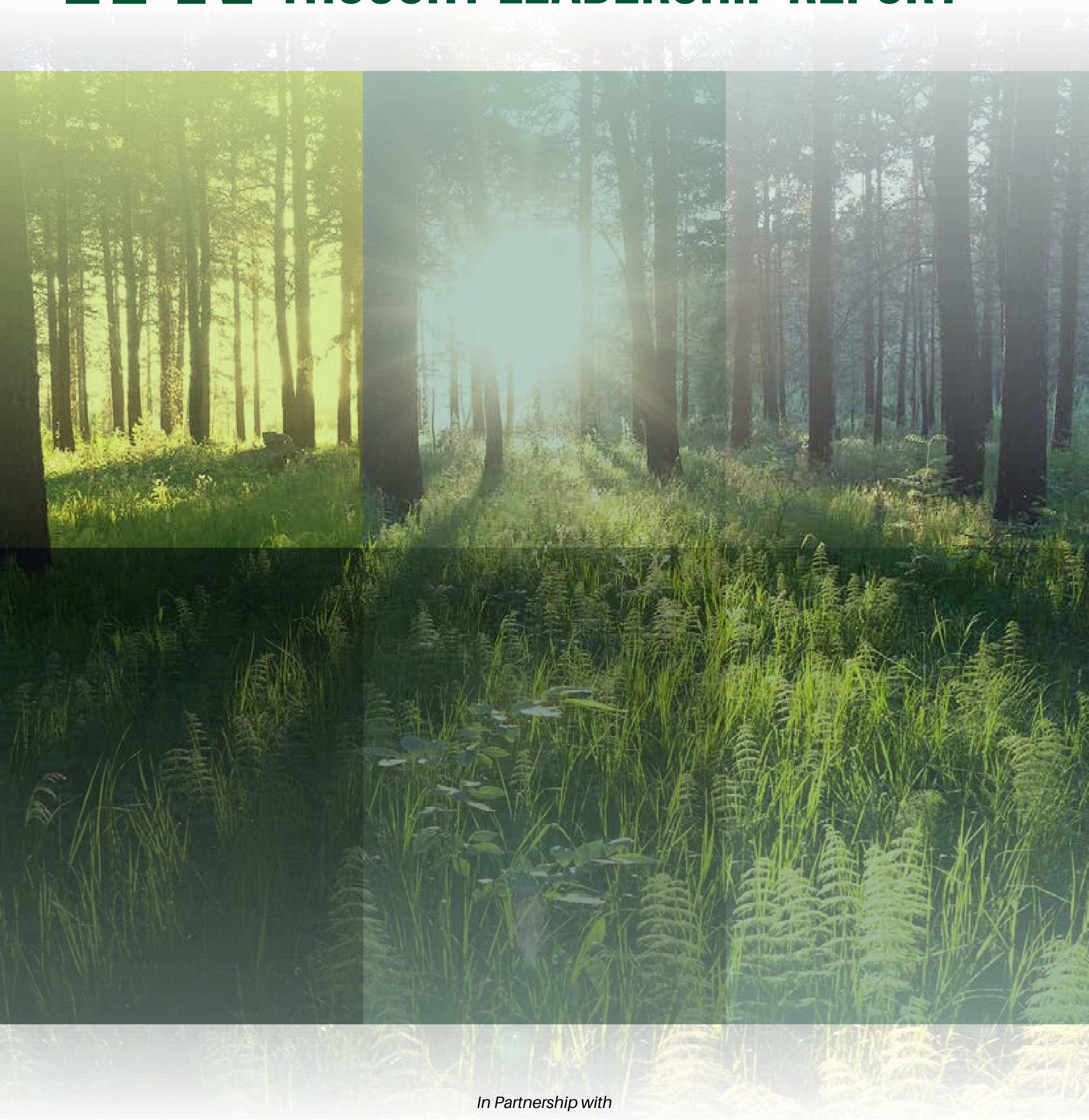
IFN ISLAMIC SUSTAINABLE INVESTING THOUGHT LEADERSHIP REPORT



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Sustainability: The future of Islamic finance

The call for finance to be a force for good has become more urgent than ever, and the Islamic finance industry is heeding that call. Despite practitioners often being quick to point out the similarities between it and the sustainable finance movement, Islamic sustainable finance remains but a drop in the multitrillion-dollar ethical finance industry. Industry leaders, however, believe we are moving in the right direction, and with the right steps, the industry could deliver more meaningful impact through Shariah instruments with a sustainable core. VINEETA TAN dives deeper.

Slow and steady

Don't let the abbreviations confuse you. Be it ESG [environmental, social and governance], SRI [socially responsible investing] or impact investing, these terms are parked under the wider sustainable finance umbrella and are often used interchangeably albeit with delicate differences. ESG may be a jargon first coined in 2005 but the concept dates back earlier with SRI taking off in the 1960s. Within the Islamic finance sector, however, these concepts are a relatively new phenomenon, with Islamic ESG or Islamic sustainable finance gaining more momentum over the last half a decade or so.

Take green bonds as an example. The first climate awareness bond, or green bond, was issued by European Investment Bank back in 2007. The landmark EUR600 million (US$678.27 million) offering triggered a domino effect which led to an ESG finance market that is worth over a trillion dollars and growing exponentially. The Islamic finance industry, however, trailed behind and only issued its first green Sukuk 10 years later in 2017. From then until July 2020, only 17 green Sukuk issuances have entered the market, and are mostly concentrated in Malaysia and Indonesia.

According to Bashar Al Natoor, the global head of Islamic finance at Fitch Ratings, about US$5.5 billion were raised through sustainability-linked Sukuk in 2020; this figure has been superseded in the first three quarters of 2021 alone, with almost US$7 billion already raised.

"If I look at how much was issued since 2017, it is less than US$20 billion, which is small compared to the size of the global Sukuk market which is around US$800 billion currently. So, in terms of actual size, the sustainable Sukuk market is still tiny," Bashar explained, adding that over 10% of Fitch's US$130 billion rated Sukuk outstanding has some elements of sustainable, transition and green, indicating that this theme is more apparent within the dollar space. Malaysia is an exception, with corporates driving the Islamic sustainable agenda in the local currency market.

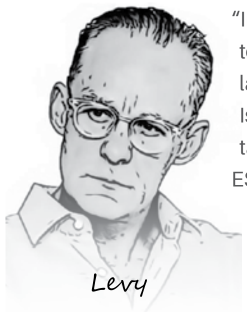
Bashar

The growth may be slow, but market practitioners take this as a sign in the right direction.

"Sustainability has always been at the heart of Islamic finance. But I think perhaps in the past we didn't bring it to the fore as much as we're doing now. And one of the reasons that we're doing it now is because in the conventional markets, sustainability, ESG financing has grown enormously in the last 15 years or so, and increasingly so in the last five years. So that depth of funding liquidity that's available in the conventional sustainable markets is something that Islamic finance is becoming increasingly aware of and tapping into. The combination of liquidity plus the fundamental purpose of Islamic finance have come together in the last three or four years," observes Farmida Bi, Norton Rose Fulbright's chair for the Middle East, Europe and Asia and the firm's European head of Islamic finance.

That depth of funding liquidity that's available in the conventional sustainable markets is something that Islamic finance is becoming increasingly aware of and tapping into

The Islamic and sustainable convergence is indeed gaining serious momentum, evident by the numbers.



"I think over the last 12 months, there's been a lot of discussion and the good news is that the discussion has basically crossed into almost every aspect of Islamic finance. Everybody is now talking about [Islamic sustainable finance], which is a good start," Dr Scott Levy, CEO of Bedford Row Capital, opined.

There is indeed a lot of talk, backed by meaningful measures, at the top of the industry and at government levels, with the likes of Malaysia, Indonesia, and several administrations in the Middle East putting together policies and incentives to spur the sector. Malaysia introduced its SRI Sukuk Framework in 2014, Indonesia launched its Green Bond and Green Sukuk Framework in 2017, and the UAE this year released its 10-year sustainable finance framework which features Islamic instruments while Oman is developing an ESG finance framework as well.

However, there is still a lot of work to be done, not only at policy level, but also at issuer level as we move from a mindset of maximizing profits to a mindset of profit with purpose.

Costly compliance

There is a cost to compliance, and this cannot be underestimated.

"In addition to complying with Shariah principles, you also have to comply with green bond principles and there are increasing layers of regulatory frameworks that are being built around Islamic sustainable finance," Farmida explained, adding that tapping the ESG market generally means having to get an ESG rating as well. "All of those are substantial obligations that you have to comply with, compared to going out into the market and issuing a conventional bond. So in order to jump through all of those different hoops, it has to be worthwhile."

There is a cost to compliance, and this cannot be underestimated

Disclosure is a central challenge Islamic financial institutions face in fully embracing the sustainability agenda. Perhaps the lack of Islamic

financial institutions committing to globally-recognized frameworks such as the UN Principles of Responsible Investment and the UN's Principles of Responsible Banking, which require regular detailed reporting of one's sustainability efforts and impact, is an indication of the severity of this challenge. To date, only a handful of entities have adopted these principles.

"The commercial necessity of doing so isn't quite clear enough," Dr Levy highlighted. "If [issuers] can tap into the markets the way they have always done and take a very conservative and traditional approach, why do they need to do this? And there isn't yet a commercial imperative in the same way there is on the conventional side to put the effort into the reporting that's required."

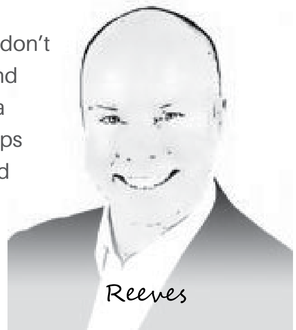
Professor Kevin Haines, Bedford Row Capital's head of social policy, echoes his colleague's sentiments: "There is an issue at the moment for Islamic finance about talking the kinds of language that is increasingly acceptable to investors. Investors are now expecting issuers to be conversant with these various regulatory frameworks and to be providing the data that investors need to demonstrate their compliance under these regulatory frameworks. This is early days but it is important for Islamic issuers to get conversant with these regulatory frameworks."

Making it worthwhile

The reality is: it is not easy to use finance for good without risking greenwashing. And it is costly too. These merely compound the concerns conventional issuers have with Shariah finance, which is already perceived as more complicated and expensive. This leads us to ask: is the payoff justified?

Market practitioners believe so, albeit the fact that it may take a while to realize such gains.

"(In general) getting a real yield that is actually positive is a challenge, and if you're an Islamic investor, then you have further restrictions. You don't have the entire universe available to invest in and so finding something that is going to generate a yield is one thing, finding something that perhaps can generate a positive inflation built in the yield is another. Islamic attributes attached is even more of a challenge and of course increasingly, Islamic investors also want sustainability, they're not different from everybody else. Having a sustainable Islamic investment I think is an incredibly positive and virtuous thing and I think in some respects they it could potentially lead this and certainly the opportunity is there," noted Craig Reeves, the founder of Prestige Funds.



When we compare the performance of conventional and Islamic indices, it does look like conventional edges ahead of its Islamic counterpart. The conventional S&P Global 1200 has modestly outperformed the S&P Global 1200 ESG Shariah. However, according to Michael Orzano, the senior director of global equity indices at S&P Dow Jones Indices, over the longer term, the ESG jurisprudence have led to outperformance and also some reduction in volatility.

"If we look at the trailing 10 years as of the 30th September 2021, the S&P Global 1200 Shariah gained an annualized 14.7% versus 13.1% for the conventional index, which is a pretty meaningful outperformance of over 1.5% per annum over 10 years. Interestingly on the volatility side, standard deviations were a little bit lower for the ESG SRI Index as well, which is interesting as it is a much narrower index," Orzano elaborated, adding: "Long-term outperformance was almost fully driven by the Shariah screens and the

ESG side of it didn't really have a large contribution because by design, the S&P ESG Index is constructed in an industry neutral basis so that it tends to closely track the conventional parent benchmark."

The ability to reach a wider investor base is often the driving reason to turn to Islamic sustainable finance. Beyond that, the trend toward doing good for the planet and people also attracts Islamic finance institutions to capitalize on this swelling demand.

Private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance

"In Europe, you will see green issuances resulting in savings of at least up to 10 basis points as compared to normal issuances. But in the case of Asia, including Malaysia, generally the difference is very marginal," Chung Chee Leong, CEO of Cagamas, Malaysia's national mortgage corporation and the country's largest debt issuer, shared. "In our case, we managed to get two basis points (in savings) for our 2020 issuance. With increased awareness, we will probably see in the future, potentially some savings issuing sustainability Sukuk as compared to regular Islamic offerings." Cagamas in 2020 priced a combined issuance of its inaugural ASEAN Sustainability SRI Sukuk and Islamic medium-term notes totaling RM450 million (US$106.08 million). Proceeds from the SRI paper was used to specifically fund the purchase of eligible Islamic financing for affordable housing.

Urgent needs, attractive opportunities

For the most part, Islamic sustainable finance is here to stay, especially as the pandemic has created an urgent need for funding to recover.

"There is now a much greater focus on how to build back better as we come out of COVID. Many of the people who have been impacted the most by the coronavirus are in Muslim-majority countries and I think when those countries are looking at how they can rebuild that infrastructure, whether that's health, education, employment, there has been in Europe a very big focus on social bond issuances to try and ameliorate the effect of the pandemic. And those are structures and capital flows that these Muslim-majority countries can also tap into as the world generally tries to support development post-pandemic," noted Farmida.

The Islamic Finance Council UK expects US$30-50 billion in capital for green and sustainability Sukuk up to 2025.

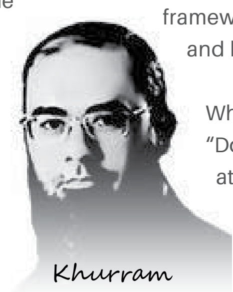
"It has been suggested that we need about US$7 trillion in infrastructure investment annually and between US$1.5 trillion to US$4 trillion every year for energy transition to meet the Paris [Agreement] targets; and with the commitments of the Glasgow Climate Pact, I'm sure

those numbers will then be increased and there aren't sufficient public funds to satisfy this. So, private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance," according to Jennifer Schwalbenberg, the chief governance officer for the DDCAP Group.

The starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like

COP 26 [UN Climate Change Conference 2021], contentious as it may have been, nonetheless pushed various nations toward some serious climate commitments.

"The UAE was the first in the Middle East to announce their net zero ambition followed by Saudi Arabia and you must acknowledge that it's not easy for these countries. For these countries, which are some of the largest oil-producing countries in the world, to go next zero, they have to invest much more and they have to make much more effort as compared to other countries," said Khurram Hilal, CEO of group Islamic banking at Standard Chartered Bank.



This year's UN Climate Change Conference saw the formation of the Glasgow Financial Alliance for Net Zero, a global coalition of 450 institutions from 45 countries committed to accelerating the decarbonization of the world economy and reaching net zero emissions by 2050. These institutions are not only augmenting their internal policies but also revising their investing and lending criteria for projects focusing on achieving net zero, signaling deep capital flows into the sustainable finance sector.

Turning words into action

So how do we, as an industry, capture these Islamic sustainable opportunities? As Schwalbenberg observed: "We had two weeks of moving intentions and wonderful announcements [at COP 26] but now we need to put that into reality and make it happen. It's no longer about goals and aspirations. It really needs to be about action. And with this, I think there really is a key role in the Islamic finance agenda for green finance, but also transition finance."

Bashar concurs. "I think the starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like. First is to build awareness, then realization of putting strategies and regulations and frameworks to improve that and then installing that in the system and having an ecosystem and incentivize issuers."

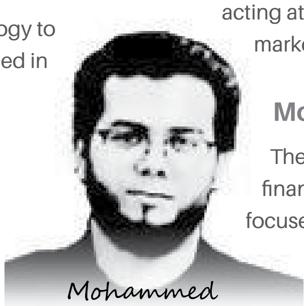
When it comes to regulations and policies, Dr Scott's advice is: "Don't be afraid of regulation – that's the first step. Look internally at your internal processes, have a brief read of the UN SDGs and understand where you fit into the things that the world is talking about at the moment."

At the heart of this movement is the importance of nurturing the right people to drive this change.

"We need to think about how do we get staff in Islamic banks to be equipped with the right knowledge? How do we create a future-ready workforce? We need our training and our learning institutions to focus in this area because this is the future of finance. They need to help develop the next generation of Islamic bankers who understand the dynamics of sustainable finance, who understand climate change, net zero carbon footprint, social finance and inclusion. They need to be fully up to speed with these concepts and not just knowing them, but also owning these concepts and also championing [them]," Khurram strongly believes.

Leveraging tech

And just as the Islamic finance industry is using technology to advance their cause, technology should also be leveraged in our journey of Islamic sustainability.



"Technology can definitely play a significant role in achieving environmental and social goals. We have instances of application of blockchain technology and Islamic social finance, such as the use of digital identities for monitoring the end-use of the contents of funds, as well as the preservation or development and proper use of Waqf or Islamic endowments for achieving various societal goals. Most of such goals find a place in the UN Sustainable Development Goals (SDGs)," according to Mohammed Alim, CEO-designate of IBF Net Group.

IBF Net is currently working on miniaturizing the Islamic economy, with a focus on Islamic social and sustainable finance using blockchain technology, and has launched several projects to this end. One of the projects is the Confluence platform which seeks to measure the impact of projects from the standpoint of Shariah and the UN SDGs.

"The platform combines the performance of the given projects against these metrics using an algorithm and produces a score or a classification scheme. This score reflects the impact of the projects using the lens of Shariah objectives, as well as the SDGs as perceived by the stakeholders. Given the availability of tools for measurement of environmental and social impact, for example carbon footprint, our platform identifies and adopts a suitable method for measurement and conversion of such impact into social cryptos. In this case, products can earn or liquidate such cryptos, which represent both types of impact acting at an exchange to alter their risk return impact profile in the market," Mohammed explained.

Moving forward

The notions of sustainability and ethics are not new in Islamic finance, although it is only in recent years that the industry is focused on harnessing and delivering sustainable impact in a more formal and structured manner. To many, this is the future of Islamic finance.

"This trend is a growth trend and I think this has already been cemented in the past three years; even at the height of COVID-19, we saw this segment growing, and I think this will continue in the short to medium term at least. If the government's strategies and milestones and objectives are really pursued in a very dedicated way, we could see more transformation of this segment, even in the long term, where it becomes a significant part of the industry," Bashar opined.

The push is also seen from the demand side, encouraging the supply side.

"We're definitely seeing a high level of demand from clients around the world for both ESG and for Islamic indices. Both of these are big areas of focus for us as an index provider. There have been significant inflows into ESG index products, including ETFs [exchange-traded funds] around the world over the past year, and we've also started to see Islamic ETFs in the US and Canada really gather momentum," Orzano shared. "I think the investment community is really just starting to think about combining broad-based ESG and Shariah investing together. I think we're likely to see a lot of new product development in the space over the next few years."

Schwalbenberg concurred: "I think as the strength of this agenda in the market increases, and that momentum builds, we will see the different institutions increasing their offerings and their options to the market. And it will be organic because as the sustainable finance sector grows and the products and services and practices become more prevalent, institutions will become more cognizant of this and they will realize they will miss opportunities and be at a disadvantage if they don't participate. Islamic sustainable finance will be recognized as the new normal and commitment will follow."

Corporates and Islamic issuers are already lining up their ducks.

"We see a lot of our traditional energy clients setting up new projects in a sustainable and renewable way and we are expecting a number of projects that were conventionally financed now being refinanced in a sustainable way going forward. So as a firm, we are expecting to do a lot more sustainable finance, certainly in the conventional markets, but hopefully much more in the Islamic markets as well," Farmida shared. It is learned that Cagamas and Standard Chartered are each preparing to introduce new products. Chung, CEO of Cagamas, revealed that the firm is looking to issue green Sukuk while Standard Chartered is working on expanding its Islamic green mortgage offering, Islamic social finance tools and Islamic ESG wealth management services, and is building on creating sustainability solutions for the wider Halal market including Islamic sustainable supply chain instruments.

As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism

"I think it's a great opportunity for growth that and we have this great upside in front of us," Khurram explained. "As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism, mechanisms of Islamic finance and strive to give holistic Halal solutions to faith-conscious clients.

"We need more innovation, we need more solutions in this space. This is an open field for all banks, all partners to come in and play their role."

Structuring Sukuk

*By **Dr Scott Levy**,*
CEO of Bedford Row Capital
and
***Professor Kevin Haines**,*
the director of Al Waseelah

Authored by

Bedford Row Capital

Al Waseelah

The synergies between sustainable and ethical finance on the one hand and broadly Islamic finance on the other are clear and well established. Given that both of these topics have received and continue to receive a great deal of attention in the online and offline financial press, one has to ask: why have these synergies not resulted in the kind of growth in financial markets that one might expect?

Part of the answer to this question lies in governments' activity or perhaps we should say inactivity. Governments have an important, if not essential, role to play in national and international financial markets in signaling the strategic direction of financial markets, in creating the conditions (through, for example, regulation) that shape the development of financial markets and in providing incentives (such as tax breaks) for specific activities.

Notwithstanding the importance of these government actions (and we need to see more of them), they are not capable of directly increasing, in this instance, the extent of financial market activity that links sustainable and ethical investment with a step-change improvement in extending the depth of the markets including improved market liquidity for Sukuk issuers.

In order to make practical the kind of benefits and advantages from bringing conventional finance and Islamic finance together, we need action in financial markets from a wide and increasing range of financial market participants. Governments may set the context but the financial markets and the private sector are the only ones which can make this strategy a reality. Indeed, while we wait for governments (globally) to catch up on their responsibilities, there is much that can be done by the private sector to advance practice in this area.

In this article, therefore, we are going to set out 14 reasons (not in any order of priority or importance) why there is a need for more market participants which combine the efficiencies (both technological and operational) of dedicated Sukuk issuance platforms like Al Waseelah and, equally importantly, structuring specialists and marketplace operators which are aligned to the goal of democratization of Sukuk issuance such as Bedford Row Capital, Wethaq, Fasset and a small but growing list of others, which are ideally placed to bring the advantages of combining conventional and Islamic finance to market.

- Mainstream banks are just not interested in this market — even now! Issuers, such as Al Waseelah, specialize in the SME market (in the GBP50–250 million (US$68.83–344.15 million) range) and have a proven route to market. Financial institutions are capital-rich, looking for high-quality projects (both conventional and Islamic) to invest in: to resolve this issue, a combined effort is needed of structurers and issuance platforms working together to cater to these market opportunities.

- The SME marketplace needs capital to flow (to function, to aid recovery, to promote sustainability and just transitions). There is significant scope for Islamic finance to grow in these spaces. The combination of issuer and structuring specialist makes this real.

- Knowledge of conventional financial markets plus the development of experience in the field of Islamic finance facilitates a no-nonsense, smart, quick and impact-focused route to market (often with dedicated and specialist fintech solutions for which there are a growing number).

- The combination of issuer and structuring specialist provides access to international markets (and thus supports domestic growth).

- Specialist knowledge gained through immersion in this market facilitates a demystifying of Islamic finance through a process we call delabeling, thereby making Islamic finance products readily understandable and available to a wider investment base — promoting democratization.

- Specialist knowledge of both western financial markets and Islamic finance enables both issuer and structuring specialist to focus on what matters to investors (impact, outcomes, etc). This is particularly valuable in attracting investment in Islamic financial products from 'traditional' western markets: investors like to invest in products they understand!

- Bringing Islamic financial products to (particularly) western markets is still relatively novel. Exceptionally thorough and effective due diligence on the part of the structuring specialist can (and does) assist the issuer with the complexities (and changing dynamics) of regulatory compliance in international markets.

- Effective structuring of bonds also permits linking the achievement of sustainability targets, for example, to dividend payments. Failure to meet targets results in higher dividends (the coupon goes up). The thorough and voracious nature of these market-driven processes can (and does) engender greater confidence in Islamic products on the part of investors.

- There is significant capital and liquidity in Islamic banks to expand the financing of new businesses (or refinance established businesses) across the entire Islamic finance world but it needs a route to market. Specialist issuers and structuring specialists exist to provide this route to market (so essential to economic prosperity and just transitions).

- So-called traditional western finance tends to struggle with the 'S' (social) in environmental, social and governance (ESG). Conversely, Islamic finance is very strong on the 'S': to the extent that there is an emphasis, for example, in social impacts in Sukuk. To maximize the potential impact of Islamic finance on financial markets, there is an urgent need to link the expertise of structuring specialists with that of Shariah scholars to ensure that the 'S' in ESG is promoted effectively.

- In the absence of legislation or regulation (or perhaps we should say in the confusion of legislation and regulation that exists nationally and internationally), effective, robust and trustworthy structuring of Sukuk is of enhanced significance — particularly in attracting investors. Cooperation between issuers and structuring specialists (rather than simply lawyers) provides such an established route to market.

- For Islamic finance to grow and thrive, it needs to draw investors not just from the Islamic world but from broader international financial market participants. The experience, expertise and track record of Bedford Row Capital provides the assurances that investors from non-Islamic backgrounds require to make the necessary steps.

- There is demand for new product supply lines — one which emphasizes green, socially-conscious and sustainable investments wrapped in the robust principles of good governance: all highly desirable qualities in western markets.

- Finally, the focus of issuers such as Al Waseelah on SMEs and the services of a non-bank structuring specialist whose core business is sub-benchmark issuances or emerging economy issuers means that, together, the services offered are flexible, innovative and outcome-focused.

The potential for Islamic finance to grow and to make significant impacts globally is vast. This can only be achieved, however, if effective, robust and trustworthy routes to market are opened up and operationalized. This is the ultimate goal of all market participants and it is not exclusively for traditional Islamic financial institutions. New entrants like Orestes Asset Management will bring a new actively managed fund which will combine in a retail-friendly manner ethical finance and Shariah compliant stock selection in a retail-friendly product.

These activities, however, are taking place in an increasingly internationalized context in which international bodies are pressing the commercial world to become sustainable (in investments and in business practices) and national as well as supranational (eg the EU) bodies are introducing mandatory regulation into financial markets focused on carbon reduction and sustainability. Islamic finance is ideally placed to take advantage of these developments but, at present, it remains outside these international developments. Al Waseelah, for example, is one of only two Islamic finance companies to be registered with the UN Principles for Responsible Investment (UNPRI) and to report on its activities under the UNPRI reporting framework. Although relatively new and although many, if not all, investors and companies in the west are still getting to grips with its consequences, the Sustainable Finance Disclosure Regulations already have significant implications for Islamic financial products — and knowledgeable issuers and structuring specialists have an essential role to play in acclimatizing Islamic financial market participants to these developments. Knowledge of and compliance with developments in international financial markets are essential components of today's financial world to which the combination of issuer and structuring specialist is equally dedicated in their efforts to tap into the global liquidity which should be available to the entire Islamic finance marketplace.

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Solution for liquidity management in the face of concerns over rising inflation: Shariah compliant IMMC by Al Waseelah

Cash is not always king

Holding too much cash is not just an issue for banks and insurance companies whose capital adequacy calculations are impacted by not holding the 'right' kind of investments. The overall returns of family offices and asset management businesses are impacted by the near-negative rates on offer for liquidity management solutions (after-costs are quite often negative).

There are of course very effective overnight cash management and 'redeposit' solutions in the market along the lines of DDCAP, Eiger and DepositBook. Issuers of short-term papers, which would be the convention solutions, are limited to the International Islamic Liquidity Management Corporation (the overwhelming dominant market participant) and the Central Bank of Bahrain.

Accessing these alternatives is not necessarily easy for small and mid-tier investors (whether insurance companies, banks or funds). This problem is exacerbated by the limited range of currencies available, primarily the US dollar and Bahraini dinar, as well as the limited to very short duration.

Market need and opportunity

In response to the aforementioned challenges and putting them together in the face of rising inflation, Al Waseelah created a Shariah compliant short-term certificate program called IMMC. Designed specifically to be multicurrency and with a duration of up to 18 months, IMMC offers a liquidity management solution through a combination of capital market infrastructure and technology to provide a customizable, positive yield treasury and liquidity management product.

Key elements of the solution are:

1. Positive returns — where do positive yields at the short end of the market come from? With a benchmark of at least 125bps over the relevant benchmark, IMMC the target is aggressive (compared with yields for other treasury instruments). This is achieved through back-to-back sale and purchase agreements in the supply chain. This covers ready-made garments, commodities as well as consumer goods. The demand for more short-term financing of the supply chain is growing (and banks are reducing their exposure). IMMC is a key participant in a growing number of markets and in 2022 will actively support the export markets in countries like Uzbekistan, Bangladesh and Indonesia.

2. Flexibility — IMMC issuances by Al Waseelah in 2021 extend to 360 days (and as short as 90 days) and as cross-currency solutions (euro, pound sterling and US dollar).

3. Expertise — the IMMC solution combines the expertise of Bedford Row Capital and the legal and operational platform which is encompassed within Al Waseelah. Bedford Row Capital has experienced supply chain capabilities (boots-on-the-ground expertise over four decades in supply chain management) as well as the capital market expertise to deliver the IMMC product to the market.

4. Technology and transparency — Al Waseelah has the benefit of technology developed by Bedford Row Capital called Bondstream. This technology, as featured in the IFN Fintech Landscape, offers a Shariah compliant product management architecture for the issuance of Sukuk. Specifically for IMMC, there is a dedicated dashboard available to investors which gives real-time exposure metrics to the constantly changing exposures which underpin each IMMC issuance.

Extending the liquidity management horizon

In 2021, the award-winning Al Waseelah Sukuk issuance platform will issue more than 12 instruments at various durations and currencies. These offer a new toolkit for treasury and liquidity management professionals. Alongside the current set of offerings, IMMC will continue to provide innovative solutions, including floating rate and direct, inflation-linked options. Shariah compliant investors need more options for positive returns at the shorter end of the market; Al Waseelah's IMMC joins a limited list of options for financial institutions to deliver to their liquidity management needs in 2022 and beyond.