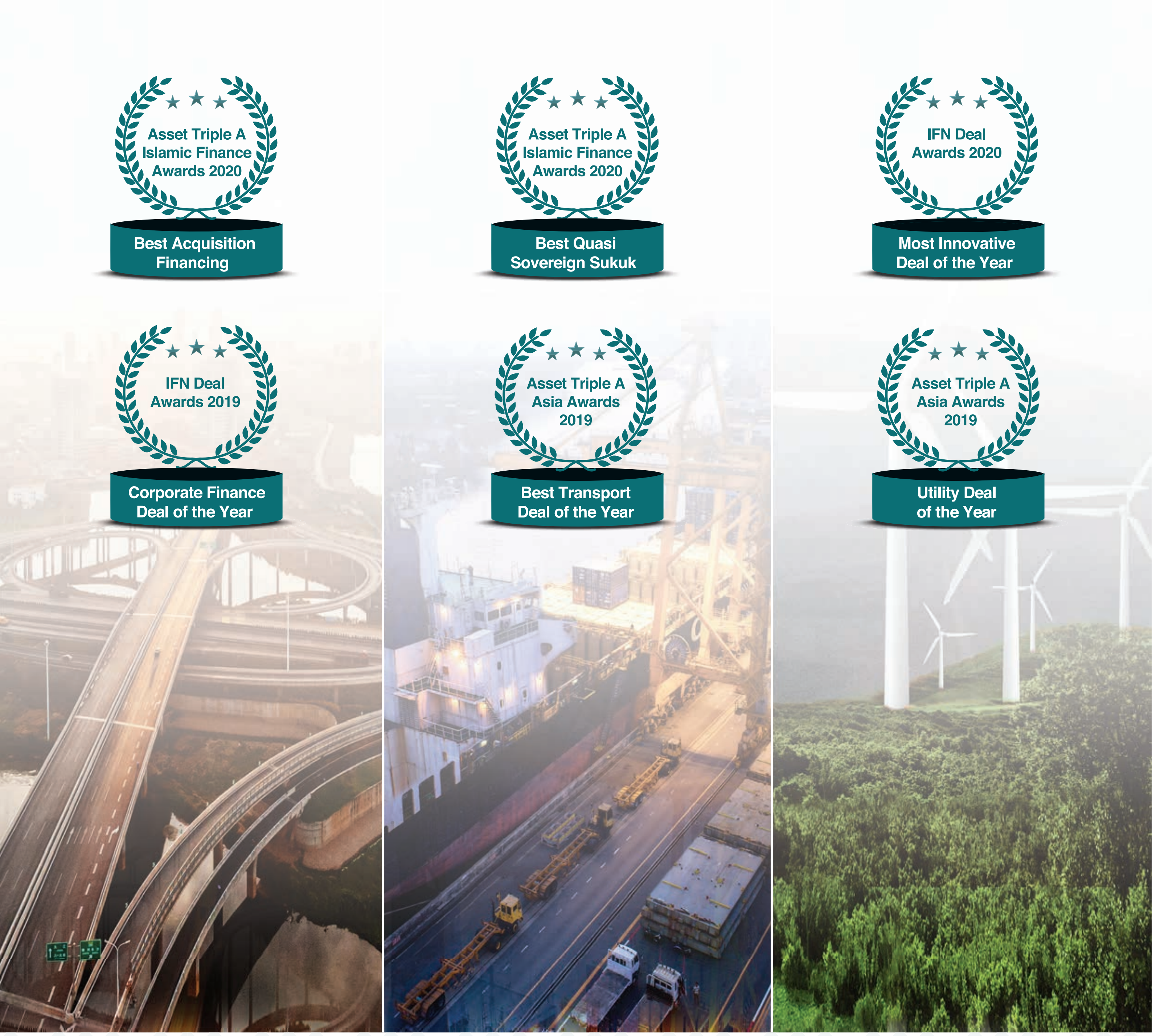

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Keynote Address:

Ghulam Muhammad Abbasi — Director Islamic Banking Department, State Bank of Pakistan

New Opportunities for Islamic Finance in Pakistan

Panelists:

Yavar Moini — Senior Investment Officer, International Finance Corporation (*Moderator*)

Ahmed Ali Siddiqui —Group Head - Shariah Compliance, Meezan Bank

Ghulam Muhammad Abbasi — Director Islamic Banking Department, State Bank of Pakistan

Mufti Irshad Ahmed Aijaz — Chairman, Shariah Advisory Committee State Bank of Pakistan and Chairman, Shariah Advisory Committee Securities & Exchange Commission of Pakistan

Tayyaba Rasheed — Head - Investment Banking Group, Corporate & Investment Banking, Faysal Bank

IFN concludes its first series of the IFN Roadshows in 2021 with a highlight on Pakistan, home to the world's second-largest Muslim population. To date, there are five fully-fledged Islamic banks and 21 Islamic windows offering products and services.

The State Bank of Pakistan has set the ambitious target for the country's Islamic banking assets to reach a 30% market share by 2025 from 17% last year, an astounding growth of 76%. The five-year strategic plan, which was released in April this year, is focused on several key areas of growth. The government and the State Bank of Pakistan are working toward better supporting SMEs in the nation through providing a greater variety of products and services in this category.

Pakistan is also taking proactive steps through its existing Green Banking Guideline to turn it into mandatory instructions for all banks. This is part of its efforts in supporting the five-year strategic plan and observing the UN Sustainable Development Goals.

KEY TAKEAWAYS

The discussion focused on all the key areas that will influence the growth of Islamic banking in Pakistan such as:

- Creating greater market awareness — more effort is required from all key stakeholders to further educate the market about Islamic finance and differentiate it from conventional finance.
- Developing Shariah compliant Sukuk markets — greater government issuance is required to enable Islamic financial institutions to efficiently manage their liquidity. Product innovation through the issuance of green Sukuk should also occur.
- Digital financial services — these present considerable opportunities for Islamic financial institutions to expand outreach and increase their customer base. New partnerships between Islamic financial institutions, fintechs and e-commerce platforms could be developed through embedded finance to improve access to finance for SMEs.
- Gender finance — this is consistent with the State Bank of Pakistan's focus on promoting greater financial inclusion for women and an area where there is an opportunity for Islamic financial institutions to tailor their products based on sex-disaggregated data.

Dr Scott Levy is CEO of Bedford Row Capital.

Islamic finance in Pakistan has become strategically significant with a market share of over 18.2% which is expected to grow to 30% by 2025. In 2020, despite the challenges posed by COVID-19, the industry grew by 30%.

One of the areas of significant growth is the area of sovereign Sukuk and quasi-sovereign Sukuk with issuances worth over PKR750 billion (US$4.75 billion) issued from April 2020 to date. Sukuk issuance has not only helped the government to reduce the cost of borrowing but also helped in the growth of Islamic banking and financial inclusion.

The intrinsic real asset-based structure of Sukuk also makes them ideal instruments to promote sectors of the real economy like housing, agriculture and SMEs. It is high time that even conventional banks need to change by stepping away from interest bonds, derivatives and toxic assets and focus on real sectors.

Innovative Sukuk structures like Salam-based Sukuk for agriculture, green Sukuk to promote green and renewable energy and hybrid structures for the promotion of tourism and SMEs will be instrumental in increasing public–private partnership.

Another emerging trend is the digitization trend in Pakistan for the Islamic banking sector. COVID-19 has proved to be a blessing in disguise and has accelerated the adoption and digitization of the economy with the use of electronic channels witnessing a growth over 100% at Islamic banks.

Islamic banks now need to focus on digital onboarding, digital credit and data analytics to enhance the reach of Islamic finance to a wider audience which is much needed in Pakistan with a 98% Muslim population.

Ahmed Ali Siddiqui is the group head of Shariah compliance at Meezan Bank.

TESTIMONIALS

HIFDZI HAMZAH, HIFDZI SALMIAH KEE HANISAH & CO

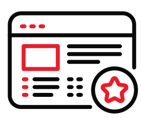
"Really benefited all Islamic finance players."

RAHMAT ULLAH, IBA CENTRE FOR EXCELLENCE IN ISLAMIC FINANCE

"It was good enough."

MUFTI SYED ZAHID SIRAJ, AL BARAKA BANK (PAKISTAN)

"It was good and well managed."



ALIZAIN WAHAB, SINDH BANK

"The forum was quite interesting and its frequency may be increased."

ASLAM NAVAID, INTERNATIONAL FINANCE CORPORATION (IFC)

"Amazing event."

IMRAN AHMAD, STATE BANK OF PAKISTAN

"This was a very-well managed forum with experienced speakers. Various topics of current importance were discussed at large. Suggestions were also discussed. I wish IFN all the more success in future."

NOR NASYRIQ SALEH, HIFDZI SALMIAH KEE HANISAH & CO

"Good input."

Pakistan: A strong push for Islamic finance

Having the second-largest Muslim population in Asia after Indonesia, Pakistan is a key Islamic financial market in the region. NESSREEN TAMANO provides an overview of the developments in the Shariah finance industry of the country, which has revived its plan to push for a fully Islamic financial system.

Regulatory landscape

Islamic banking was formally established in Pakistan in 1977, making it one of the earliest Muslim nations to practice it. The State Bank of Pakistan (SBP) regulates both the conventional and Shariah banking sectors, while the Securities and Exchange Commission of Pakistan (SECP) oversees the Islamic capital market and the Takaful sector.

The Shariah Governance Regulations 2018, issued in November of that year, include guidelines on Shariah compliance certification, comprehensive screening for both listed and unlisted companies, internal and external auditing, income purification and a charity distribution mechanism. It also requires Shariah compliant businesses to secure approval from the SECP before running operations.

In 2019, the third iteration of the Strategic Plan 2019–25 by the SBP, which focuses on increasing the share of Islamic banking with updated legal and regulatory frameworks, was launched. Prime Minister Imran Khan also approved the five-year National Financial Inclusion Strategy, which has provisions to develop Islamic banking to broaden existing levels of financial inclusion in the country.

In 2020, the Pakistani National Assembly's Standing Committee of Finance formed a special committee to expedite the implementation of a fully Islamic financial system. A comprehensive plan to eliminate Riba from the country's largely conventional financial industry is currently in the works.

This year, the regulator issued new guidelines on Gender Bonds, to encourage the issuance of Sukuk and bonds that support and empower women as well as drive financial inclusion.

Banking and finance

There are five fully-fledged Islamic banks (Al Baraka Bank Pakistan, BankIslami Pakistan, Burj Bank, Dubai Islamic Bank Pakistan and Meezan Bank) and 16 conventional banks with stand-alone Islamic banking branches. Faysal Bank is in the process of converting into a fully-fledged Islamic bank.

Islamic banking assets and deposits in the country increased by 30% and 27.8% respectively in 2020 – the highest growth in assets since 2012 and in deposits since 2015, according to the SBP's latest report. Islamic banking assets commanded 17% of total banking assets, while Islamic banking deposits held an 18.3% market share.

The apex bank, in February 2019, launched three Islamic refinancing schemes catering to the SME, agriculture and renewable energy sectors to provide long-term, cheaper liquidity.

In 2020, it introduced Islamic Naya Certificates — sovereign investment papers reserved for non-resident Pakistanis that are available through an exclusively digital process. The Pakistan Stock Exchange also launched the country's first Shariah compliant exchange-traded fund (ETF), the Meezan Pakistan ETF.

Capital market

The Pakistani Islamic capital market is active; the SECP regularly publishes a list of Shariah compliant issuances in the Pakistani Islamic capital market. Since 2020 to date, five corporate Sukuk facilities were issued (by Pak Electron, BankIslami Pakistan, K-Electric, Hub Power Company and Pakistan Mortgage Refinance Company).

The government has also tapped the Islamic market since 2019 to help reduce the nation's circular debt, which is estimated at PKR1.4 trillion (US$8.72 billion), issuing Sukuk through its SPV Power Holding. It is also looking at Sukuk issuances to support infrastructure projects throughout the country.

In the past year, the government has been mulling the issuance of a dollar Sukuk worth between US$750 million and US$1 billion that has yet to be finalized as stakeholders continue discussion on which property to use as an underlying asset for the issuance.

Takaful

The Islamic insurance sector, which includes Takaful operators and conventional insurers with Islamic units, is governed by the SECP with dedicated regulations. There are three fully-fledged Takaful operators and 21 Islamic windows in the market. In late 2018, the SECP granted approval to state-owned Pakistan Reinsurance Company to establish the first re-Takaful window in the country.

Outlook

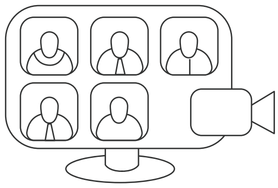
The regulators play a major role in the development of the Islamic finance industry in Pakistan, and they have — particularly the central bank — been active in the past year in nurturing the Shariah sectors. The new committee especially formed by the government to push for a fully Islamic financial system is expected to support the government's target of having the Islamic deposit pool make up 30% of the whole pool by 2025, with Islamic banks taking a 35% share of the branch network as well.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

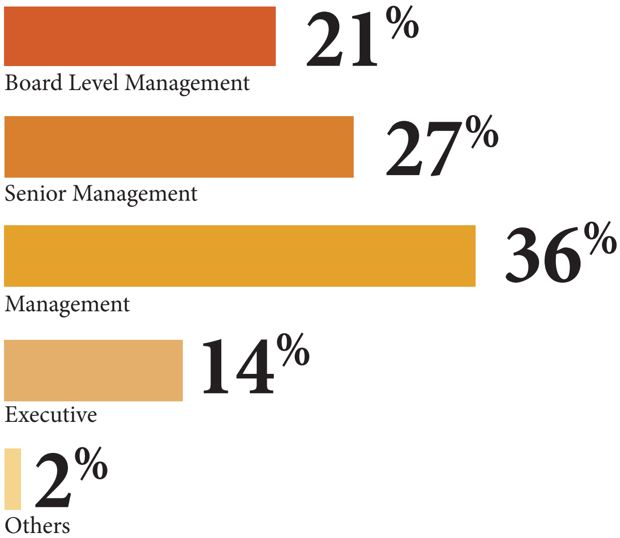
98%
Delegates



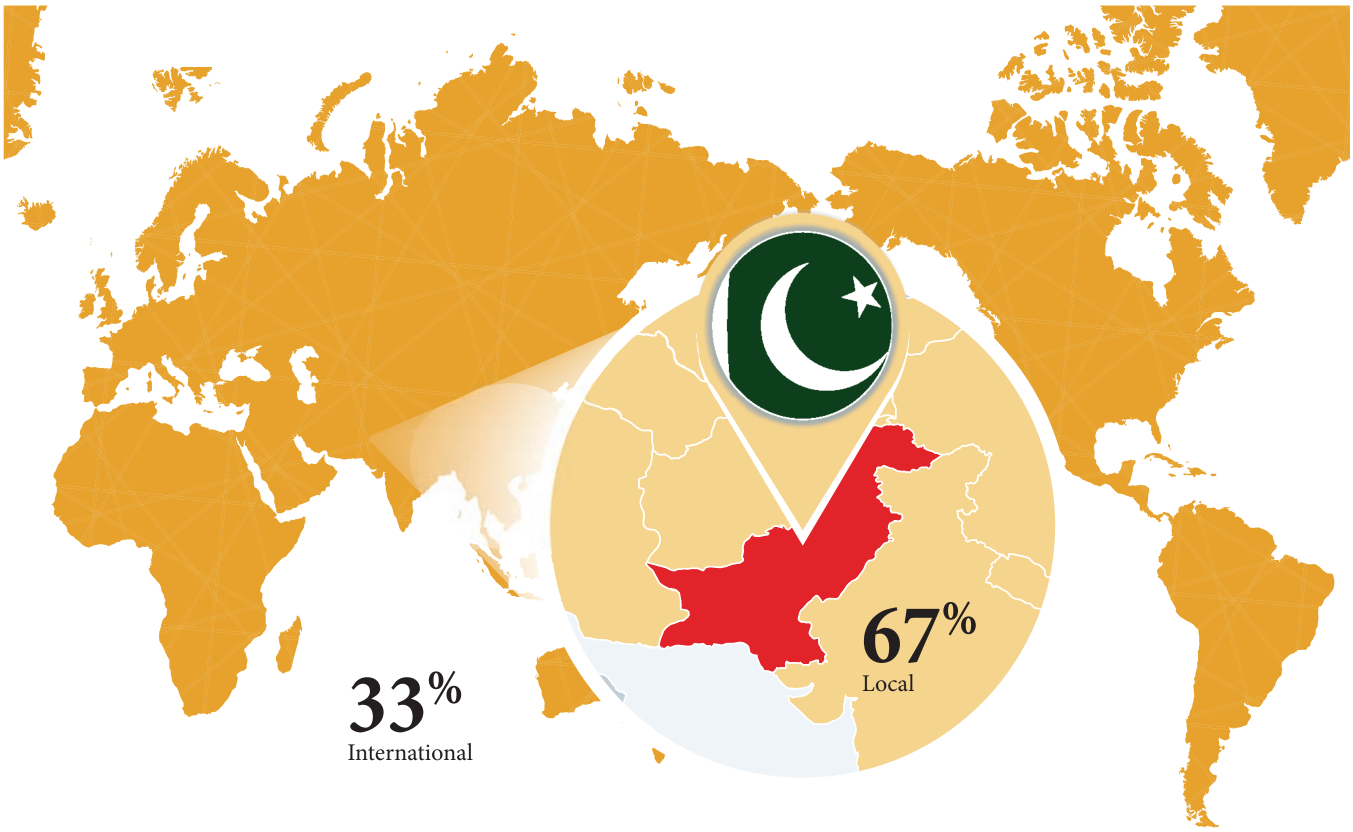
■ ONLINE CONFERENCE ■

2%
Speakers

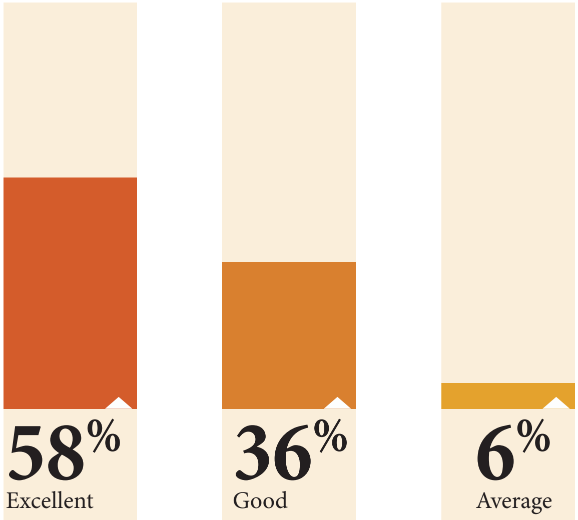
Job Title



International & Local



Session Evaluation
New Opportunities for Islamic Finance in Pakistan



Delegates Who Would Like to Attend IFN Pakistan OnAir Roadshow 2022

92%
Yes

8%
No

Viewership

274

44

ABL

AESI

AH Public Accountants

Al Baraka Bank (Pakistan)

Al Emaan Institute

Al Hilal Shariah Advisors

Al Meezan Investments

Allen & Overy

Allied Bank

Alliott Management Consultancy

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Apel Asset

Arka Projects Strategic Planning

ASA Philippines Foundation

Askari Bank Ikhlas Islamic Banking

Azimut

Bakht Asset Management

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Cykube

Dawat-E-Islami

Dawood Family Takaful

DDcap

Emaan Islamic Banking, Silkbank

Faysal Bank

FINEOPOLIS Consulting

FWU-AG Pakistan

Ghana Revenue Authority

Habib Metroplitan Bank

Hamad Bin Khalifa University

Hammad & Al-Mehdar Law Firm

HBL

HBM Sirat

Hidaya academy

Hifdzi Salmiah Kee Hanisah & Co

Hormuud Telecom

Huriya Gold

IBA Centre for Excellence in Islamic Finance

IdealRatings

Institute of Business Administration Karachi

International Finance Solutions Associates

International Finance Corporation (IFC)

Islamic Development Bank ICIEC

Jadwa Investment

Jamia Anwar Ul Quran

Jamia Ashraful Uloom Gaggoo Mandi

KFH Capital Investment Company

Kolej Universiti Islam Antarabangsa Selangor

Kuveyt Turk Katılım Bankası

MBL

MBSB Bank

MCB Islamic bank

Meezan Bank

Mehr Iran Bank

Messrs Hifdzi Salmiah Kee Hanisah Co

MICFIB

MIDF Amanah Investment Bank

Mustaqeem Islamic Banking

Mutual Funds Association of Pakistan

National Assembly

National Bank of Pakistan

NED University

Norton Rose Fulbright

NZM Solutions

Olivestouch Technologies

Pairstech

Qatar Stock Exchange

Rahman Global Socioeconomic Systems

Riphah International University Islamabad

Sakeenah Group

Sakher El-Jabalayen

SAL Group

Salaam Gateway

Salaam Takaful

Salim Habib University

Samina Farm Products

Saudi Real Estate Refinance Co

Securities and Exchange Commission of Pakistan

Segi

Shariah Avisory Committee Securities & Exchnage Comission of Pakstan

Siemens Pakistan

Sindh Bank

Soneri Bank

Spektr Konsalt

Squire Patton Boggs

Standard Chartered Bank

State Bank of Pakistan

TAIF

Tejara Capital

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University of Swat

UzbekLeasing International

Vakif Katlim

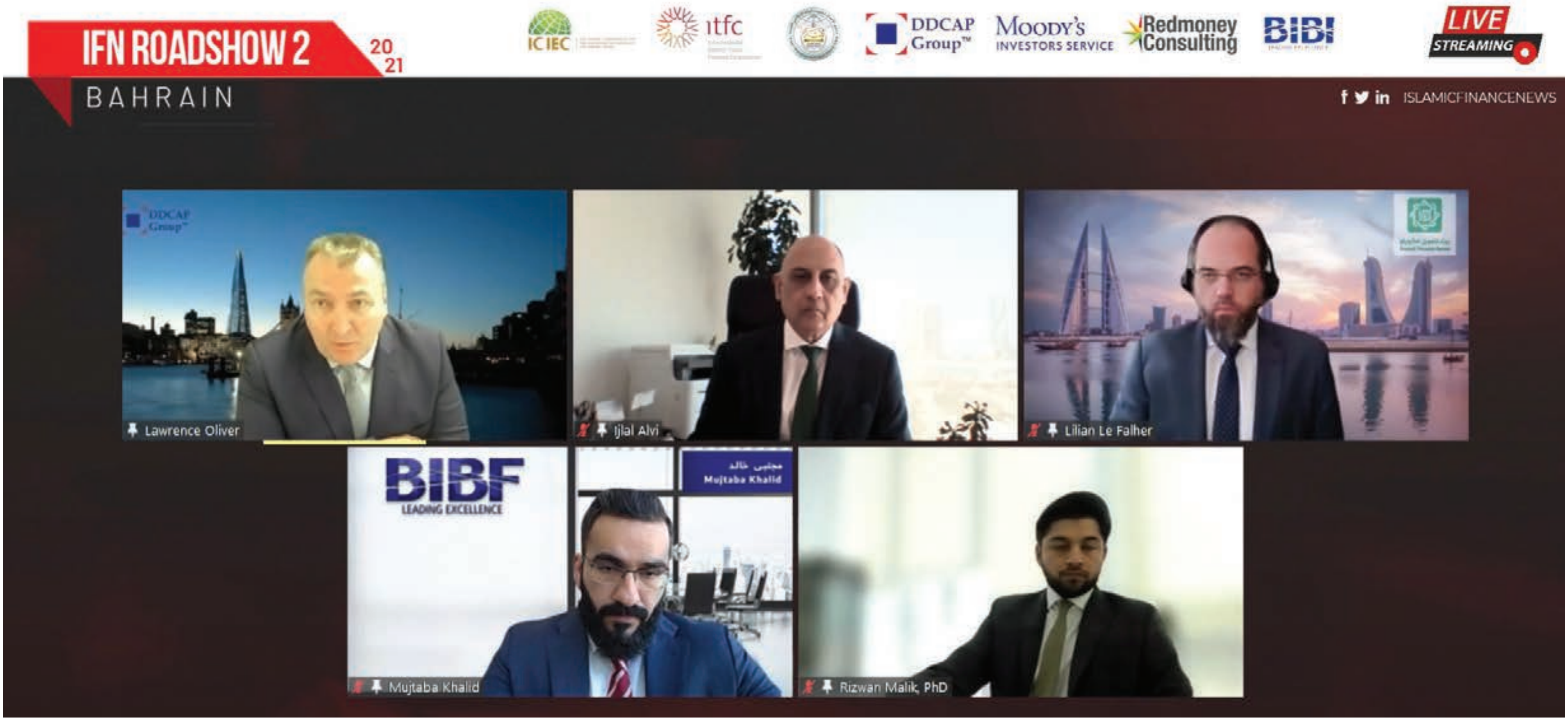
Van Vollenhoven Institute, Netherlands

Wahed Invest

Waseda University

Yasaar

Zarai Taraqiati Bank



Back-to-Basics: Opportunities for Islamic Banking, Finance and Investment to Flourish in Bahrain

Panelists:

Lawrence Oliver — Deputy CEO, DDCAP (*Moderator*)

Ijlal Ahmed Alvi — CEO, International Islamic Financial Market (IIFM)

Lilian Le Falher — Executive Manager, Head of Treasury and Capital Markets, Kuwait Finance House (Bahrain)

Mujtaba Khalid — Head of Islamic Finance Center, The Bahrain Institute of Banking and Finance

Rizwan Malik — Head - Standards Implementation and Strategic Developments, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

IFN focuses on Bahrain and dives into the current developments and challenges of country as the world economy wrestles with the coronavirus crisis. Despite the struggle, Bahrain has received substantial financial support from other GCC members, and its Shariah finance and banking landscape remains strong.

The world has changed. How the Islamic banking, finance and investment industry in Bahrain chooses to respond to these changes may be a generation-defining moment. How can Islamic finance address the challenges of the real economy and how will the Bahraini Islamic finance landscape look like in 2021?

Plus how is technology shaping the finance narrative in Bahrain and what does the future hold for its burgeoning fintech community?

Rizwan Malik

Bahrain has been a hub for the Islamic finance industry for a long time and has supported its growth and development in different ways. This includes being home and host of the most important infrastructure bodies in the global Islamic banking and finance industry including AAOIFI, IIFM, CIBAFI and IIRA as well as Islamic banks and financial institutions.

Additionally, when it comes to regulatory aspects, the Central Bank of Bahrain has provided all the support in assisting the growth of the industry by providing a level-playing field, directives and liquidity management tools in the form of short-term Sukuk in steering the growth of the industry.

The central bank has also issued a comprehensive Shariah governance framework as well as established BIBF [Bahrain Institute of Banking and Finance] and the Waqf Fund for enhancing capacity within the industry. Another way to look at the leadership role of Bahrain is that it has made AAOIFI standards (global benchmarks for the industry) compulsory in the country and the Shariah standards in particular have become part of the law and are published in the official gazette.

With all the infrastructure available, Bahrain is well placed to continue to develop its industry and provide a benchmark to all other economies opening up to Islamic finance.

Rizwan Malik is the head of standards implementation and strategic developments at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Mujtaba Khalid

There were many important issues discussed and Bahrain, although small in size, punches well above its weight when it comes to Islamic finance. This is due to the pioneering Islamic finance ecosystem developed in Bahrain which includes housing infrastructure organizations such as AAOIFI, IIFM, IIRA, etc.

The Central Bank of Bahrain (CBB) has also been instrumental through its robust Islamic finance regulations and establishing the Bahrain Institute of Banking and Finance, the oldest Islamic finance professional qualifications provider in the world.

Leveraging the Islamic finance and fintech ecosystems in Bahrain is key to creating a global value proposition, with great work done by the CBB's FinTech Sandbox in pioneering the way as the region's first sandbox.

Mujtaba Khalid is the head of the Islamic Finance Center at the Bahrain Institute of Banking and Finance.

Bahrain: Staying in the lead

While Bahrain's small economy has struggled in a fallout resulting from a plunge in oil prices and the coronavirus crisis, it continues to receive substantial financial support from other GCC members, and its Shariah finance and banking landscape remains strong. NESSREEN TAMANO writes.

Regulatory landscape

Bahrain is a strong Islamic finance jurisdiction, being the first nation in MENA to publish rule books on Shariah banking and Takaful and having a comprehensive legal infrastructure for the industry.

The country also hosts global Islamic standard-setting bodies, including AAOIFI, International Islamic Financial Market, Liquidity Management Centre, the General Council for Islamic Banks and Financial Institutions and the Islamic International Rating Agency.

A centralized Shariah supervisory board was established in 2015, followed in 2017 by the Central Bank of Bahrain (CBB)'s launch of the country's Shariah governance framework. In 2018, additional Islamic finance regulations were issued, focusing on exchange-traded funds, risk management and cryptocurrency, among others.

Banking and finance

There are 21 Islamic banks in Bahrain, and 14 conventional banks have Islamic windows, according to the CBB. Holding 1.7% of global Islamic banking assets, the nation is the 10th-largest Shariah banking industry, according to IFSB data. At the end of 2020, Bahrain's Islamic banking assets reached US$35.7 billion, representing 17.2% of total banking assets.

Bahrain is the first nation in the GCC region to embrace open banking, mandating banks to share data and essentially allowing customers to link their accounts and information across different banks.

Ahli United Bank is in the process of being acquired by Kuwait Finance House in a deal that would potentially result in the largest Islamic bank in the GCC, with combined assets worth US$96.7 billion. The merger was postponed until the end of 2020 due to the coronavirus outbreak, but is still yet to be finalized.

In 2020, the National Bank of Bahrain (NBB) closed its acquisition of Bahrain Islamic Bank (BiSB), now holding 78.81% of BiSB's shares. Bank of Bahrain and Kuwait began work on acquiring Ithmaar Bank's Bahrain operations, but the plan was canceled in July 2021 after both parties failed to reach an agreement on terms and conditions.

In June 2020, Bahrain Bourse and the CBB launched a Murabahah service underpinned by Sukuk Ijarah for banks and corporates to meet their interbank, corporate and retail needs, via an online Islamic financing and trading platform.

Sukuk

The government issues monthly short-term Sukuk papers (structured under the concepts of Salam and Ijarah) and other long-term Islamic instruments through the CBB.

In 2016, Bahrain debuted its international US$1 billion hybrid Sukuk (Ijarah and Murabahah), and in 2017, issued another facility of the same size. In 2019, Mumtalakat Holding Company, the sovereign wealth fund, issued a US$600 million Sukuk facility that received US$4 billion in bids, and another one in 2020 worth US$500 million that was also oversubscribed. In May 2020, the government raised US$1 billion via a 4.5-year Sukuk facility that was oversubscribed.

On the corporate side, GFH Financial Group issued two Sukuk facilities in 2020 worth a total of US$500 million, and Khaleeji Commercial Bank issued a US$159 million additional Tier 1 Sukuk paper. This year, BiSB raised BHD25 million (US$65.94 million) from a privately placed Sukuk paper fully covered by parent company NBB.

Takaful

There are seven Shariah compliant insurers in the Kingdom: six Takaful and two re-Takaful companies. Takaful International Company, a pioneer in the sector, has gone through a spate of mergers and acquisitions beginning in 2017. Bahrain Kuwait Insurance Company increased its ownership in Takaful International; and Solidarity Group offered to buy 100%

of Al Ahlia Insurance Company's ordinary shares, to potentially establish the largest Takaful company in Bahrain. In 2020, Bahrain National Life Assurance Company started negotiations to acquire 12.5 million shares of Qatar's Al Khaleej Takaful Insurance Company.

According to AM Best, as at July 2019, Bahrain has the highest level of Takaful penetration in the Middle East (excluding Saudi Arabia), backed by the Kingdom's Takaful regulatory environment, which supports international groups looking to set up Takaful operations in Bahrain.

The CBB had, also in 2019, issued rules on insurance aggregators as a first step toward launching its insurtech industry.

Fintech

Bahrain is in a good position to realize its goals of becoming a global Islamic fintech hub given its strong Islamic finance foothold. The central bank works closely with Bahrain Fintech Bay in the development of the country's fintech sector, with a special focus on Islamic fintech solutions.

In 2017, KFH Bahrain, Al Baraka Banking Group and Bahrain Development Bank founded ALGO Bahrain, a fintech consortium of Islamic banks that aims to accelerate and promote Shariah compliant fintech solutions in the banking industry.

In 2018, regulations on the Shariah compliance of cryptocurrency and robo-advisors were introduced, and RAIN, the first crypto exchange to graduate from the CBB's sandbox, received its Shariah compliance certification. Digital assets and blockchain company CoinMENA also received its Shariah compliance certification in late 2019.

Outlook

Bahrain boasts high per capita income levels and a fairly diversified economy relative to the other GCC countries, according to Moody's Investors Service, and despite its struggles with implementing fiscal reforms, the nation maintains a strong spot in the Islamic finance and banking landscape.

Overall Evaluation
Online Event

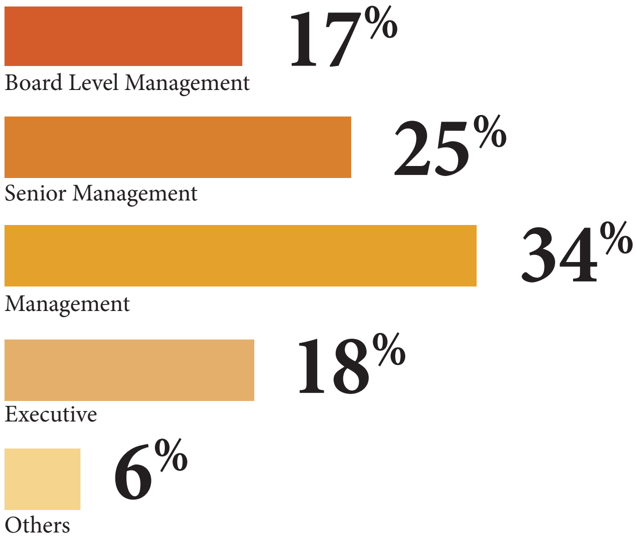
Speakers

Breakdown
Delegate

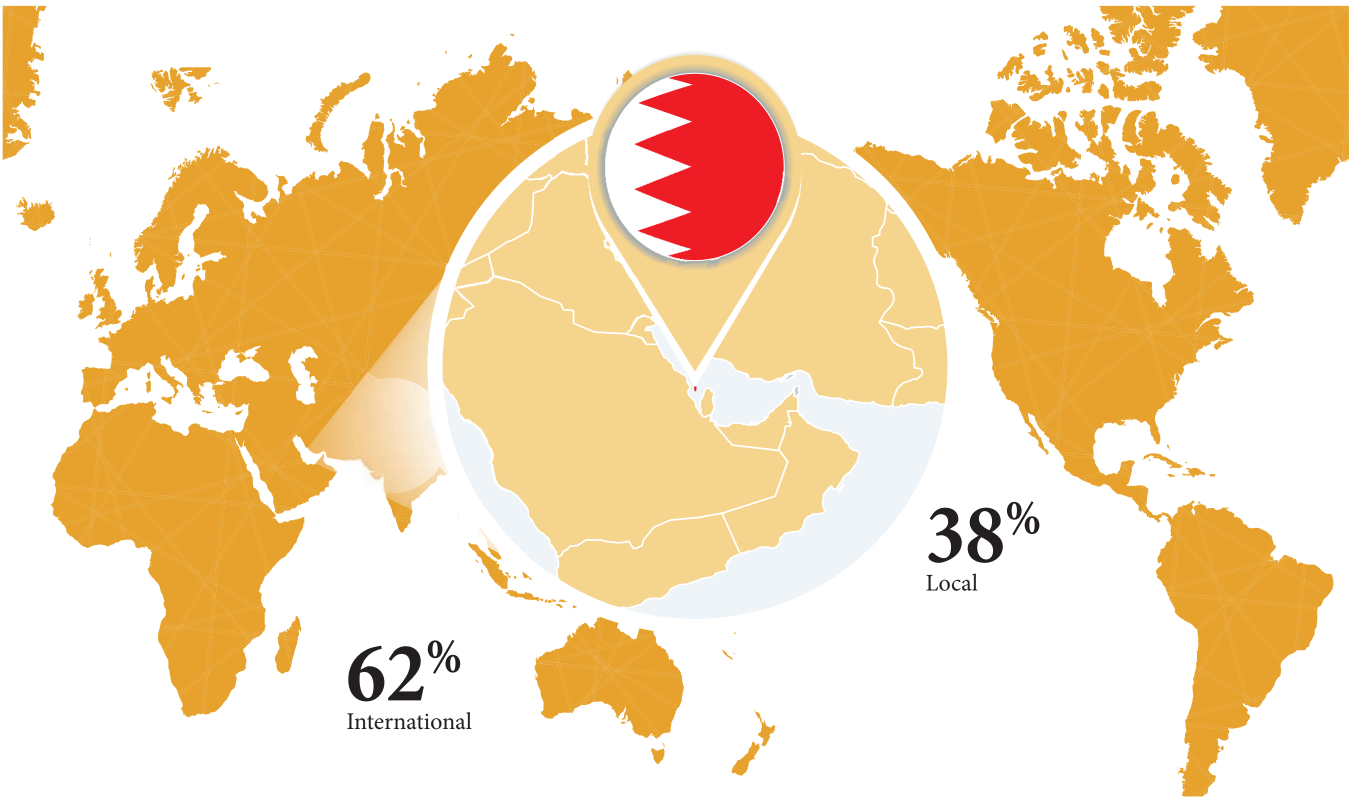
96%
Delegates

4%
Speakers

Job Title

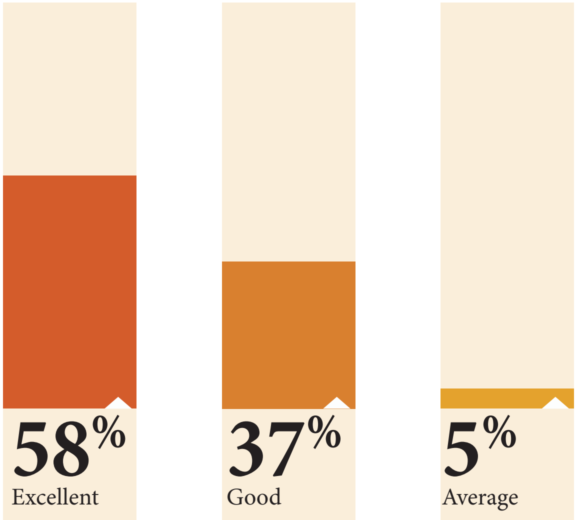


International & Local



Session Evaluation

Back-to-Basics: Opportunities for Islamic Banking, Finance and Investment to Flourish in Bahrain



Delegates Who Would Like to Attend IFN Bahrain OnAir Roadshow 2022

100%
Yes

Viewership

IFN TV 97

REDmoney LIVE STREAMING 133

2CLOUDTECH

3BL Associate

AAMAAL

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

AESI

Africa Law Partners

Ahmed Raji & Co

AI Tech

AJK Consultancy

Al Baraka Islamic Bank

Al Majd Insurance Brokerage

Alchemist Comsulting

Alliott Hadi Shahid CA

Almaqabi Advisory

Almoayed Computer

Almoayed Technologies

AMA International University

Aman Insurance

Avenir Registrars

Bahrain Development Bank

Bahrain EDB

Bahrain Islamic Bank

Bahrain Training Institute, Ministry of Education

Banc

Bank Nizwa

BB Home

BlueMount Capital Australia

BNP Paribas Malaysia

Charles Russell Speechlys

Citibank

Connectif Technology

Cura Management

DANOWA Group

DDCAP Group

Devon Bank

DigiAlly

Ebury

Economic Development Board

Eminence Global Asset Management

EQORIS

Everx She Management Solutions

Federal Inland Revenue Service

FINEOPOLIS Consulting

FTI Consulting

Gateway Global

Global Innovative Solutions

HBKU

Horthus Solutions

Ibdar Bank

ICD

IFC

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Lumina Consulting Services

Mainstream Global Insurance Brokers

Maples and Calder (Dubai)

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Mistry Advisors

Money Parking Ethical

Octopus Investments

Prince Sultan University

Psalm Fiduciary

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Serunai Commerce

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Takaud Savings & Pensions

Tamkeen

Tejara Capital

TEQNOBLOC

The Bahrain Institute of Banking and Finance

The Hague University of Applied Sciences

The IBN Sina Trust, Bangladesh

The IILM

Trowers & Hamlins

Ubhar Capital

University of Bahrain

University of Dubai

University of Genoa (Italy)

University of Salford

University of Technology,Bahrain

University of Warwick

Watson Farley & Williams (Middle East)

Wit's College

YOA Law Office

Zamzam Capital

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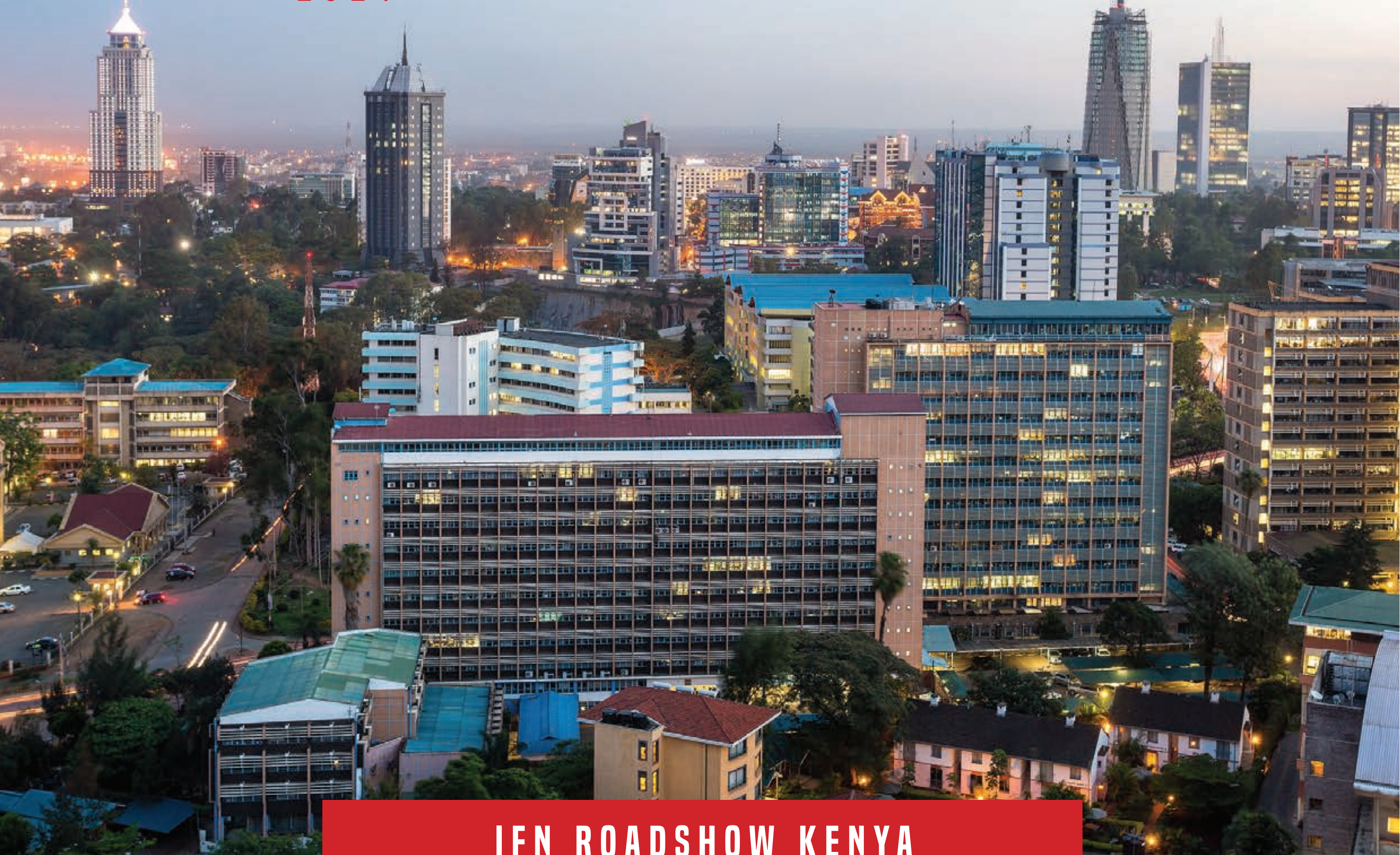
IFN ROADSHOW OnAir 2

KENYA 2021



IFN ROADSHOW KENYA

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Back-to-Basics: Opportunities for Islamic Banking, Finance and Investment to Flourish in Kenya

Panelists:

Cassim Docrat — Director, DDCAP (*Moderator*)

Asad Ahmed — Managing Director, Alvarez & Marsal

Jaafar Abdulkadir — Managing Director, Salihin Shariah Consultancy

Najib Alaswad — Director, IFAAS

Dr Hassan Bashir — Executive Director, Agent for Inclusive Insurance Development (AIID)

Samira Mensah — Director, Financial Services - Sovereign/IPF Ratings, S&P Global Ratings

As one of the economies to rebound faster than the rest of its regional peers, Kenya has displayed impressive resilience during the COVID-19 pandemic.

Kenya is also a regional Islamic finance pioneer, with a head start over its neighbours.

Islamic finance opportunities abound for Kenya. We return to Kenya to find out how does Kenyan government tackle the Islamic finance ecosystem in terms of regulation, taxation and market development for it to flourish? How far is Islamic finance being effectively deployed to promote regional and international trade?

In addition to traditional Islamic banking services, Kenya is also keen to utilize fintech to advance the domestic industry. With Kenya being a regional fintech leader, how are financial inclusion and the provision of user-friendly, effective financial solutions being driven in the country, and what Shariah compliant products are on offer? What are the effective ways to deploy fintech to domestic markets, including green and sustainable projects?

The Islamic finance sector in Kenya has had nearly 14 years of development since the founding of the first fully-fledged Islamic bank in 2007. Since then, the sector has flourished according to experts. In a recent REDmoney event dubbed 'Back to Basics: Opportunities for Islamic Banking, Finance and Investment to Flourish in Kenya', scholars and industry experts took stock of the sector's growth and development during the last decade.

According to experts at the event, the growth of the Islamic finance sector in Kenya has been evidenced in banking, Takaful, cooperatives, pension and capital market subsectors. As a result, there are now companies providing Shariah compliant services in all these subsectors including three fully-fledged Shariah compliant commercial banks, a Takaful operator, a number of Shariah compliant cooperatives and at least one compliant pension scheme.

Experts at the event have credited the Kenyan government's deliberate strategy to introduce and develop Islamic finance as a significant pillar of national economic growth. The event highlighted several key areas of development resulting from Kenya's strategy for the Islamic finance industry.

Among these are the recognition of Islamic finance as a key pillar of Kenya's 10-year Capital Market Master Plan, the introduction of Takaful in the Insurance Act, the development of Takaful regulations by the Insurance Regulatory Authority, the approval of Shariah compliant bylaws by the cooperative sector regulator (SASRA) and the advanced discussion around the consideration for a national Shariah advisory framework.

Because of the above, experts at the event noted that Kenya is well positioned to be a hub for Islamic finance business in the region.

Dr Hassan Bashir is the executive director at the Agent for Inclusive Insurance Development (AIID).

Kenya: Slow but steady

As one of Africa's Islamic finance pioneers, Kenya has had a head start over its neighbors, but the past few years have been quiet for the country's Shariah industry. NESSREEN TAMANO writes an overview of Kenya's Islamic finance industry.

Regulatory landscape

In 2016, the Project Management Office was established and tasked to develop a National Shariah Governance Framework, which is still in the works. The Capital Markets Authority is a member of the IFSB and the General Council for Islamic Banks and Financial Institutions.

In 2018, the Finance Act, 2017 was passed into law, with provisions for Sukuk transactions as well as updates on the Stamp Duty Act, Income Tax Act and Value-Added Tax Act that afford Islamic finance transactions the same tax treatment as their conventional counterparts. Sukuk issuances are now exempt from value-added taxes and stamp duties.

The Takaful sector is regulated by the Insurance Regulatory Authority under the Insurance (Amendment) Act 2016, which only came into force in January 2017. Dedicated Takaful regulations were expected to be issued before 2019 but have yet to be passed.

Banking and finance

There are three fully-fledged Islamic banks in Kenya: Dubai Islamic Bank Kenya, Gulf African Bank (GAB) and First Community Bank. Conventional banks including Chase Iman, National Amanah, Kenya Commercial Bank (KCB) and Standard Chartered offer Islamic products and services on a window basis. Pakistan's Bank Al Habib has a representative office in Kenya under the name BAHL-Representative Office.

In 2018, KCB started the process to acquire Imperial Bank, which offers Islamic solutions and which had been placed in receivership, and in 2019, Shariah compliant Salaam Investment Bank Kenya opened for business in Nairobi to offer wealth management services and advisory for clients seeking to raise capital.

Barclays Bank of Kenya, which offers Shariah products, changed its name to Absa Bank Kenya in February 2020 and soon after got involved in a case that accuses the bank of charging conventional interest on an Islamic facility. The National Bank of Kenya similarly was in a dispute in early 2020 about whether or not it had charged interest on a Shariah compliant loan. Both cases are ongoing.

In May this year, the central bank approved Djibouti-based Salaam African Bank's acquisition of Uwezo Microfinance Bank, a deal that is expected to enhance the country's Islamic microfinance sector.

Shariah compliant savings and credit cooperatives (saccos) such as Taqwa Sacco, Community-Owned Finance Institution and Crescent Takaful Sacco offer Islamic financing. Agricultural Finance Corporation, which offers financing to farmers, is said to be working on setting up an Islamic window.

In October 2019, UN Habitat signed an MoU with the Kenyan branch of Gateway Global, which offers Islamic products, to develop affordable housing via ethical/Islamic financing.

Takaful

Takaful Insurance of Africa and GAB Takaful are the only fully-fledged Islamic insurers in Kenya, with Kenya Reinsurance Corporation and FCB offering Takaful products on a window basis.

Plans to develop a framework for trade insurance that covers infrastructure-related exports and loans to Africa were discussed in 2019 by the IsDB, Japan's Nippon Export and Investment Insurance and Kenya's African Trade Insurance Agency, to be launched by the end of that year, but there have been no further updates on this.

In March 2020, Kenya Re announced its plans to enter the Egyptian Islamic reinsurance market to boost its re-Takaful revenues, a move that would raise the reinsurer's re-Takaful premiums to exceed the KES1 billion (US$9.2 million) it recorded in 2019.

Sukuk

A debut sovereign Sukuk facility has been in the works for a few years, originally slated to be issued in 2018 but postponed indefinitely. The government is considering international debt instruments that include Shariah compliant ones to raise an estimated KES250 billion (US$2.3 billion).

In 2017, Nairobi Securities Exchange and NASDAQ Dubai signed an MoU to jointly establish a Sukuk market in Kenya to further promote Islamic capital market products.

Asset management

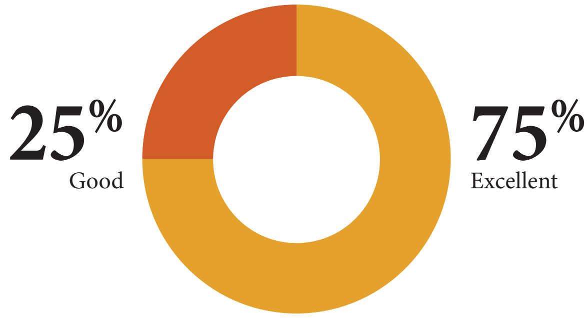
The two Islamic asset managers in Kenya are FCB Capital and Genghis Capital, which is the brokerage arm of Chase Bank Group. Apollo Asset Management Company also offers Islamic products, and the Local Authorities Provident Fund (LAPFUND), a state-owned pension fund for county and parastatal employees, has a Shariah compliant scheme called LAPFUND Amal.

Another public Islamic pension fund — the Salih Retirement Sub-Fund — was launched in 2018 by CPF Financial Services.

Outlook

Delays in regulatory enhancement continue to be a major obstacle in pushing the Islamic finance and banking industry in Kenya further forward, despite the nation's potential, and especially as neighbors such as South Africa and Nigeria are making strides. Takaful remains the sector with the highest potential for now, with four local companies having submitted applications for licenses to set up Islamic operations.

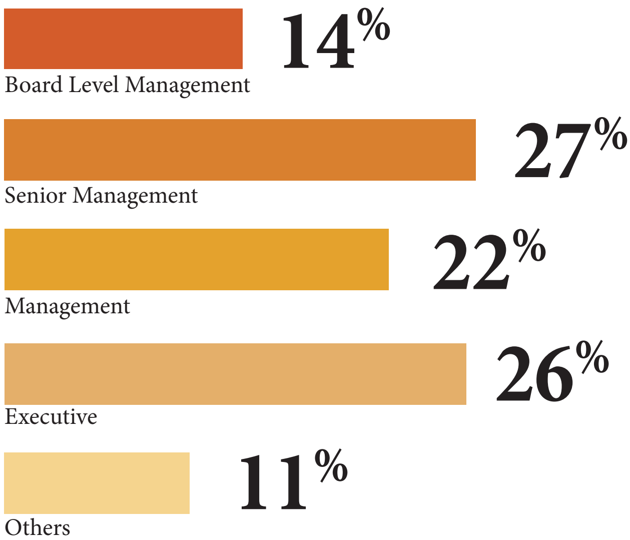
Overall Evaluation
Online Event



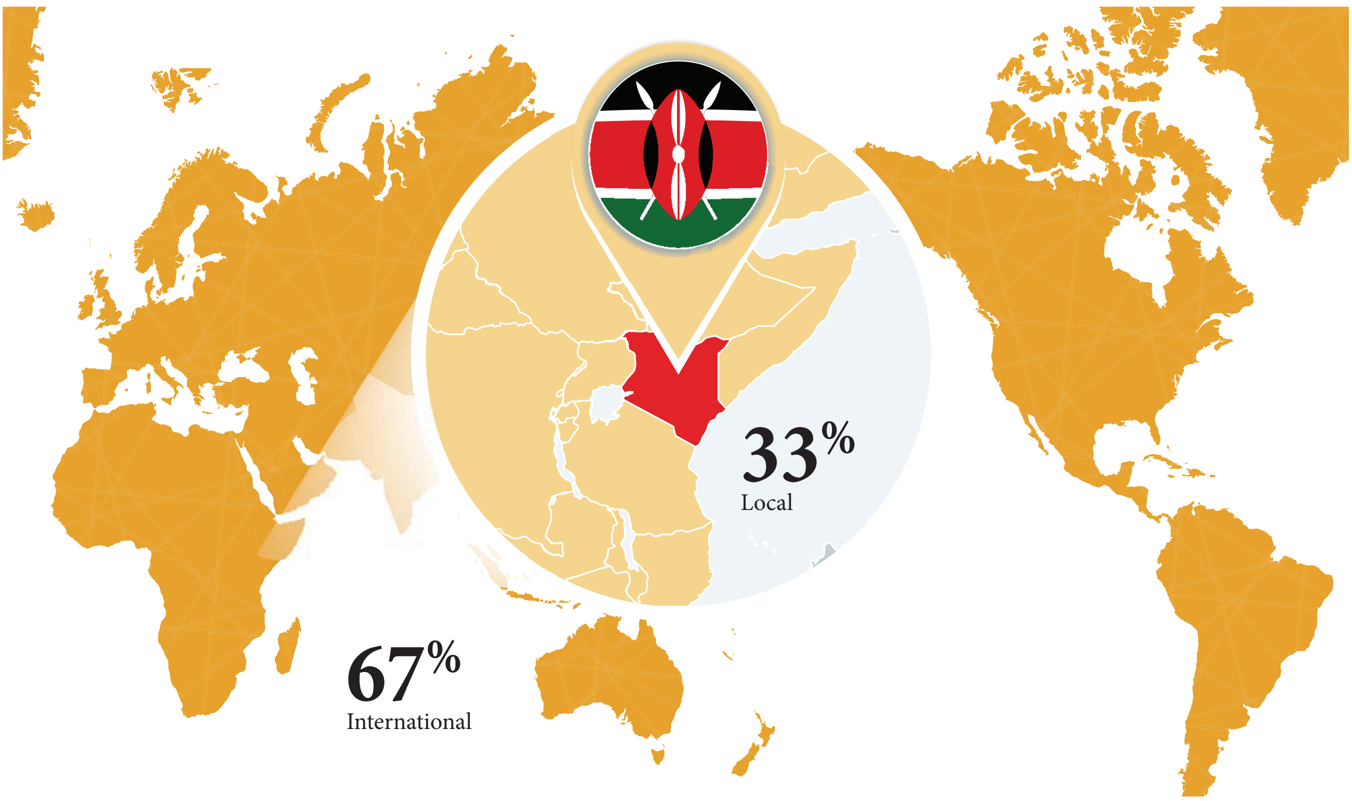
Speakers

Breakdown
Delegate

Job Title

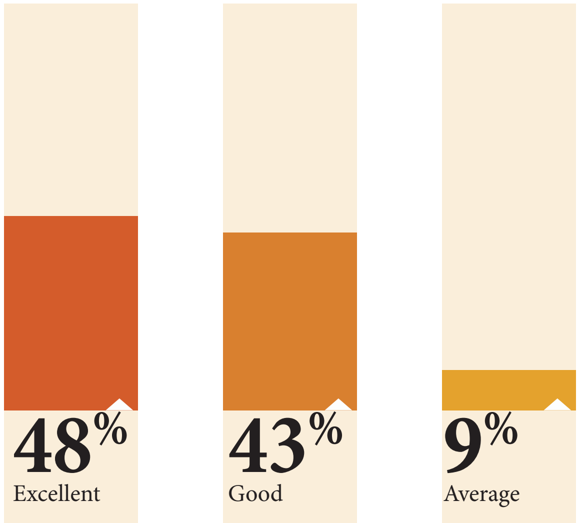


International & Local



Session Evaluation

Back-to-Basics: Opportunities for Islamic Banking, Finance and Investment to Flourish in Kenya



Delegates Who Would Like to Attend IFN Kenya OnAir Roadshow 2022

Viewership

IFN TV 64

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Amplitude Investments
Anjarwalla & Khanna Adovate
Arka Projects
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BNP Paribas Malaysia
BRAE Capitals
BRITAM
Buildafrique Consulting Group
Bursa Malaysia
Busia Mega Builders
Clifford Chance
Craft Silicon
Daawah Counselling Center
Dahabshi Bank
DDCap
Deshbandhu Group
Destination Brands
Diadem Travels International
DIC
DLA Piper
Dubai Gold & Commoditeis
EUNAUL Enterprises
Faisal Provate Bureau
Familty for Empowerment
FCMB Pensions
Financial Regulatory Authority (Egypt)
Finepolis Cconsulting
FOREM
FUJI Office Machine
Genghis Capital
Ghana Post
Goldenscape Group
Guadallupe School
Gulf African Bank
HAWA Firm
Hope Hospice
House of Zakat & Waqf Uganda
IEARN-Kenya
IFAAS
International Turnkeys Systems
Islamic Development Bank ICIEC
Janem
JKUAT
KCB Group
KPMG East Africa
Kuehne Nagel
Landgold Microfinance Bank
Lion International Bank
LLC Sarakhsi Advisory
Makori & Karimi
Mamu Twinbro Investment
MWC Legal
National Bank of Egypt
National Bank of Kenya
Ndungu Muiruri & Co Advocates
New Light Africa
Northstar Technologies
NurulIlm Islamic Foundation
Old Mutual Wealth
Oxford Business Group
Pacific Enterrpsie
PAMECAS
PASCA
Proc & Logistics Consult
Proffessional Institute of Rses
Proshare Nigeria
Real Time Investment
Ripples Interactive Media
S&P Global Ratings
Sakeenah Group
Salaam Gateway
Salihin Shariah Consultancy
Salim Megatama Group
Sate Bank of Pakistan
Securex Security
Seedlink Africa
Sisitech
Solodarity for Peace, Kenya
Soltic Africa
SSC Capital
State Bank of Pakistan
Strathmore University
SunH Holdings
Swadeb Construction
Techdimensions
The Card Guys
The Golden Creations
University of Nairobi
Vartech East Africa
Wasillianahub Mediators Africa
Yousund Kenya

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The Next Phase: Islamic Banking, Finance and Investment in Kuwait

Panelists:

Issam Al Tawari — Founder and Managing Partner, Newbury Consulting (*Moderator*)

Ajai Thomas — Chief Financial Officer, Kuwait International Bank

Cassim Docrat — Director, DDCAP

Dr Hessah Al-Motairi — Assistant Professor, Department of Mathematics, Kuwait University

Hossam Abdullah — Legal Counsel & Managing Partner, Hossam Al-Hossam Legal – Al-Turqi & Partners

M R Raghu — CEO, Marmore Mena Intelligence

Kuwait remains the fifth-leading nation in global Islamic economic development. The Kuwaiti Sukuk market, while small, has flourished considerably, particularly from the corporate sector.

Can Islamic finance in Kuwait use this opportunity to become truly responsible, inclusive and ethical, while at the same time contribute to the country's growth and development?

Islamic fintech is a segment of financial technology that adheres to the Shariah principles. It has the same values and ethics which form the basics of Islamic finance. There are approximately 30 fintech companies operating in Kuwait. How far is fintech reaching its potential in the country, and how has the digitization of financial services benefited banks and consumers?

Kuwait: Hanging in the balance

Kuwait remains the fifth leading nation in global Islamic economy development according to the Islamic Financial Services Industry Stability Report 2020. NESSREEN TAMANO writes an overview of the Gulf State's Islamic finance and banking industry.

Regulatory landscape

The regulators — the Capital Markets Authority (CMA) and the Central Bank of Kuwait (CBK) — have backed Kuwait's Islamic finance and banking industry with a legal infrastructure to facilitate Shariah compliant activities. Islamic banks are regulated under Law No 30 of 2003, and the CMA issued Sukuk regulations in 2015, which gave greater clarity to issuances in terms of structuring and governance.

In 2019, the CBK issued comprehensive Shariah audit regulations and announced plans to launch certification for Shariah auditors. The central bank also finalized a draft law on establishing a centralized Shariah board.

In February 2020, Kuwait's National Assembly unanimously voted in favor of the establishment of a Shariah inspection body by the central bank to regulate the country's Islamic banking and finance sectors.

In 2021, the government reportedly proposed amendments to the public debt law, including a borrowing limit capped at 60% of the GDP and the removal of maturity limits on debts (currently set at 30 years). There are no updates yet on the amendments being finalized or its effect on the Islamic capital market, particularly with sovereign Sukuk issuances.

Banking and finance

There are six fully-fledged Islamic banks in Kuwait — Kuwait International Bank (KIB), Kuwait Finance House (KFH), Boubyan Bank, Warba Bank, Bahrain-based Ahli United Bank (AUB) and the Kuwaiti branch of Saudi-owned Al Rajhi Banking & Investment Corporation.

The planned merger between KFH, the country's first Islamic bank which started operations in 1978, and AUB is expected to result in one of the world's largest Islamic banks, but it has been put on hold until the global coronavirus situation has stabilized. The merger was first proposed in 2018. Boubyan Bank also made a US$212.1 million all-cash offer to fully acquire BLME Holdings, the parent company of UK-based Bank of London and The Middle East (BLME).

In 2020, Bank of Bahrain and Kuwait started work on acquiring certain assets of Ithmaar Holding, including its Islamic banking operations in Bahrain. The acquisition, also delayed by the pandemic, is expected to be completed in 2021.

Islamic windows are currently not permitted by the central bank.

In the financing sector, Al Mulla International Finance Co is the only licensed fully-fledged Islamic finance company in the country, but other finance companies do offer Shariah compliant solutions.

The country's Islamic asset management industry is vibrant — the central bank lists at least 12 Shariah compliant funds out of over 50 in Kuwait.

Sukuk

The Kuwaiti Islamic Sukuk market, while small, saw much activity this past year, particularly from corporates. KIB issued a US$300 million Tier 2 Sukuk facility that received US$2.7 billion in orders, and Warba Bank issued a US$500 million Sukuk facility that was oversubscribed 6.32 times.

Kuwait-based Equate Petrochemical Co established a US$2 billion Sukuk program (under which a subscription has yet to be offered), while Boubyan Bank announced plans to issue a US-dollar denominated Sukuk paper that it reaffirmed in March 2021.

KFH, amid global concerns about the coronavirus crisis, disclosed its plans to issue Sukuk or other Islamic debt instruments, with additional plans to issue capital or funding Sukuk in 2021.

As for sovereign papers, the central bank continued to regularly issue short-term Sukuk under the Tawarruq structure alongside conventional papers.

Takaful

The Takaful sector is regulated by the Ministry of Commerce and Industry under Kuwait's insurance law, Law No 24 of 1961. In January 2019, the Council of Ministers approved the establishment of a separate regulatory body for the insurance sector.

According to the IFSB, in 2017, Kuwait's Takaful sector held 22.1% of the insurance sector's total premiums, and of that, 87% were contributed by General Takaful.

Outlook

Kuwait has, in general, been affected by the sharp decline in oil prices triggered by the impact of COVID-19 on the global economy. Fitch Ratings also predicts that Kuwaiti Islamic banks will continue to be affected by lower profit rates, lower business volumes and higher financing impairment charges.

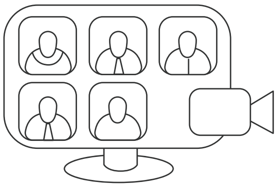
However, as the country's central bank continues to play a pivotal role in international Islamic finance-related institutions, and with its capital market's recent inclusion in the MSCI Emerging Markets Indices, Kuwait remains a major industry player backed by strong government support and an enabling regulatory framework.

Overall Evaluation
Online Event

Speakers

Breakdown
Delegate

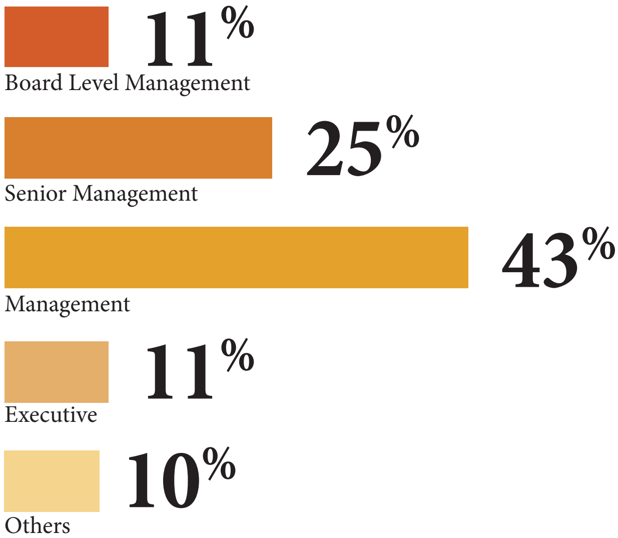
95%
Delegates



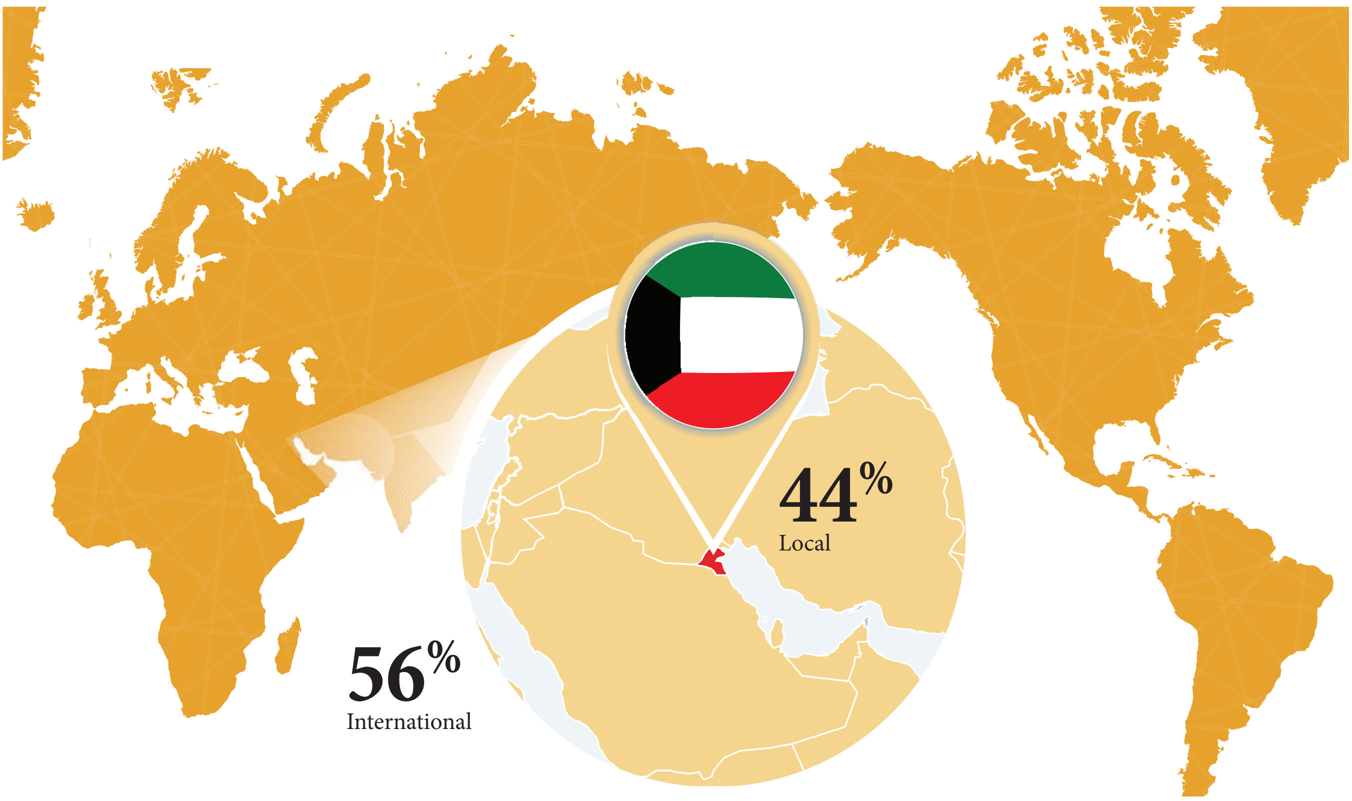
■ ONLINE CONFERENCE ■

5%
Speakers

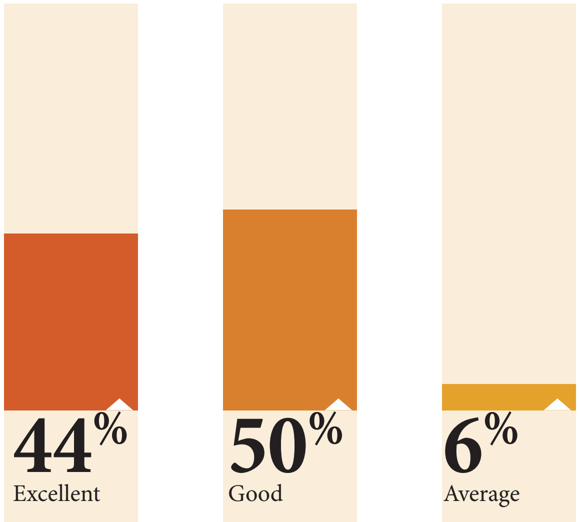
Job Title



International & Local



Session Evaluation
The Next Phase: Islamic Banking, Finance and Investment in Kuwait



Delegates Who Would Like to Attend IFN Kuwait OnAir Roadshow 2022

Viewership

IFN TV 112

REDmoney LIVE STREAMING 122

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Abu Issa Holding
Accuracy Beginning Business
Action Group Holdings (AGH)
Al Hossam Legal
Al Manar Financing & Leasing
Al-Bahar Group
American University of Kuwait
Amundi Malaysia
APT Securities & Funds
AT Corporation
Ausscar Financial Group
Autoriti Monetari Brunei Darusalam
Bank Boubyan
Bank of London & Middle East (BLME)
Best Western
Blida University
BNP Paribas Malaysia
Boubyan Bank
Boubyan Capital
Boursa Kuwait
Credit Rating & Collection
Cykube
DDCAP
Distinct Model Schools
Eiger Trading Advisors
Ellani Software Solutions
Eminence Global Asset Management
Energy investment
Fairway Group
Family Office
FINEOPOLIS Consulting
First Abu Dhabi Bank
First Securities Brokerage
Foot Anstey
FTI Consulting
Gulf Central Merchant Bank
HAGNUS Group
Hamad Bin Khalifa University
Hossam Al-Hossam Legal, Al-Turqi & Partners
Howard Kennedy
Ibriz
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Infopro
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International Shariah Research
Interplan Financial Inc
Investment Dar Company
Islamic Corporation for Development of Private Sector - ICD
Islamic Development Bank ICIEC
JGTC
Kamco Investment Company
Keepers Advisory Services
KFUPM
Khalidmayanja
KILAW
KIPCO
Korea University
Kout Pictures
Kuwait Finance House, Bahrain
Kuwait Financial Centre Markaz
Kuwait Fund
Kuwait International Bank
Kuwait Investment Authority
Kuwait Petroleum Corporation
Kuwait University
Maples and Calder
Marmore Mena Intelligence
Mistry Advisors
MuslimPay
National Bank of Pakistan
National Investment Company
Neutrinos
Newbury Consulting
Nexus Financial Services
Path Solutions
Patti
Powas equinox Insurance Broker
Quorum Centre for Strategic Studies
Qurain Petrochemical Industries
Rays Gen.Trading & Cosulting
Rayyanat Najd
SAL Group
Salaam Gateway
Saudi Real Esate Refinance
Selim Megatama Group
SHAPE Knowledge Services
SinoGulf (DIFC)
Skyline Real Estate
SOROOH Investment Company
TAIF digital
The Business Year
Thomson Reuters
United Nations
University of Bochum
Warba Bank

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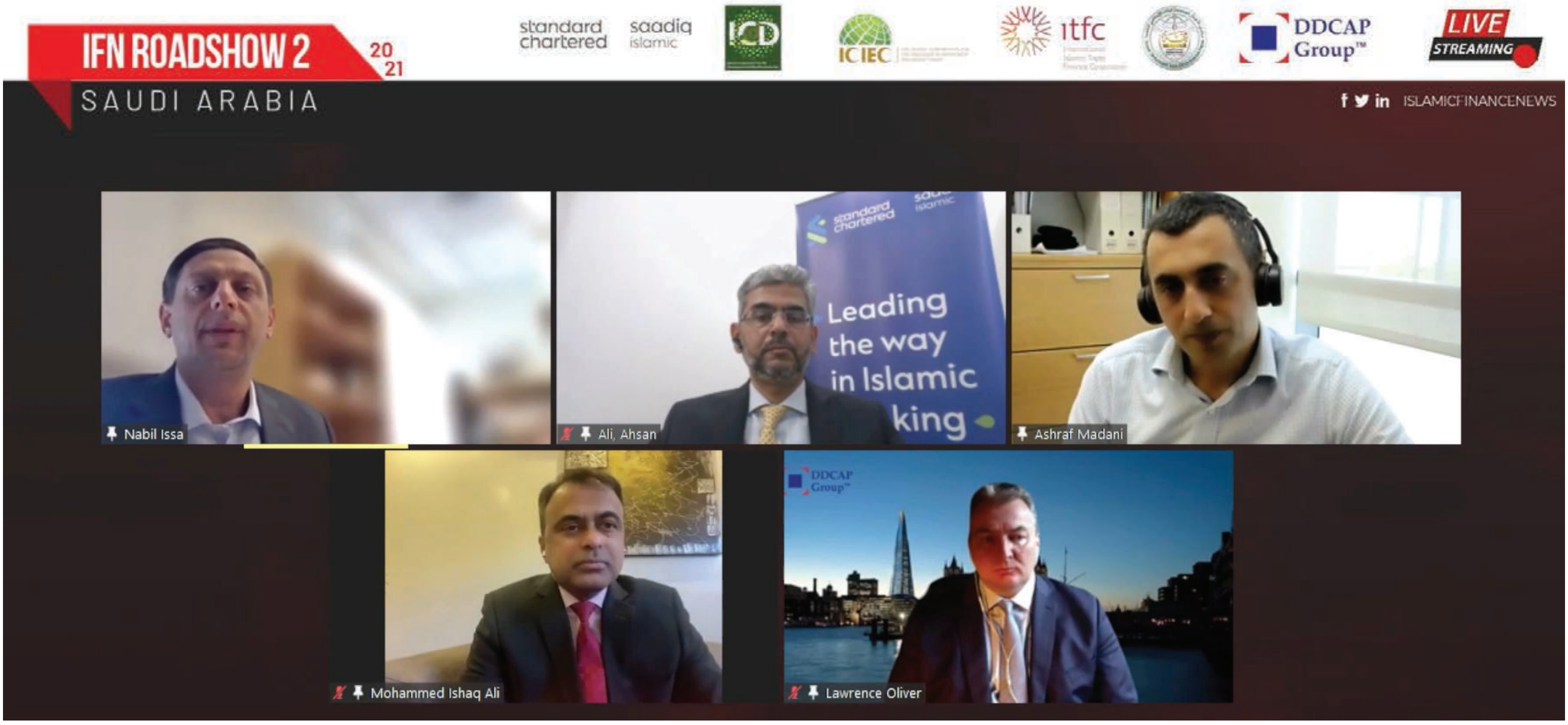


Keynote Address:

H.E. Dr Fahad Abdullah Aldossari — Deputy Governor, Saudi Central Bank

New Frontiers: Prospects for Islamic Banking, Finance and Investment in Saudi Arabia

Panelists:

Nabil Issa — Partner, King & Spalding (*Moderator*)

Ahsan Ali — Managing Director & Head, Islamic Origination, Standard Chartered Saadiq

Dr Mohammed Ishaq Ali — Head of Equity Funds, ANB Invest

Ashraf Madani — Vice-President – Senior Analyst, Financial Institutions Group, Moody's Investors Service

Lawrence Oliver — Deputy CEO, DDCAP

Saudi Arabia is one of the most active and influential markets in the Islamic finance space and certainly the biggest in the Gulf. The Kingdom also has a thriving Islamic fintech scene, with at least 22 fintech companies licensed by the central bank, all of which provide Islamic solutions if not fully-fledged Shariah compliant.

What does the Saudi Arabian Islamic banking landscape look like in 2022? Is fintech reaching its potential in the Kingdom, and how has the digitization of financial services benefited banks and consumers?

What role is Saudi Arabia playing in the facilitation and promotion of regional trade and how is this benefiting Saudi exporters, particularly the SME sector? Finally, what can we expect to see from the domestic Islamic capital markets in the coming year, and will Sukuk play a more significant role in the financing of the corporate and financial institutions sectors, as well as that of public services?

Saudi Arabia: Maintaining the lead

An Islamic banking and finance pioneer, Saudi Arabia's Shariah banking industry holds a 51.5% share of its domestic market. NESSREEN TAMANO writes an overview of the Kingdom's Islamic finance landscape.

Regulatory landscape

A single regulatory framework governs both the Islamic and conventional banking industries in the Kingdom, which generally follows Shariah law but has no specific regulation for Shariah banking. All banks have their own Shariah boards to ensure compliance.

The Saudi Central Bank (SAMA) regulates the banking, finance and Takaful sectors and has a dedicated Islamic Finance Division, while the Capital Market Authority (CMA) is responsible for regulating and developing the Saudi capital market under the Capital Market Law.

In May 2020, the Saudi Arabia-headquartered IsDB partnered with the UAE's Ministry of Finance and the Dubai Islamic Economy Development Centre to create a unified global legal and legislative framework for the Islamic finance sector that will use AAOIFI standards as a reference.

Banking and finance

There are 12 local banks licensed by the SAMA, four of which are fully-fledged Islamic — Al Rajhi Bank, Aljazira Bank, Alinma Bank and Bank Albilad — while the rest operate Islamic banking units.

The past few years have seen developments, including the establishment of the three major rating agencies' offices in the Kingdom as well as interest by foreign banks and financial institutions — including Credit Suisse — to set up offices in Saudi Arabia, which have contributed to the growth of the Shariah banking sector.

In 2020, Saudi British Bank and Alawwal Bank merged to become what is touted as the third-largest lender in the Kingdom by assets, and in 2021, Samba and National Commercial Bank completed their merger to become Saudi National Bank, with plans of having all rebranded branches converted into fully Islamic at the retail level and at least 70% Shariah compliant under corporate banking by the end of the year.

Also in 2021, a consortium of Saudi entities was formed with tech company Al Moammar Information Systems Company as a founding shareholder to establish a digital Islamic bank, the plans for which are still in the early stages.

The Kingdom also has a thriving Islamic fintech scene, with 13 fintech companies licensed by the central bank, all of which provide Islamic solutions if not fully-fledged Shariah compliant. Islamic fintech start-up Tamara this year closed the largest seed funding round in the Kingdom at US$6 million.

Capital market

The CMA has a parallel market to the main market of the Saudi Exchange, which opened up in 2019 to foreign companies wishing to be listed on the exchange, and the Kingdom is also featured in the MSCI and FTSE Russell indices.

Saudi Arabia debuted its sovereign Sukuk in 2017, that year's largest issue size at US$9 billion. It continues to dominate the global Sukuk market, with a 20.4% market share of global Sukuk issuances as at the end of 2020, second only to Malaysia at 39.2%, according to RAM Ratings. It also issues local Sukuk monthly under its Saudi riyal-denominated Sukuk program.

The Saudi Arabia-headquartered IsDB made the headlines in 2019 when it issued its first-ever green Sukuk paper worth EUR1 billion (US$1.22 billion), and again in February 2020 when it sold US$2 billion in a five-year Sukuk issuance.

Asset management

The Kingdom remains home to the largest number of Islamic funds worldwide, holding 34% of total Islamic fund assets under management. The Saudi Exchange lists 252 mutual funds and 17 Islamic REITs.

In 2021, Jadwa Investment announced a partnership with the Ministry of Human Resources and Social Affairs to establish two Islamic investment funds supporting the non-profit sector.

Takaful

Operating a fully Islamic insurance sector, Saudi Arabia is the largest Takaful market in the world with 30 licensed insurance operators, accounting for more than 87% of total contributions along with Malaysia and the UAE, according to the IFSB's latest data.

It is, however, a highly concentrated market, and insurers in the country are pressured into merging to enhance capability. In the past year alone, three mergers were completed: AlJazira Takaful Taawuni with Solidarity Saudi Takaful; Walaa Cooperative Insurace Company with Metlife, American International Group and the Arab National Bank for Cooperative Insurance; and Gulf Union Cooperative Insurance Company with Al-Ahlia Cooperative Insurance Company. AlAhli Takaful Company and Arabian Shield Cooperative Insurance Company are also currently undergoing a merger process.

In 2019, the SAMA updated the actuarial regulations of insurance and reinsurance companies to further develop and regulate the performance of actuaries in the Kingdom.

Outlook

The Kingdom shows no signs of slowing down, and with a well-established domestic debt market, it has the benefit of easily issuing local currency Sukuk. There is strong governmental support — the SAMA injected SAR50 billion (US$13.31 billion) into the banking sector to enhance liquidity amid the coronavirus crisis while the regulators continue to support the Takaful and financing sectors with new regulations and initiatives.

Overall Evaluation
Online Event

58% Good

42% Excellent

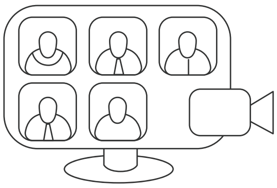
Speakers

45% Excellent

55% Good

Breakdown
Delegate

94% Delegates



■ ONLINE CONFERENCE ■

6% Speakers

Job Title

18% Board Level Management

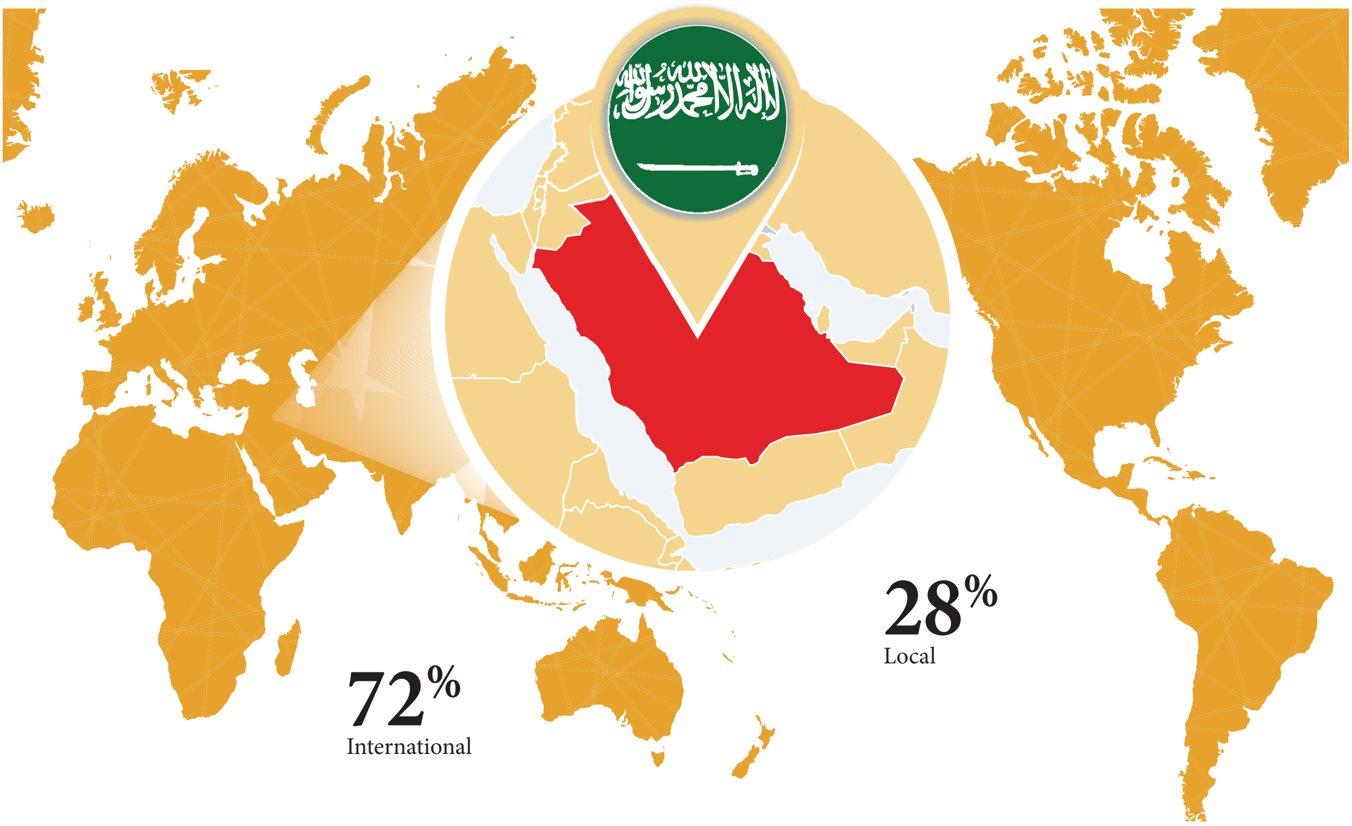
19% Senior Management

37% Management

20% Executive

6% Others

International & Local

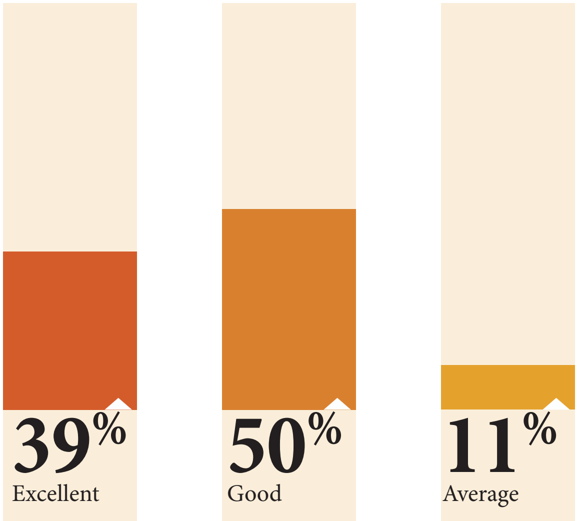


72% International

28% Local

Session Evaluation

New Frontiers: Prospects for Islamic Banking, Finance and Investment in Saudi Arabia



Delegates Who Would Like to Attend IFN Saudi Arabia OnAir Roadshow 2022

86% Yes

14% No

Viewership

IFN TV 94

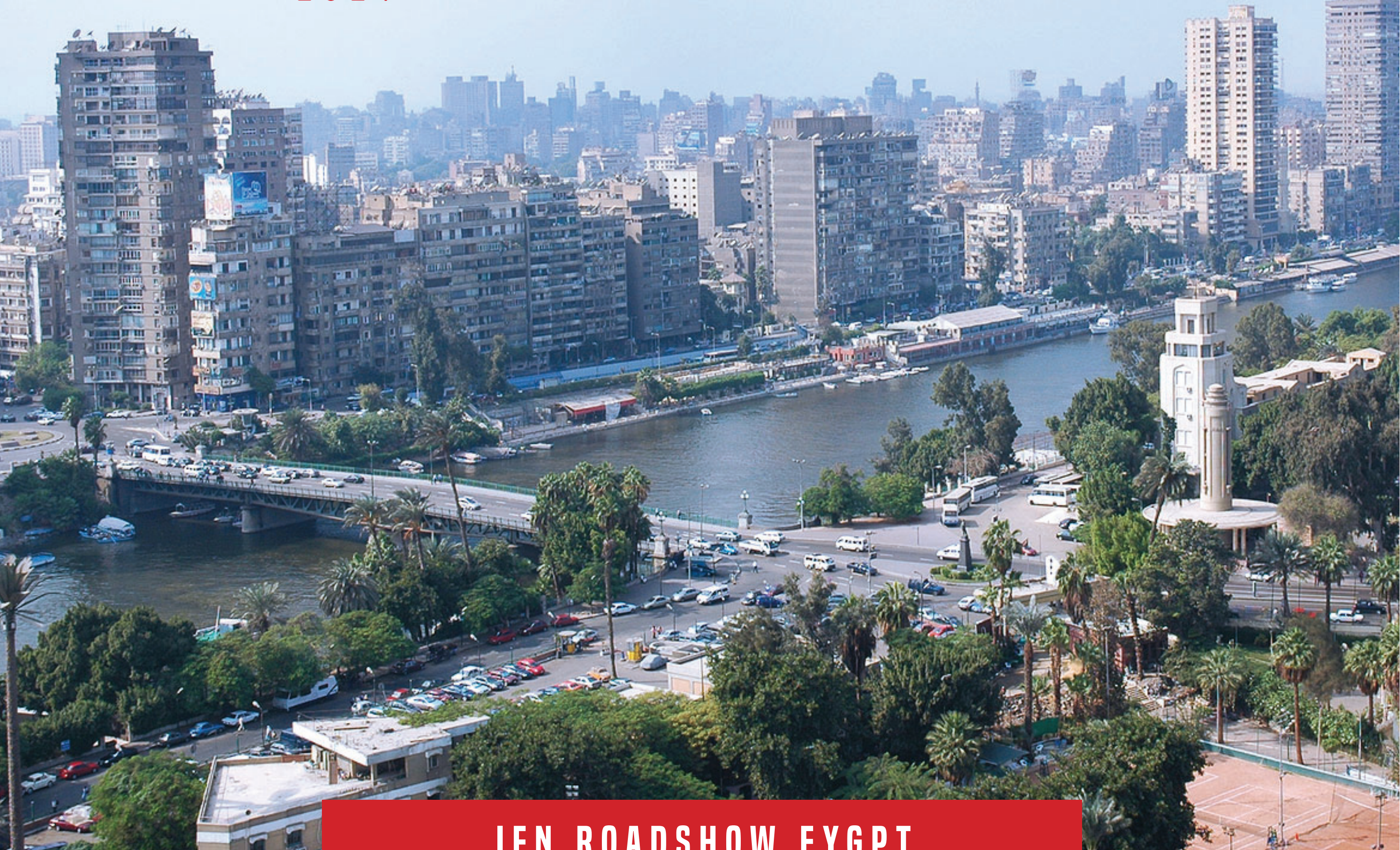
REDmoney LIVE STREAMING 98

AAE Systems
Adeem Capital
Al Dhabaan & Partners
Al Rajh Bank
Al Safi Danone
Al Sayed Sons Company
Al Suwaiket & Al Busaies
Al Tahaluf Real Estate
Al Yamamah University
Alawwal bank
Albilad Capital
Alfanar Co
Alhamrani Group
Alif
Alinma Aalinma Invest Mentalja
AlJazira Capital
AlKawther Industries
Alkhair Capital
Allen & Overy
Alyamama Group Of Companies
Alzamil & Alkharashi Law Firm
Amana Cooperative Insurance
ANB Invest
Anfaal Capital
Azman Hashim International Business
Banque Saudi Fransi
Beehive
Bernays Media
Bidaya Home Finance
Capmas
Clifford Chance
Cognizant Technologies
DDCAP
DLA Piper
Dr Sultan Almasoud & Partners
Dublin City University
Effat University
Eminence Global Asset Management
Ernst & Young
Family Office
FINEOPOLIS Consulting
G20 Finance Track
General authority for Awqaf
Gulf Central Merchant Bank
Hammad & Al Mehdar
Hanover Communications
ICD part of IsDB Group
IDS
IIUM, Malaysia
Images Technology
Imam Mohammed University
Islamic Corporation Development
Islamic Development Bank
K&L Gates
KFUPM
Khateb & Almi
King & Spalding
King Abdulaziz University
King Fahd University
Koperasi Tentera
Labiba for Artificial Intelligence
Managerial &Financial Training
Moody's Investors Service
Osool & Bakheet Invest Co.
Riyad Capital
SAL Group
SAMA
Saudi Aramco
Saudi Central Bank
Saudi G20 Finance Track
Saudi Home Loan
Saudi Real Estate Refinance Co
Squire Patton Boggs
Standard Chartered Saadiq
Suliman Swayeh Group
Türkiye Finans
University of Dubai
University Sultan Zainal Abidin
Univesiti Utara Malaysia
US-African and European Business Group
USAS, Perak
Watson Farley & Williams
Wyne Oriental Traders

REDmoney

IFN ROADSHOW OnAir2

EGYPT 2021



IFN ROADSHOW EYGPT

13TH DECEMBER 2021

MULTILATERAL STRATEGIC PARTNERS

ICD — Islamic Corporation for the Development of the Private Sector

ICIEC — THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

itfc — International Islamic Trade Finance Corporation

ISLAMIC DEVELOPMENT BANK GROUP BUSINESS FORUM — THIQAH

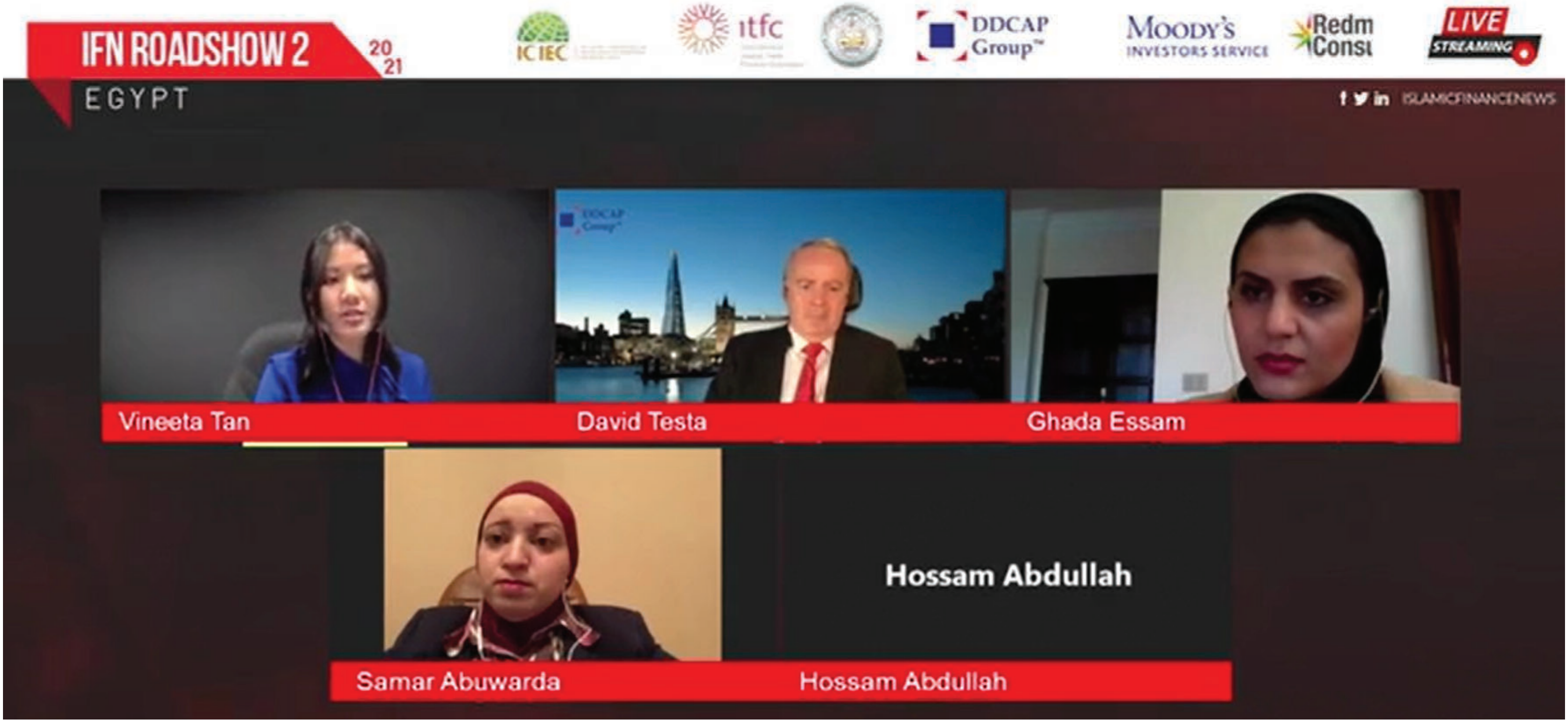
PARTNERS

DDCAP Group™

MOODY'S INVESTORS SERVICE

CONSULTANCY PARTNER

Redmoney Consulting



Brave New World: Islamic Banking, Finance and Investment in Egypt

Panelists:

Vineeta Tan — Managing Editor, Islamic Finance *news* (*Moderator*)

David Testa — Executive Director, DDGI

Hossam Abdullah — Legal Counsel & Managing Partner, Hossam Al-Hossam Legal – Al-Turqi & Partners

Ghada Essam — Head of Strategy, Ideal Ratings

Samar Abuwarda — Vice-President, Investment Banking, Intercap Capital

After years of struggling to launch, Egypt's Sukuk market has finally taken off with the issuance of the country's first corporate Sukuk in 2020. The Egyptian House of Representatives has also given its final approval for the draft Sovereign Sukuk Law, which outlines the terms for issuing sovereign Sukuk.

Most major Egyptian banks offer a range of Islamic corporate and retail financial products and have their Shariah boards. These banks may also offer conventional finance products in addition to Islamic products.

What does the Egyptian Islamic finance landscape look like in 2021 and what does the domestic Islamic finance ecosystem require from regulators and market participants for it to flourish.

What do the recent Sovereign Sukuk law, as well as the recent first corporate Sukuk, mean for Islamic capital markets in Egypt, and how can Sukuk be effectively deployed to finance the corporate, financial institution and government-linked sectors?

Finally, with ESG and sustainable finance and investment making a significant impact in North Africa, how can Egypt capitalize on this growth, and where and how can Shariah compliant finance contribute?

Egypt: Islamic capital market makes great strides

After years of struggling to launch, Egypt's Sukuk market has finally taken off with the issuance of the country's first corporate Sukuk last year. NESSREEN TAMANO highlights other top developments in the North African nation's Islamic finance and banking industry in the last 12 months.

Regulatory landscape

Islamic banks fall under the purview of the Central Bank of Egypt, with no dedicated regulation except for a decentralized Shariah board regulating Islamic financial activities and their compliance.

A Sukuk law was first passed in 2013 only to be repealed in 2017 to establish a new legislative framework for Sukuk issuance and trading in the country. In 2020, Capital Market Law No 95 was updated to include the introduction of new Sukuk structures in the market as the government worked on measures to stimulate the economy amid the COVID-19 pandemic.

Banking and finance

There are three fully-fledged Islamic banks in Egypt: Al Baraka Bank Egypt, Faisal Islamic Bank and Abu Dhabi Islamic Bank Egypt. Other banks — 14 in total — offer Shariah compliant products on a window basis, including Ahli United Bank, which has been said to have plans to become a fully-fledged Islamic bank.

As at the end of September 2020, Islamic banking assets in Egypt stood at EGP355 billion (US$22.63 billion) or 5.5% of the total banking sector, representing a growth rate of 13.6% compared with the same period in 2019, according to the Egyptian Islamic Finance Association. Islamic deposits also grew 10%, accounting for 7.5% of the total market.

In the leasing segment, there are two fully-fledged Shariah compliant leasing companies in the country, which have been allowed by recent mortgage laws to offer Ijarah, Musharakah and Murabahah products.

Sukuk

A sovereign Sukuk issuance worth up to US$1.5 billion has been in the pipeline since 2012, but has not materialized yet, despite new regulations being issued to further support the Sukuk market. In 2020, the Ministry of Finance said it will continue with the plan to issue in both the local and international markets during the fiscal year that started in July 2020 as part of the country's debt strategy, pending approvals from the regulators.

Holdings company Talaat Moustafa Group became the first corporate Sukuk issuer in the Egyptian market in April 2020, with a EGP2 billion (US$127.47 million) facility issued by one of its subsidiaries. The landmark transition was a nudge for other corporates looking to issue Sukuk, resulting in a busy first year for the country's Sukuk market.

Financial services company Sarwa Capital issued a EGP2.5 billion (US$159.34 million) Sukuk facility in December 2020 and education services provider Cairo for Investment and Real Estate Development issued a EGP600 million (US$38.24 million) Islamic paper in January 2021.

At least six other companies, including real estate developer Amer Group, are said to be planning Sukuk issuances within the year.

Takaful

The Takaful sector, comprising nine fully-fledged Islamic insurance operators, is regulated by the Egyptian Financial Regulatory Authority (FRA), which does not allow the operation of Takaful windows.

In 2020, state-run Misr Insurance Holding signed an agreement with the National Bank of Egypt and Banque Misr to establish a life Takaful insurance firm with a capital of EGP150 million (US$9.56 million).

That same year, re-Takaful operator Kenya Re announced plans to enter the Egyptian Islamic reinsurance market, while the FRA approved capital contributions to be made by commercial insurance companies to Takaful companies.

The IsDB

The IsDB's cooperation portfolio with Egypt stands at US$13.2 billion to date, with a total of 342 projects. In particular, the multilateral bank's trade arm, the International Islamic Trade Finance Corporation (ITFC), has been actively investing in Egypt's oil, mining and energy sectors, and supporting its economic reform program.

Most recently, the ITFC strengthened its framework of cooperation with Egypt with a new 2021 program worth US$1.1 billion focused on integrated trade solutions.

The new framework continues the 2015 agreement signed by both parties that features a US$3 billion package to accelerate the growth of Egyptian SMEs.

Outlook

While the corporate Sukuk landscape has seen much activity, the sovereign Sukuk space is moving at a slower pace, but the government has not abandoned plans to enter the Islamic capital market. With strong regulatory support and government backing, industry experts expect to see Islamic finance grow in the coming year.

Overall Evaluation

Online Event

Speakers

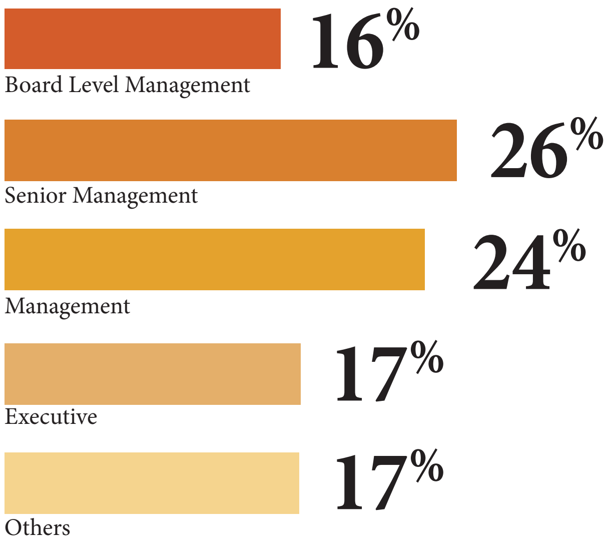
Breakdown

Delegate

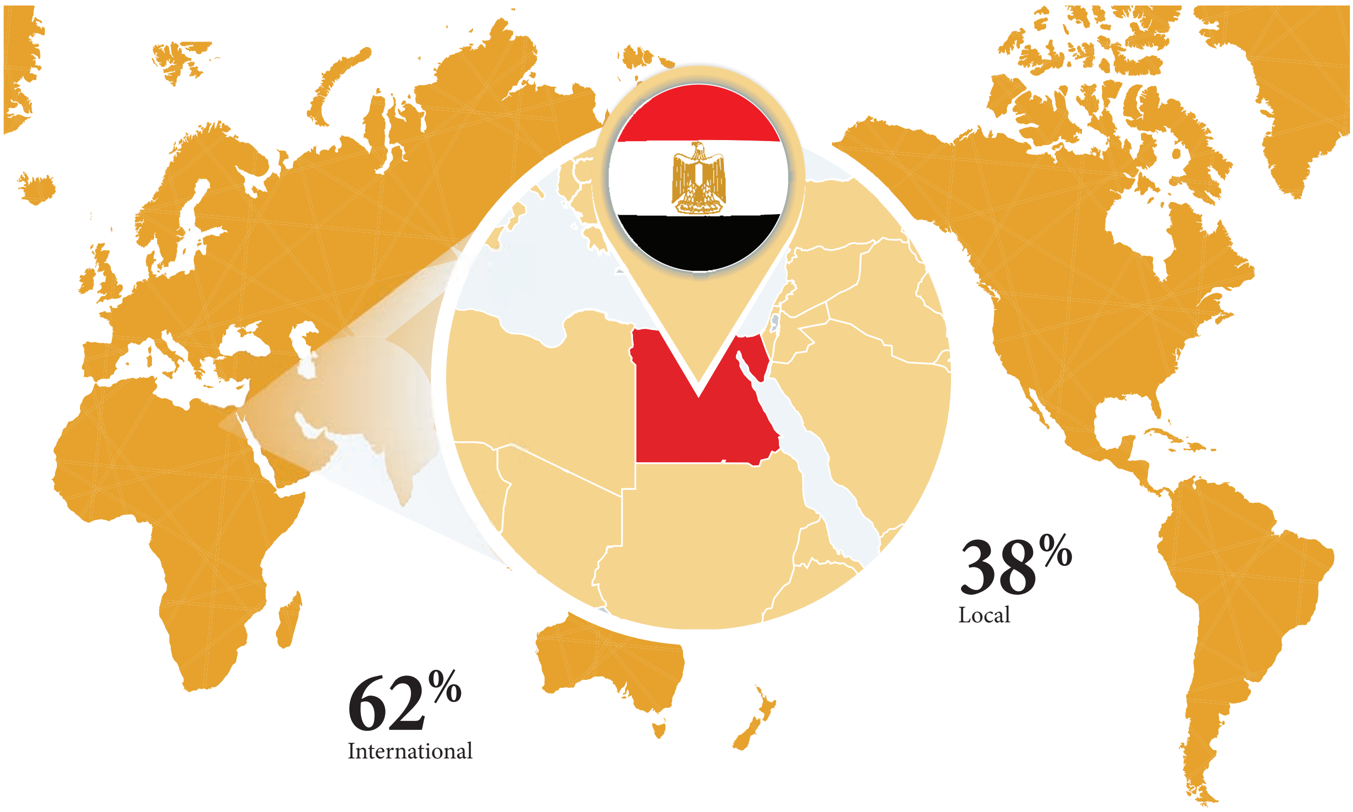
95%
Delegates

5%
Speakers

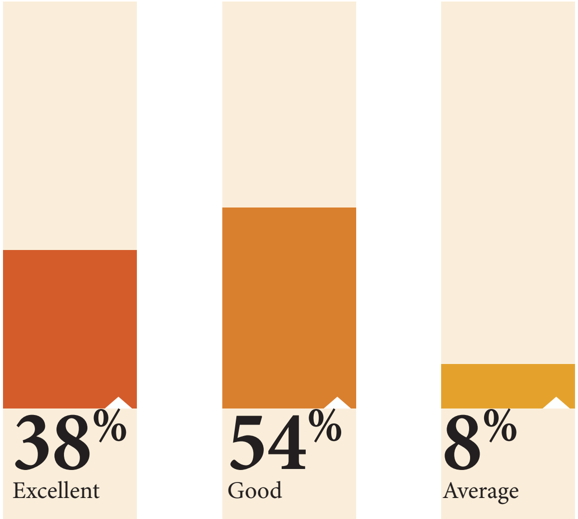
Job Title



International & Local



Session Evaluation
Brave New World: Islamic Banking, Finance and Investment in Egypt



Delegates Who Would Like to Attend IFN Egypt OnAir Roadshow 2022

Viewership

IFN TV 103

REDmoney LIVE STREAMING 82

AD Capital

AHC Consulting

Ajarinvest (CDG)

Al Akhawayn University

AL Akhdar Bank

Al Maali Group

Al Yousr Bank

Alvarez & Marsal

AMMC

Attijariwafa bank

Axa Assurance Maroc

Bank Assafa

BMCE Bank of Africa

BMCE CAPITAL

BNP Paribas Malaysia

Citycode Trust & Investment

Clifford Chance

Dar Al Amane

DDCAP

DDGI

Dubai Media City

Elite partners

Eminence Global Asset Management

Ethical Finance

Financial Regulatory Authority

FTI Consulting

Hassan II University

Hossam Al-Hossam Legal – Al-Turqi & Partners

ICD, IsDB Group

Ideal Ratings

Infopro

Intercap Capital

Islamic Development Bank ICIEC

ISRA, Malaysia

Izem Consulting

KFH Capital Investment Company

Maples and Calder

MEC International

Mohammadia School of Engineering

Mohammed V University

Neutrinos

Path Solutions

RMA Assurance

Salaam Gateway

Sopra Banking Software

Taiba group

Teamwill Consulting

Tejara Capital

UAE Exhange

Umnia bank

Upright MC/ Masraf AlRayan bank

Vigeo Eiris

IFN ROADSHOW OnAir 2022

NORTH AMERICA

IFN ROADSHOW NORTH AMERICA INVESTMENT 2022
22nd August 2022

ASIA

IFN ROADSHOW AUSTRALIA 2022
1st June 2022

IFN ROADSHOW BANGLADESH 2022
6th June 2022

IFN ROADSHOW PAKISTAN 2022
8th June 2022

IFN ROADSHOW SINGAPORE 2022
13th June 2022

IFN ROADSHOW SRI LANKA 2022
16th June 2022

AFRICA

IFN ROADSHOW EGYPT 2022
1st August 2022

IFN ROADSHOW KENYA 2022
3rd August 2022

IFN ROADSHOW MOROCCO 2022
8th August 2022

IFN ROADSHOW SENEGAL 2022
10th August 2022

IFN ROADSHOW SOUTH AFRICA 2022
15th August 2022

MIDDLE EAST & EUROPE

IFN ROADSHOW BAHRAIN 2022
4th July 2022

IFN ROADSHOW TURKEY 2022
6th July 2022

IFN ROADSHOW CIS & RUSSIA 2022
13th July 2022

IFN ROADSHOW KUWAIT 2022
18th July 2022

IFN ROADSHOW QATAR 2022
20th July 2022

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