

BUSINESS AND POLITICS IN THE MUSLIM WORLD

Weekly Report on Global Islamic Finance and Business in the Muslim World

Period: January 09 – January 15

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Summary:

The Chartered Institute of Management Accountants (CIMA), the world's leading and largest professional body of management accountants, has selected Pearson VUE to deliver assessment for its Certificate in Islamic Finance via computer-based testing. The certificate, a self-study distance-learning qualification, is the first offered by a professional chartered management accounting institute to focus on the rapidly growing Islamic finance sector. An internationally recognized qualification, the Certificate in Islamic Finance equips candidates with demonstrable expertise in an industry worth an estimated £850 billion.

Turkish participation bank Kuveyt Türk, a lender that adheres to Islamic rules in banking, has said it will upgrade its automatic teller machines within a month to distribute gold as well as banknotes. The ATMs will dispense certified gold coins, which customers can withdraw from gold deposit accounts at Kuveyt Türk or buy with a credit card or cash, said Irfan Yilmaz, executive vice president in charge of retail banking.

London's leading wholesale Sharia'a compliant bank whose main shareholders are Boubyan Bank, National Bank of Kuwait, the Securities House and the Public Institution for Social Security, announced today the launch of its Premier Deposit Account (PDA) in Pound Sterling, US Dollars and Euro for Kuwait investors.

A Malaysian government agency will sell RM10 billion (US\$3.3 billion) of Islamic bonds to finance the construction of police quarters and facilities.

SEI, a global provider of outsourced asset management, investment processing, and investment operations solutions, announced a partnership with All funds Bank to offer a greater choice of investment solutions for Shariah investors in the Gulf Cooperation Council (GCC). The agreement brings together SEI's Shariah asset management capabilities and All funds' platform and intermediary services to give banks, wealth managers, and insurance providers the opportunity to access world-class Shariah-compliant funds and deliver more efficient and diversified investment choices to their clients.

1. GLOBAL FINANCE & GLOBAL ISLAMIC FINANCE

Mixed outlook for Islamic finance industry

Sunday, January 09, 2010

Islamic financial institutions are at cross roads entering 2011, said Ernst & Young. The industry is expected to continue to show resilience in the face of a challenging economic scenario. This is despite the fact that growth levels of the Islamic finance industry, at more than 20 per cent per annum for the past several years, came under tremendous pressure in 2010.

Ashar Nazim, Executive Director and MENA Head of Islamic Financial Services Group at Ernst & Young, says, "Having achieved the critical volume estimated at \$1 trillion in Islamic assets, the question reverberating across board rooms, and among users of Islamic financial services, is about differentiation, or the lack thereof, that Islamic financial institutions have on offer. Effectiveness of the existing Shari'a governance framework, as well as synthetic product structures commonly in use are especially under discussion."

No longer business as usual

Scarcity of data and under-investment in analytical tools means that Islamic banks' focus remains limited to a handful of asset classes while their operating costs are, in many cases, higher than their conventional peers. Future opportunities may no longer come from traditional captive clientele. Instead, Islamic financial institutions urgently need to upgrade their business models to tap mainstream segments.

Ashar Nazim added, "Decision makers at Islamic financial institutions need research and tools to assist in making informed decisions on the future growth trajectory of their businesses. Implications of Shari'a rulings on governance, product structures and markets need to be appropriately incorporated at the planning phase itself."

Ernst & Young was voted the Best Islamic Advisory Firm and also won the award for Best Islamic Research at the 2010 Islamic Business and Finance Awards organized by CPI Financial. Ernst & Young's Islamic Financial Services team was acknowledged for its original thought leadership to help steer the industry through the difficult business environment.

Ernst & Young also recently joined hands with AAOIFI*, the leading standard-setting body for Islamic finance industry, to provide product and contract certification that would strengthen universal acceptability of Shari'a compliant products offered by Islamic financial institutions.

New direction for the industry

Ernst & Young's World Takaful Report highlighted the fluid nature of the takaful industry, as well as tremendous growth potential. The industry is expected to grow three-fold from an estimated \$9bn in 2009 to \$25bn by 2015. "The biggest challenge for the takaful operators is to bring out the differentiation, its unique Islamic proposition, for its stakeholders. This was the key message for the industry during 2010," said Ashar.

Ernst & Young's Islamic Funds and Investment Report 2010 confirmed that more than half the Islamic fund managers may be operating with less than the minimum assets under management needed to remain viable. The opportunity is for global fund managers as well as for consolidation within the industry. Islamic endowment, or Waqf, with an estimated US\$105 billion wealth pool, was highlighted as a key emerging sector that could potentially stimulate strong liability generation for Islamic banks, as well as help revive the Islamic fund management industry.

<http://www.ameinfo.com/253216.html>

Bumpy road ahead for \$1 trillion Islamic finance industry in 2011

Sunday, January 09, 2010

MANAMA: With over 20 percent of sustained annual growth and having achieved the critical volume estimated at \$1 trillion in Islamic assets by 2010, the Islamic financial institutions are at crossroads entering 2011, according to Ernst & Young.

"The industry is expected to continue to show resilience in the face of a challenging economic scenario. This is despite the fact that growth levels of the Islamic finance industry, at more than 20 percent per annum for the past several years, came under tremendous pressure in 2010," said E&Y in a report. "Having achieved the critical volume estimated at \$1 trillion in Islamic assets, the question reverberating across board rooms and among users of Islamic financial services is about differentiation, or the lack thereof, that Islamic financial institutions have on offer. Effectiveness of the existing Shariah governance framework, as well as synthetic product structures commonly in use are especially under discussion," said Ashar Nazim, executive director and MENA head of Islamic Financial Services Group at Ernst & Young.

"Scarcity of data and under-investment in analytical tools means that Islamic banks' focus remains limited to a handful of asset classes while their operating costs are, in many cases, higher than their conventional peers. Future opportunities may no longer come from traditional captive clientele. Instead, Islamic financial institutions urgently need to upgrade their business models to tap mainstream segments," said E&Y in a report.

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Ernst & Young also recently joined hands with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the leading standard-setting body for Islamic finance industry, to provide product and contract certification that would strengthen universal acceptability of Shariah-compliant products offered by Islamic financial institutions.

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"The biggest challenge for the Takaful operators is to bring out the differentiation, its unique Islamic proposition, for its stakeholders. This was the key message for the industry during 2010," said Nazim.

<http://arabnews.com/economy/islamicfinance/article231881.ece>

AIBL 1st Islamic MF makes debut today

Monday, January 10, 2010

As per a decision of the board of directors of DSE, trading of the units of AIBL 1st Islamic Mutual Fund (MF) will start at DSE today (Monday) under 'A' category.

DSE Trading Code for AIBL 1st Islamic Mutual Fund is 'AIBL1STIMF'.

The mutual fund, floated by Al-arafah Islami Bank Ltd (AIBL) issued a total of 50 million units worth Tk 500 million for the general investors.

http://www.thefinancialexpress-bd.com/more.php?news_id=122441&date=2011-01-10

Salameh urges better indexing of Islamic banks

Thursday, January 13, 2010

BEIRUT: Central Bank Governor Riad Salameh Wednesday called for better indexing of Islamic stocks at an Islamic finance seminar Wednesday.

"As the Islamic capital markets grow in sophistication, they will attract more international investors looking for enhanced returns and diversification opportunities," said Salameh.

"Islamic indices will be present to assist investors and increase potential for further investments in the Islamic Equities and Sukuk markets alike," Salameh added.

An international standard-setting body for Islamic financial services, International Financial Services Board, hosted the seminar in conjunction with the Lebanese Central Bank and international information group Thomson Reuters.

The seminar dealt with indexing processes and delved into the subject of Shariah Screening in stocks assessment.

Salameh said that Islamic finance benchmarks, such as those provided by the Islamic bond index, would greatly enhance Islamic capital markets.

He said that the absence of Islamic financing prior to its conception in 1987 kept “the majority of Muslim investors” away from the stock market.

Islamic banking in Lebanon did not make an impressive growth in Lebanon although they have been present in the country for more than eight years.

Experts estimate total assets of Islamic banks in Lebanon at less than 2 percent of the total bank assets.

According to the Kuwait Finance House (KFH), Sukuk, or Islamic bonds, issuance stood at \$27.9 billion in the first nine months of 2010, up 62.3 percent from the same period of the previous year.

The KFH report said that the Sukuk market in 2011 would show recovery from the international credit crisis period which dealt the market a significant blow.

Islamic banks operating in Lebanon have not yet been able to launch a Sukuk amid reports that the Lebanese market may not be too receptive to this type of issue.

http://www.dailystar.com.lb/article.asp?edition_id=1&categ_id=3&article_id=123588#axzz1As2UZXSg

Path Solutions signs four new banks to its Islamic banking system

Saturday, January 15, 2010

Path Solutions, the leading banking software provider focusing on the Islamic banking segment, today announced the winning of four new projects in West Africa.

The four banks owned and managed by Dakar-based Tamweel Africa SA have decided to align their core banking systems and have selected Path Solutions' iMAL Islamic banking & investment system. This outstanding deal opens up for Path Solutions new horizons in West Africa and builds a much stronger presence for iMAL in the African continent.

"Path Solutions' specialized software, iMAL, delivers all the functionality and efficiencies needed in this

evolving dynamic market. We are confident that Path Solutions' core banking system with its various functionalities has the capability to meet our expectations of business growth. It will also enable us to innovate and develop new products to our customers", said Zakiyoulahi Sow, Managing Director of Tamweel Holding Group.

He further added that iMAL will help the banks ensure full Sharia-compliant operations while delivering high quality customer-oriented services and competitive Islamic financing products. The system will also be used at the new affiliates that Tamweel Africa is considering to establish in Mali, Benin, Gambia and other countries.

Mohammed Kateeb, Chairman & CEO of Path Solutions commented: "The four new deals consolidate Path Solutions' position as the leading Islamic software provider in Africa by offering banks a proven, state-of-the-art solution. We are delighted to provide our new customers with world class software system to enable the standardization of their processes and to support their business growth. In addition we are committed to ensuring that our four new customers increase their overall productivity and get maximum return on their investments. This is a significant step of strengthening our iMAL solution worldwide and it is a further proof of our firm commitment to the Islamic finance segment."

The four banks will be deploying iMAL 12 which will allow them to benefit from the functionalities of the new release. The project will kick off in January, with the first phase expected to go live in 2011. Path Solutions' iMAL will provide transaction banking functionality including account services, profit calculation, risk management, trade finance, Islamic investment, reporting and delivery channels.

The selection process was supervised by Bank Asya, Turkey's leading participation bank and strategic partner of ICD in Tamweel Africa. It included all the global vendors for core banking solutions and the selection of iMAL was due to three main reasons, its superior functionality, flexibility and scalability.

<http://www.ameinfo.com/253689.html>

Pearson VUE to deliver Certificate in Islamic Finance assessment on behalf of Chartered Institute of Management Accountants

Saturday, January 15, 2010

The Chartered Institute of Management Accountants (CIMA), the world's leading and largest professional body of management accountants, has selected Pearson VUE to deliver assessment for its Certificate in Islamic Finance via computer-based testing.

The certificate, a self-study distance-learning qualification, is the first offered by a professional chartered management accounting institute to focus on the rapidly growing Islamic finance sector.

An internationally recognized qualification, the Certificate in Islamic Finance equips candidates with demonstrable expertise in an industry worth an estimated £850 billion. CIMA developed the certificate to address the current shortage of skilled industry professionals around the world, an action which is sure to

add to its 172,000 members and students worldwide.

The five-year agreement with Pearson VUE, the leader in computer-based testing, includes use of its CERTS authoring tool, allowing CIMA to perform item writing, test building and content management functions as required.

Candidates are able to schedule their exam online and sit the test at any of Pearson VUE's global and highly secure test centres, providing greater access to the certificate and its learning material than ever before.

Robert Jelly, Executive Director, CIMA Education, said, "The appointment of Pearson VUE to deliver the CIMA Certificate in Islamic Finance via computer-based testing shows our commitment to addressing the need for more professionals in the market. We are confident that our partnership, a collaboration of two leading businesses, will further improve the status of both the certificate and CIMA."

Suzana Lopes, Pearson VUE, VP EMEA Sales and Marketing, added, "We are pleased to help CIMA increase the talent pool within the Islamic finance sector. Our ability to provide candidates with instant notification of their results will allow new highly-skilled professionals to enter the market place quicker than ever before."

<http://www.ameinfo.com/253728.html>

Istanbul Bourse Launches Index to Tap Islamic Finance

Monday, January 10, 2010

In an effort to tap the growing area of Islamic banking, the Istanbul Stock Exchange launches a participation index in a ceremony. The index, comprised of 30 companies, includes giants such as Türk Telekom, BIM, Enka Insaat, Ford Otosan and Petkim

Hüseyin Erkan, chairman of the bourse, says the exchange may also establish separate indexes for groups such as holding companies. The Istanbul Stock Exchange, or ISE, launched a participation index, made up of equities that adhere to the principles of Islamic lending, at a ceremony Thursday.

The main reason for the creation of the participation index is to offer a special Islamic and domestic index "suited to the customer profile of participation banks," according to exchange officials who spoke at the ceremony.

Pointing to the rapid and steady growth of Islamic banking in Turkey since 2004, Fahrettin Yahsi, chairman of Turkey's Participation Banks Association, or TKBB, said the participation index will be an important service to provide standardization in the sector. Yahsi is also the general manager of Albaraka Türk, majority-owned by the Albaraka Banking Group.

The new index was established according to the “customer profile” of participation banks, Yahsi said, implying an approach to financial affairs that adheres to Islamic rules. “Such a service has never been offered before in Turkey,” he said.

The index includes companies that have financial operations on a non-interest basis, as Islam forbids interest. It also has incorporated various companies that do not produce alcoholic drinks and are not involved in gambling, pork meat, tobacco products, tourism, entertainment, media, advertisements, weapons, interest on gold and foreign currency trade.

The participation index has become a necessity as the volume of interest-free investments and the purchase and sale of securities compatible with participation banking principles have surged, according to Avsar Sungurlu, deputy director of Bizim Securities.

Companies that become part of the index are also over a certain size, according to Sungurlu. Bizim Securities has taken the responsibility for updating the index, adding or taking out companies if it becomes necessary.

ISE Chairman Hüseyin Erkan said the bourse might also establish separate indexes for groups such as holding companies. “After this index, an Exchange Investment Fund will be established,” he said.

Birlesik Magazalar, or BIM, a discount retail chain, is leading the new index, which comprises 30 companies. Other companies in the index include Türk Telekom, Enka Insaat, Bank Asya, Emlak Konut Real Estate Investment Trust, Ford Otosan, Petkim, Koza Altin, Aygaz, Trakya Cam, Çimsa, Sinpas REIT, Dogus Otomotiv, Gübre Fabrikalari, Albaraka Türk, Türk Traktör, Bagfas, Mardin Çimento, Akçansa, Adana Çimento and Pinar Süt.

In regards to sectors, the trade sector makes up 21.3 percent of the index, followed by communications with 16.6 percent.

“We aim to be a domestic participation index. But at the same time we want foreign investors to benefit from this index,” Sungurlu said.

The index will be traded on the stock exchange under the KATLM ticker. Bekir Boydak, board chairman of Bizim Securities, Ufuk Uyan, the general manager of Kuveyt Türk, and Cemil Özdemir, the general manager of Bank Asya, signed the protocol on the participation index during the ceremony.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1322

Islamic Finance Gets a Boost from SGF

Tuesday, January 11, 2010

Islamic financial institutions (IFIs) that are authorized by Bank Negara Malaysia (BNM), the central bank, and the Securities Commission Malaysia, the securities regulator, and have been operating in the

country have six months to comply with all requirements of the new Shariah governance framework (SGF) for Islamic financial institutions which was introduced by Malaysia late last year and which became effective on Jan. 1.

According to Bank Negara, by the end of June 2011 each IFI authorized and operating in Malaysia is required to confirm the status of compliance with the framework, which was adopted pursuant to section 59 of the Central Bank of Malaysia Act 2009, section 53A of the Islamic Banking Act (IBA), section 69 of the Takaful Act (TA), section 126 of the Banking & Financial Institutions Act (BAFIA) and section 126 of the Development Finance Institutions Act (DFIA).

The SGF is the most comprehensive and unique legislation and guideline in the world, setting out the Shariah governance process for the Malaysian Islamic finance industry. It also supersedes the guidelines on the governance of Shariah committees of IFIs introduced by Bank Negara in 2004 and which outlined the role, duties and responsibilities of the Shariah committee and its members and the relationship and working arrangement between the Shariah committee at individual institutions and the BNM's Shariah Advisory Council (SAC) at the national level.

According to the Malaysian central bank, the primary objective of the SGF is to enhance “the role of the board, the Shariah Committee and the management in relation to Shariah matters, including enhancing the relevant key organs that have the responsibility to execute Shariah compliance and research functions aimed at the attainment of a Shariah-based operating environment.”

The SGF is effectively the next component of Malaysia’s Islamic Finance Master Plan and part of BNM’s on-going review of policy relating to the Shariah governance processes at IFIs in Malaysia.

Malaysian financial regulators including BNM; the Securities Commission of Malaysia (SC), the capital markets regulator; and the Labuan Financial Services Authority (Labuan FSA), the offshore regulator, have over the last decade or so spearheaded much-needed reforms in the Shariah advisory and compliance business.

Malaysia remains the only jurisdiction in which Shariah advisories have to be registered with the relevant regulator, must go through a “fit and proper” testing regime in terms of educational background and requisite skills sets, and where Shariah advisories are restricted to advise only one institution in a particular industry segment so as to pre-empt conflict of interest and to widen the base of Shariah advisories in the market.

Bank Negara Gov. Zeti Akhtar Aziz confirmed in the central bank’s Financial Stability Report 2010, which was published in the end of March 2010, that in line with efforts to further enhance the Shariah governance of IFIs, the new SGF will provide comprehensive guidance on the roles and responsibilities of the Shariah committee, and the board and management of IFIs in ensuring that their operations are in compliance with Shariah principles.

The SGF further sets out the expectations of the bank on an IFI’s Shariah governance structures, processes and arrangements to ensure that all its operations and business activities are in

accordance with Shariah; provides a comprehensive guidance to the board, the Shariah Committee and IFI's management in discharging its duties in matters relating to Shariah; and outlines the functions relating to Shariah review, Shariah audit, Shariah risk management and Shariah research.

The SGF, says Bank Negara, aims to strengthen the Shariah governance process, decision-making, accountability and independence of Shariah advisories. The new measures require regular internal Shariah reviews and audits, supported by an appropriate risk management process and research capability. At the same time, the board of directors is deemed to be responsible for the overall Shariah oversight of IFIs and the effective functioning of the Shariah governance structure, policies and processes.

This must be done without compromising the independence of the Shariah committee. The Shariah committee will also now be accountable for the implementation of decisions and opinions throughout the IFI. The SGF also requires IFIs to establish three functions that provide a system of checks and balances within the organization, which include: A Shariah risk management control function that is able to identify all possible risk of Shariah non compliance and, where appropriate, remedial measures to manage this risk; a Shariah review function that continuously assesses Shariah compliance of all activities and operations; and a Shariah audit function that performs annual audits to provide an independent assessment of the adequacy and compliance of the Islamic financial institution with established policies and procedures, and the adequacy of the Shariah governance process.

BNM is confident that the effective implementation of the new Shariah governance framework will further promote stakeholders' confidence and the integrity of the Islamic financial industry thereby reducing Shariah non compliance risks and, over the medium term, contribute to maintaining financial stability.

The Shariah governance arrangements in the SGF are indeed comprehensive and cover the general requirements of the Shariah governance framework; oversight, accountability & responsibility of advisories; independence of advisories; competency of advisories; confidentiality & consistency; Shariah compliance & research functions; Shariah review; Shariah audit; and Shariah risk management.

While it is not the brief of the Malaysian government to impose the SGF on the global industry, many Shariah scholars and bankers believe that given the systemic approach of Malaysia to develop its Islamic finance sector, the SGF is the best of its kind and could become a blueprint for other countries to follow. In this respect, the Malaysia International Islamic Financial Centre (MIFC) indeed has the responsibility of articulating the SGF well beyond its immediate community to all corners of the world where Islamic financial products are offered.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1325

Islamic Property Company Aldar Leads the Way on Profits

Wednesday, January 12, 2010

It has been reported that Aldar Properties have made significantly higher profits this month more than other rival companies in Abu Dhabi.

Aldar, listed on the Abu Dhabi Securities Exchange, rose 2.9 per cent to Dh2.42, its largest advance since December 12.

"The performance in price today is relatively better in comparison to the general market," said Julian Bruce, the director of institutional equity sales at EFG-Hermes in Dubai. In November, the developer said it was in the final stages of talks with the Abu Dhabi Government over its cash requirements.

The firm has Dh14 billion of debt maturing this year, said EFG-Hermes. Separately, Aldar is managing the expansion of the Masdar Institute of Science and Technology campus in Abu Dhabi and yesterday awarded a Dh750 million contract to Arabian Construction for the second phase of the project. Banking stocks in Abu Dhabi made decent gains, but volumes continued to be weak, Mr Bruce said.

Abu Dhabi Islamic Bank rose 1.6 per cent to Dh3.04. Sharjah Islamic Bank advanced 1 per cent to 95 fils. The Abu Dhabi Securities Exchange General Index closed 0.4 per cent higher at 2,764.15. The Dubai Financial Market General Index slipped 0.1 per cent to 1,665.55.

Insurance companies led the gainers, with Takaful Al Emarat Insurance, adding 7.8 per cent to 81 fils a share. Aldar Properties rose the most in a month as investors speculated that a government package for the company would be announced soon.

Elsewhere in the region: Kuwait's measure declined 0.1 per cent to 6,966.40; Bahrain's declined 0.1 per cent to 6,966.40; Oman's advanced 0.3 per cent to 6,949.95; and Qatar's was unchanged at 9,019.71.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1326

Malaysia Appoints Islamic Financial Head

Friday, January 14, 2010

The Securities Commission of Malaysia has announced the appointment of Encik Zainal Izlan Zainal Abidin as the regulator's new executive director of Islamic finance.

The former vice-chairman of the Malaysian Association of Asset Managers will take up responsibility for boosting the country's status as a centre for Sharia finance with immediate effect.

"Encik Zainal Izlan will lead and drive the Commission's agenda for the Islamic capital market," said the Securities Commission in a statement released on Wednesday.

"[He] will be responsible for the SC's operational, strategic and developmental initiatives aimed at strengthening and sustaining Malaysia's leadership in this area." Zainal will lead and drive SC agenda for the Islamic capital market and will be responsible for the SC's operational, strategic and developmental initiatives aimed at strengthening and sustaining Malaysia's leadership in this area.

Zainal brought with him over 20 years of industry experience and international exposure. Prior to joining the SC, Zainal was the CEO of i-VCap Management Sdn Bhd.

He has held a number of senior positions in professional bodies and associations such as vice-chairman of the Malaysian Association of Asset Managers (MAAM), chairman of Islamic fund management sub-committee of MAAM and chairman/president of CFA Malaysia (local chapter of the CFA Institute, USA).

Malaysia is an Islamic financial hub that is prospering and with the excellent leadership from key heads it will help to spur the industry further.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1334

2. ISLAMIC BANKING & INSTITUTIONS

Jordan Dubai Islamic Bank extends its Islamic home financing program until end of March, 2011

Tuesday, January 11, 2010

Jordan Dubai Islamic Bank has recently announced the extension of its Islamic Home Financing Program until the end of March, 2011. This extension caters to the demands of a wide client base, taking advantage of the extension of the discount in registration fees and sales tax on property by 50%, according to the amendments on the Jordanian land and property registration laws which is effective until 31/03/2011.

The Bank's decision comes in answer to popular demand of its clients, who find in this financing program the ideal solution for enabling them to own their dream home in easy and uncomplicated procedures that suit their financial capabilities and lifestyles.

The step comes in line with the Bank's strategy to enable a large base of existing and potential clients to benefit from its services within to its plan to expand its array of products and services that adhere to Islamic Sharia and providing its clients with comprehensive financial products and solutions that meet their various needs.

Jordan Dubai Islamic Bank launched this home finance program in late 2010 and designed it to meet the needs of all clients that wish to own a home within the provisions of Islamic Shariah at a decreasing "Ijarah" rate starting from 6.99% for the first year.

Among the program's benefits is free Islamic Takaful and Insurance for both client and property, not requiring a monthly salary transfer, the possibility of covering other existing housing obligations with other banks in the form of Ijarah, and a special financing program for Jordanian expatriates.

<http://www.ameinfo.com/253439.html>

Top honor for British Islamic bank

Tuesday, January 11, 2010

MANAMA: Bank of London and The Middle East (BLME), the UK-based wholesale, Sharia- compliant bank, has been awarded Best Islamic Bank in the UK by the Islamic Finance News Annual Poll for 2010.

The Islamic Finance News Awards are widely recognised as the most transparent and comprehensive in the industry.

The awards are now in their sixth year with a 26 per cent increase in number of votes from the previous year.

The awards select the best providers of Islamic financial services across a number of markets worldwide, as well as specific sectors including Islamic finance issuers, investors, non-banking financial intermediaries and government bodies.

The award will be formally presented to BLME at the Islamic Finance News Awards ceremony in February.

This award recognises BLME's high quality service, innovative product development and leading position in the UK market.

"While 2010 was a tough year for the global banking industry, we worked hard to maintain our high levels of customer service and innovative product development," said BLME chief executive officer Humphrey Percy.

"We are continuing to see positive growth across each of our five core areas of business, in particular asset management and private banking.

"Moving forward in 2011, we are fully prepared to face the challenges and opportunities of the post recession environment across Europe and the Middle East and we are confident that we will continue to leverage the potential offered by Islamic Finance to the international investment community," he added.

BLME launches Shariah-compliant deposit account

Tuesday, January 11, 2010

LONDON: Bank of London and The Middle East plc (BLME), London's leading wholesale Shariah-compliant bank whose main shareholders are Boubyan Bank, National Bank of Kuwait, the Securities House and the Public Institution for Social Security, announced on Tuesday the launch of its Premier Deposit Account (PDA) in pound sterling, US dollars and euro for investors in Saudi Arabia. The PDA is the first online Shariah-compliant deposit account in the UK with a minimum investment of 50,000 pounds. This account is termed ideal for investors looking for a competitive rate of return on an ethical, alternative investment.

BLME's PDA offers investors competitive returns on their deposit with BLME when compared with other UK Financial Institutions' deposit products. BLME pays profit upon maturity of the original agreement or on the anniversary of the investment, based on whichever is earlier. The PDA is covered by the UK's Financial Services Compensation Scheme (FSCS) 85,000 pound deposit guarantee scheme.

BLME CEO Humphrey Percy said: "The launch of the PDA highlights London's leading role in the development of Shariah-compliant products in Europe. Since its establishment in 2007, BLME has witnessed a growing demand among medium to high net worth individuals for a banking option that incorporates the transparent and ethical principles inherent in Islamic finance with competitive returns. With the financial climate improving, individuals are looking to diversify their investments that were previously solely held by other UK Financial Institutions."

<http://arabnews.com/economy/article233076.ece>

Islamic Development Bank hosts briefing on IIFM's industry standardization initiatives

Monday, January 10, 2010

The Islamic Development Bank (IDB), a founding and permanent member of the International Islamic Financial Market (IIFM), hosted a briefing by IIFM to its group entities and senior officials at the IDB offices in Jeddah.

Mr. Ijlal Ahmed Alvi, Chief Executive Officer of IIFM briefed the IDB officials on the value addition of IIFM as well as its global standardization of products and documentation initiatives that are contributing to the development, transparency and unification of the Islamic Capital and Money Market.

Dr. Abdulaziz Al-Hinai, Vice President Finance at IDB said, "The Islamic Development Bank is pleased to host IIFM to present its activities and recent achievements to the Bank. We consider IIFM to be a crucial infrastructure institution for the development of Islamic financial services industry and are delighted to see IIFM achieving tangible results in the drive towards standardization of contracts and

documentation. The recent launch of master agreements in partnership with ISDA will be useful in developing the Islamic capital and money markets. IDB will continue its support and look forward to seeing IIFM play a stronger and more visible role in developing the industry."

Mr. Alvi said, "IIFM is thankful to the IDB for their continuous support and I would like to take this opportunity to thank Dr. Al-Hinai for arranging the meeting so that IDB can play a more proactive role in IIFM's standardization of products and documentation initiatives both by encouraging innovation as well as harmonization of existing practices in the liquidity management and hedging areas of Islamic finance."

<http://www.ameinfo.com/253320.html>

Qatar Islamic Bank eyes Indonesian acquisition

Wednesday, January 12, 2010

Qatar Islamic Bank is hunting for acquisition targets in Indonesia to boost its presence in Asia and tap demand for sharia banking products in the world's most populous Muslim nation, the head of its Malaysian unit said on Wednesday.

Qatar Islamic is studying several potential candidates in Indonesia that have been identified by Asian Finance Bank, which is 62 per cent-owned by the Gulf lender.

'In Indonesia, the competition is robust so we need something which is ready-made for us to kickstart immediately,' Asian Finance chief executive Mohamed Azahari Kamil said.

'We need to have a partner that has both a corporate and retail base that we can capitalise on.'

Azahari said 'nothing concrete has transpired' in the acquisition plans and formal talks had yet to begin but declined to elaborate on the possible targets.

'We're talking about Asia as a whole because we believe there is a lot of potential for Islamic finance even to grow in South Korea,' he said.'The Indonesian operations, if it materialises, will provide a very good presence within the region.'

Indonesia, where about 85 per cent of the population are Muslim, is seen as the next major growth centre for Islamic finance as traditional markets such as Gulf states and Malaysia reach saturation point. Indonesia has 11 Islamic banks.

Indonesia expects its sharia banking assets to reach 130 trillion rupiah by the end of 2011, from an estimated 90-92 trillion rupiah in 2010, according to the central bank. They grew by an average 33 per cent in the last five years.

The Southeast Asian country is overhauling its regulatory framework to accelerate demand for Islamic products but some bankers say it could take years for the changes to bear fruit.

RUSD Investment Bank owns a fifth of Asian Finance Bank, Financial Assets Bahrain has 8 per cent and Tadamon International Islamic Bank 10 per cent.

http://www.tradearabia.com/news/BANK_191687.html

Dubai Islamic Bank chief tells court how men 'stole' Dh1.8bn

Thursday, January 13, 2010

DUBAI, The chief executive of Dubai Islamic Bank yesterday testified in court against five men charged with Dh1.8 billion worth of fraud.

Abdullah al Hamli told Judge Fahmy Mounir Fahmy of the Dubai Criminal Court of First Instance how the men allegedly proceeded with major bogus deals.

Mr al Hamli testified he was not certain how much money the men embezzled in their deals.

"Its only logical that when something suspicious is discovered about any application, it would be terminated," he told the court.

"The regular approval procedure for deals is to submit the application to the securities department at the bank, which would have certainly rejected it. But since one of the suspects [worked] at the securities department, he helped get approval for these deals."

In the largest of the ongoing Dubai administrative fraud trials, three Britons, two Pakistanis, a Turk and an American have been charged with stealing public funds, deliberately helping others to steal public funds, inflicting intentional loss to the Government and its interests, illegal profiteering and forgery.

The British suspects CM, 48, RL, 54, and AF, 58, have been on trial for two years. Former DIB Pakistani executives OM, 39 and RU, 50, were earlier charged with embezzlement of funds, aiding and abetting a crime, and bribery.

Two other defendants, 36-year-old Turk EN and an American, ZU, remain at large.

Judge Fahmy said yesterday bail requests would not be allowed for the time being. "I would like to alert the defendants that the court is not prepared to listen to any bail requests until witness testimonies are complete," he said.

The case was presented to the court for a second time in October last year after the court in August ordered public prosecutors to reinvestigate. The new charges, although similar to the previous ones, have been issued as crimes against public wealth and crimes that damage the interest of a government institution.

The court will reconvene on January 19.

<http://www.thenational.ae/news/uae-news/dubai-islamic-bank-chief-tells-court-how-men-stole-dhl-8bn>

Bank of London and the Middle East launches Sharia'a compliant premier deposit account in Sterling, US dollars and Euros for investors

Wednesday, January 12, 2010

London's leading wholesale Sharia'a compliant bank whose main shareholders are Boubyan Bank, National Bank of Kuwait, the Securities House and the Public Institution for Social Security, announced today the launch of its Premier Deposit Account (PDA) in Pound Sterling, US Dollars and Euro for Kuwait investors.

About Bank of London and the Middle East:

BLME is an independent UK wholesale Sharia'a compliant bank based in London. BLME received FSA (Financial Services Authority) authorisation in July 2007 and is the largest Islamic bank in Europe. It is led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance.

BLME is dedicated to offering innovative Islamic investment and financing products to businesses and high net-worth individuals in the European, USA, Asia and MENA region. To ensure that BLME's services and operations are wholly Sharia'a compliant, the Bank has a dedicated Sharia'a Supervisory Board ("SSB"). The SSB's role is to review contracts and agreements relating to transactions ensuring that they are consistent with the principles of Islamic jurisprudence.

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4803765>

Turkish Islamic Bank Offers Upgrades in Gold for Its ATMs

Wednesday, January 12, 2010

Turkish participation bank Kuveyt Türk, a lender that adheres to Islamic rules in banking, has said it will upgrade its automatic teller machines within a month to distribute gold as well as banknotes.

The ATMs will dispense certified gold coins, which customers can withdraw from gold deposit accounts at Kuveyt Türk or buy with a credit card or cash, said Irfan Yilmaz, executive vice president in charge of retail banking.

“It’s very popular in Turkey to use gold as a gift for newborn babies, for weddings, for all kinds of celebrations,” Yilmaz said in an interview. “This is a great convenience for customers, especially on weekends when it’s not so easy to find gold.”

Kuveyt Tark, a bank owned by the Kuwait Finance House, has increased marketing of gold products in the past three years as rising prices and the global crisis attracted record investment in the metal.

The bank has attracted about \$300 million in gold deposits, attaining a market share of almost 20 percent since starting its gold products in 2007. That compares with its less than 1 percent share of overall Turkish banking assets.

Turkey imported more than \$50 billion worth of gold in the seven years up to 2007, most of which is held by individuals and has never entered the banking system, Yilmaz said.

“We just want to bring the existing gold to the bank,” he said, adding that the amount of gold deposited in banks is almost doubling each year.

Osman Saraç, head of the Istanbul Gold Exchange, estimated in December that Turks had about 5,000 tons of hoarded gold, worth \$220 billion at current prices, “hidden under their pillows.”

Kuveyt Türk’s ATMs will offer 1-gram or 2.5-gram coins through its existing dispensers, Yilmaz said. It will earn a commission of between 1 and 2 percent on the transactions.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1327

3. SUKUK (ISLAMIC BONDS)

Islamic Finance Yield Spreads at 2 Year Low to Spur 2011 Sales

Monday, January 10, 2010

The lowest relative yields on Islamic bonds in more than two years may encourage issuers to tap the market after a 15 percent drop in new sales in 2010, helping revive interest among investors.

The difference between average yields for emerging-market sukuk and the London interbank offered rate narrowed to 282.7 basis points yesterday, the least since August 2008, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Albaraka Banking Group BSC, Bahrain’s biggest publicly traded Islamic lender, plans to sell Islamic bonds in the first quarter, while Albaraka Turk Katilim Bankasi AS, a Turkish Islamic bank, may make an offering this year, company officials said this week.

Spreads shrank in 2010 as debt restructuring in the Persian Gulf and government plans to spur investment by building roads, railways and bridges helped restore appetite for assets in the \$1 trillion Islamic finance industry. Sukuk yields will rise this year along with interest rates globally, according to Kuala Lumpur-based CIMB Principal Islamic Asset Management Bhd.

“Now’s a good time for issuers,” Zeid Ayer, who helps oversee \$1.6 billion of Shariah-compliant assets at CIMB- Principal Islamic Asset Management, said in a phone interview yesterday. “There’s a healthy pipeline because issuers will likely take advantage of low funding costs and there’s expected to be more spending on infrastructure projects.”

Zeid’s company is a joint venture between Principal Global Investors LLC, a Des Moines, Iowa-based firm that manages more than \$200 billion in assets globally, and Kuala Lumpur-based CIMB Group Holdings Bhd., the Southeast Asian nation’s second- biggest lender.

Albaraka Banking plans to sell as much as \$500 million of sukuk after delaying in 2010, Adnan Ahmed Yousif, the chief executive officer, said in a telephone interview on Jan. 5 from Manama. Albaraka Turk Katilim Bankasi may offer at least \$100 million of notes, Chief Executive Officer Fahrettin Yahsi said in Istanbul yesterday.

French companies, the central bank of the Palestinian territories and Thailand have also announced plans to borrow through Islamic debt this year.

Global sales of Islamic bonds, which pay returns based on asset flows to comply with the religion’s ban on interest, fell to \$17.1 billion in 2010, from \$20.2 billion a year earlier, according to data compiled by Bloomberg. Issuance reached a record \$31 billion in 2007.

Dubai World, one of Dubai’s three main state-owned holding companies, received approval from its creditors in October to change terms on \$24.9 billion of loans. Nakheel PJSC, a property unit of Dubai World, is seeking to delay payments on at least \$10 billion of loans and bills. The company is looking to gain clearance from creditors holding 95 percent of the debt by the end of March, according to an statement on Jan. 2.

“It’s much easier to access the market after the removal of some of the uncertainties associated with debt restructurings along with spreads tightening,” Abdul Kadir Hussain, who manages \$2 billion of assets as chief executive officer of Mashreq Capital DIFC Ltd., said in Dubai on Jan. 5. “In this environment issuance will rise.”

The spread between emerging-market sukuk and Libor narrowed 177 basis points last year to 290 as of Dec. 31, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Average yields dropped 252 basis points, or 2.52 percentage points, to 4.74 percent at the end of 2010, the HSBC NASDAQ Index shows.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1321

State agency plans US\$3.3b sukuk-paper

Thursday, January 13, 2010

KUALA LUMPUR, A Malaysian government agency will sell RM10 billion (US\$3.3 billion) of Islamic bonds to finance the construction of police quarters and facilities, The Star newspaper reported today, citing an unnamed source.

Pembinaan BLT Sdn Bhd, which develops facilities for the police, will issue the sukuk and its chief executive Mohammed Redza Mohd Yusof will hold a media briefing tomorrow, the paper said.

Pembinaan BLT was not immediately available for comment.

<http://www.themalaysianinsider.com/business/article/state-agency-plans-us3.3b-sukuk-paper/>

Malaysian Insurers Affected By Lack of Sukuk

Wednesday, January 12, 2010

The lack of long-term investment products is undermining growth in Malaysia's Islamic insurance industry, spurring calls for more sukuk maturing beyond 10 years in the world's biggest market for the debt.

The country's 13.9 billion ringgit (\$4.5 billion) of insurance assets that comply with Shariah law made up 9 percent of the 154 billion ringgit total as of July 2010, according to central bank data. Malaysia has 293.2 billion ringgit of outstanding Islamic bonds, with 41.5 billion ringgit maturing in 10 years and more, according to data compiled by Bloomberg.

Institutions offering services known as takaful need to match long-term liabilities and a greater availability of sukuk would help firms expand their range of insurance, according to Kuala Lumpur-based HSBC Amanah Takaful Malaysia) Sdn Bhd. The industry also lags behind banking in the United Arab Emirates, said Ahmed Aljanahi at Dubai-based Noor Takaful.

"We need long-term sukuk because we can't be aggressive in equities or park most of our funds in deposit accounts or just short-term paper," Hafidz Hamzah, who helps manage 12 million ringgit as head of investment at Kuala Lumpur-based Great Eastern Takaful Sdn. Bhd., which received its license last year, said. "That's hampering returns and too much exposure to equities can be very volatile for our funds."

Takaful is based on the Koranic principle of mutual assistance, whereby policy holders contribute a sum of money to a common pool managed by the company. The funds are used to pay for claims and any excess is returned to customers.

Malaysia's Islamic insurance assets grew 20 percent in the first seven months of 2010 from a year earlier, according to central bank data. Bank Negara Malaysia issued four new Shariah-compliant life-insurance licenses last year, bringing the number of takaful firms to 12.

Global takaful contributions increased 29 percent to an estimated \$5.3 billion in 2008 from a year earlier, according to a report published in April 2010 by Ernst & Young LLP. Takaful contributions in the six-nation Gulf Cooperation Council rose 31 percent to an estimated \$3.7 billion the same year, the report said.

"It's a chicken and egg situation, if you have more long-dated sukuk then there are more assets for takaful operators to invest in," Rafe Haneef, managing director of global markets at HSBC Amanah, whose parent was the second-largest underwriter of Islamic bonds last year, said. "Growth in takaful and the sukuk industry will mutually enrich both sectors."

Global sales of sukuk, which pay returns based on asset flows to comply with the religion's ban on interest, fell 15 percent in 2010 to \$17.1 billion, according to data compiled by Bloomberg. Issuance reached a record \$31 billion in 2007.

Malaysia's 10-year development plan will increase sales of longer-maturity debt as companies need to spread out their financing, according to RAM Rating Services Bhd., the biggest of the nation's credit rating firms. The government has identified \$444 billion of private-sector led projects including the building of an underground rail system, a nuclear power plant and the expansion of the road network.

"With more infrastructure projects, that's going to accelerate the growth of long-term sukuk," Zakariya Othman, head of Islamic finance at RAM Rating, said in Kuala Lumpur.

Shariah-compliant bonds returned 12.8 percent last year, the HSBC/NASDAQ Dubai US Dollar Sukuk Index shows, compared with 19.8 percent the previous year. Debt in emerging markets gained 12.2 percent, from 29.8 percent in 2009, according to JPMorgan Chase & Co.'s EMBI Global Diversified Index.

The difference between the average yield for sukuk in developing nations and the London interbank offered rate widened two basis points to 292 since Dec. 31, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. The spread narrowed 178 basis points, or 1.78 percentage points, last year.

The yield on Malaysia's 3.928 percent sukuk maturing in June 2015 declined three basis points to 2.87 percent yesterday, according to prices from Royal Bank of Scotland Group. The extra yield investors demand to hold Dubai's government sukuk rather than Malaysia's widened two basis points to 336, Bloomberg data show.

Noor Takaful, the holding company of Noor Takaful General PJSC and Noor Takaful Family PJSC, in Dubai is talking with investment banks in the Persian Gulf to come up with new products for the Islamic insurance industry, Ahmed Aljanahi, the managing director, said.

“We are expecting the more well-established investment banks to come up with the right product for the medium to long- term to cater for the takaful industry worldwide, not just for the U.A.E.,” said Aljanahi. “That would take, I would say, four to five years.”

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1328

Sukuk Issuance May Hit Pre crisis Level Predict Experts

Thursday, January 13, 2010

Global issuance of Islamic bonds will take another year to reach pre-crisis levels as new markets in Europe and Asia have yet to make up for the slump in the Gulf, said Deloitte's head of Islamic Finance on Tuesday.

Underwritten issuance of Islamic bonds, or sukuk, reached \$14.3bn last year, according to Thomson Reuters estimates, well below the \$20-30bn in annual issuance before the global financial crisis.

Malaysia, the industry's biggest market, held up well in 2010 but issuance in the Gulf Arab region has been hurt by some sukuk defaults and investor confidence has yet to return.

"I think it's going to be another year or so before (sukuk issuance) gets back to pre-crisis levels," said Daud Vicary Abdullah, head of Islamic finance at advisory firm Deloitte.

He said that new markets will help a comeback in sukuk issuance, as governments in Brazil, Australia, Western Europe and Central Asia are considering issuing sukuk to tap the Muslim wealth pool and nurture their own Islamic financial industries.

He said that American re-insurers are considering entering Islamic re-insurance business, or re-takaful, which would also increase demand for Islamic bonds.

The global financial crisis popped a Gulf real estate bubble in 2008, severely hitting regional investors and pushing the region's business hub Dubai to the brink of default.

Investors are still holding back their funds as the full extent of the damage took long to surface due to a lack of strong and transparent regulations in the region.

"This market is always much more sensitive to economic ups and downs...there is still some ground to make up.

The Gulf saw a modest revival in sukuk issuances in the last quarter of 2010 but market experts fear it could be a fragile recovery with investors fearful of any more bad news.

Sukuk issuance has also been hurt by a debate about the compliance of some of its structures with Islamic law. Sukuk are structured around underlying assets, from which returns to bondholders are derived.

Estimates of sukuk issuance can vary significantly depending on the methodology applied. Experts polled by Reuters in October estimated that sukuk issuance will likely be less than \$25bn as Gulf debt restructurings and state deficit constraints dampen borrowing.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1329

Persian Gulf Sukuk Sales Aim For 4-Year High

Friday, January 14, 2010

Borrowers from the Persian Gulf may sell as much as \$8.2 billion of Islamic bonds this year, the most since 2007, encouraged by the lowest yields in two months and accelerating economic growth.

Average yields on Shariah-compliant bonds from Gulf Cooperation Council countries fell to 5.385 percent on Jan. 4, the lowest level since Nov. 10, according to the HSBC/NASDAQ Dubai GCC Dollar Sukuk Index. Among companies planning to issue sukuk are Albaraka Banking Group BSC, Bahrain's biggest publicly traded Islamic lender, which may sell as much as \$500 million, and Saudi International Petrochemical Co. which may offer as much as 2 billion riyals (\$533 million) this quarter, data compiled by Bloomberg show.

"It's still a low-rate environment, and there's still a window of opportunity," Dubai-based Ahmad Alanani, head of Middle East fixed-income sales at Exotix Ltd., said. "Anyone who will want to issue will have to issue now and lock in these rates before the recovery in the U.S. economy takes hold and yields go up."

Issuers plan to step up sales of Islamic bonds in the region as the International Monetary Fund predicts economic growth in the Gulf Cooperation Council nations will accelerate to 5.9 percent this year from 4.5 percent last year. Prospects for a U.S. economic recovery spurred gains in Treasury yields over the past three months as Wall Street banks cut their holdings at the fastest pace since 2004 on bets improved earnings will drive up stocks.

Shariah-compliant debt in the six-nation GCC, which includes the United Arab Emirates and Bahrain, returned 13.6 percent last year, the HSBC/NASDAQ Dubai GCC US Dollar Sukuk Index shows. Global sukuk returned 12.8 percent, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Bonds in developing markets rose 12.2 percent, JPMorgan Chase & Co.'s EMBI Global Diversified Index shows.

Dubai's government is likely to sell bonds in 2011, Abdulrahman Al Saleh, the director general of the emirate's Department of Finance, said last month. Emirates Telecommunications Corp., the U.A.E.'s largest phone operator, said it will sell sukuk under its \$1 billion Islamic bond program, Nakheel PJSC, the property unit of Dubai World, may issue an Islamic bond to trade creditors in the first quarter, said Faisal Mikou, executive vice president at Investment Corp. of Dubai, on Nov. 28. French bank Credit Agricole SA is working on two or three benchmark

Islamic bonds from the GCC, Simon Eedle, global head of Islamic banking at the bank, said in a Nov. in Manama, Bahrain.

The yield on Dubai's 6.396 percent sukuk maturing in November 2014 was little changed at 6.26 percent today, according to data compiled by Bloomberg. The extra yield investors demand to hold Dubai's government debt rather than Malaysia's narrowed seven basis points, or 0.07 percentage point, to 331 this month, the data show.

Borrowers in Saudi Arabia, the world's largest oil exporter, may overtake Malaysia as the largest issuer of Islamic bonds for the first time in 2011 as the kingdom's 1.44 trillion riyal, five-year stimulus plan boosts spending, Tariq Al-Rifai, director of Islamic Market Indexes in Dubai for Dow Jones Indexes, said Dec. 17.

Saudi International Petrochemical Co., known as Sipchem, plans to sell Islamic bonds to fund expansion plans in the Arab world's biggest economy, the al-Khobar-based company said in a statement on the Saudi bourse Dec. 14.

"I think we will see a very active sukuk market because of the appetite for sukuk" this year, Adnan Ahmed Yousif, chief executive officer of Albaraka Banking, said in a telephone interview from Manama, Bahrain, on Jan. 5. "Last year, if you wanted to issue, the appetite was not that big."

Near-zero interest rates in the U.S. are also luring investors to higher-yielding markets in developing regions such as the Persian Gulf.

"Investors will look for yield while U.S. interest rates remain low this year," Nafees Akbarali, regional head of fixed income, currencies and commodities trading at Standard Chartered Plc, yields on 10-year Treasuries, which serve as a benchmark on everything from sovereign bonds to corporate loans, rose three basis points to 3.32 percent last week. Yields dropped as low as 2.33 percent on Oct. 8.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1332

4. TAKAFUL (ISLAMIC INSURANCE)

Bourse charts rise and fall of Takaful shares

Monday, January 10, 2010

What a difference a day makes with the rise and fall of Takaful Emarat Insurance the story on the bourses this morning.

Shares of the insurance firm, listed in Dubai, declined by more than three per cent to 78 fils at 10:40am this was a reverse on yesterday when Takaful gained 7.8 per cent.

"The price is good considering the past period," said Rami Awwad, operations manager at Al Awael Securities in Abu Dhabi. Shares have fallen by 12 per cent in the last 3 months. "The chances are it will recover, it is a well liked stock among local investors, but volumes are not as high as leading firms," he said.

Emirates NBD, which has the second biggest weighting on its emirate's index, lost 2 per cent to Dh2.94 a share. Emaar Properties, dropped 0.2 per cent to Dh3.52.

The Dubai Financial Market General Index declined by 0.4 per cent to 1657.98.

In Abu Dhabi, losses were led by Abu Dhabi National Energy, also known as Taqa, which fell 2 per cent to Dh1.45. Property firms fell, after The National reported yesterday that rents in Abu Dhabi fell as much as 16 per cent in the last three months of last year. Aldar Properties lost 1.6 per cent to Dh2.41 a share. Sorouh Real Estate lost 1.7 per cent to Dh1.66 a share.

Crude climbed 1 per cent to \$88.93 a barrel.

Elsewhere in the region, Kuwait's measure lost 0.3 per cent to 6939.60. Bahrain's measure remained unchanged at 1428.55. Oman's index and Qatar's index also remained flat at 6949.36 and 9019.71 respectively. The Saudi Tadawul All-share Index was unchanged at 6723.31.

<http://www.thenational.ae/business/property/bourse-charts-rise-and-fall-of-takaful-shares>

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

SEI Shariah investment solution launches on All funds platform

Tuesday, January 11, 2010

SEI, a global provider of outsourced asset management, investment processing, and investment operations solutions, announced a partnership with All funds Bank to offer a greater choice of investment solutions for Shariah investors in the Gulf Cooperation Council (GCC).

The agreement brings together SEI's Shariah asset management capabilities and All funds' platform and intermediary services to give banks, wealth managers, and insurance providers the opportunity to access world-class Shariah-compliant funds and deliver more efficient and diversified investment choices to their clients.

Launched in May 2007, the SEI Islamic Investment Funds provide investors with a Shariah-compliant program of four global equity funds with oversight from HSBC Amanah's Shariah Committee. These funds include the SEI Islamic US Equity, SEI Islamic Pacific Basin Equity,

SEI Islamic European Equity, and SEI Islamic Emerging Markets Equity Funds. The Funds use SEI's Manager-of-Managers process to select, combine, and monitor some of the world's leading investment managers. The SEI Islamic Investment Funds are domiciled in Dublin and offer daily liquidity.

Commenting, Jahangir Aka, Senior Executive Officer, SEI Middle East said, "We are pleased to offer the SEI Islamic Investment Funds through the Allfunds platform to enable wealth management providers to present a broader range of investment choices to their Shariah clients. Diversification remains important for the Shariah investor and the SEI Islamic Investment Funds are designed to provide global equity exposure to a Shariah portfolio."

A leading global provider of outsourced asset management, investment processing, and investment operations solutions, announced today a partnership with Allfunds Bank to offer a greater choice of investment solutions for Shariah investors in the Gulf Cooperation Council (GCC).

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1323

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

FWU Group receive 'Best Takaful Operator' Award at Islamic Business & Finance Awards 2010 in Dubai

Thursday, January 13, 2010

FWU Group today announced that it has recently become the recipient of the "Best Takaful Operator" award at the ceremony held during the Islamic Business & Finance Awards 2010 in Dubai.

The event, hosted at the prestigious Emirates Towers Hotel, recognised the most successful Islamic finance companies worldwide. The ceremony was sponsored by Thomson Reuters, Islamic Business & Finance and CPI Financial.

It is the fourth time FWU Group receives an accolade from the Islamic Business & Finance Awards. Indeed, from 2007 to 2009, FWU Group was awarded as the "Best Takaful Operator" and the "Best BancaTakaful Operator". These awards recognised the Group's reputation for innovation, creative product design, IT systems and quality of unit-linked investment offerings in the European market. FWU Group has replicated this successful model to its international Family Takaful business, bringing in the knowledge and expertise. Indeed, FWU Group is the uncontested leader in the fast expanding Takaful industry, and is the largest producer of Bancatakaful in five markets (Saudi Arabia, UAE, Kuwait, Malaysia and Pakistan) combined at a global level.

FWU Group specializes in white label Family Takaful unit-linked investments and offers its bank distribution partners a customised innovative Takaful product family, which includes savings, education, and marriage plans. A second generation of Family Takaful Investment

Linked Plans (both Regular and Single Premium) was also introduced in 2010. The investment value proposition takes into account the various risk profiles specific to each customer segment and provides an open-investment architecture where banks can incorporate their own Shari'ah-compliant funds into the investments universe as well as a proprietary quantitative investment model for the monthly fund selection and allocation. FWU Group's Takaful partners offer two distinct investment strategies: equities and cash. The Participant in the Takaful Fund is able to choose which strategy is best suited to his/her risk appetite.

In response to changing market conditions, FWU Group has developed a unique investment programme in conjunction with an international bank: the dynamic principal-protected equity strategy. This Dynamic Protection Plan (DPP) is an additional tool, which will be added to the actively managed underlying equity portfolio of the FWU Group Family Takaful Programmes. It has been designed to allow for participation in the upward trends of the equity markets whilst offering protection against bearish markets.

Thanks to this mechanism, the level of protected unit price can only increase, but never decrease during the entire contribution payment period of the Takaful contract. The concept offers not only capital protection for the total invested contribution component at the end of the contribution payment period, but also a continuous and innovative fixing of protected unit prices at maturity within the Family Takaful Program. As a result, the Participant can profit continuously from the opportunities of the international stock markets while being protected against losses by the end of the investment term. The DPP has received full approval from FWU Group's Shari'ah Board and was introduced in the UAE on July 7, 2010.

Besides product and process innovation, FWU Group also prides itself in giving advice and support regarding regulatory matters, partnership with custodian banks and Retakaful Operator, full after-sales services including training, customer risk profiling and deployment of the bank's call center in referring potential customer leads to the trained financial planners.

FWU has regrouped all its Takaful business into FWU Dubai Services (trading under the name FWU Global Takaful Services). "FWU Takaful team's expertise and presence in the DIFC will further contribute to the development of customer relationships" says Dr Manfred Dirrheimer, Chairman and CEO.

By entering into a long term strategic partnership with a local Takaful operator and securing major bank distribution partners in each market on an exclusive basis, FWU Group has developed a unique business model.

The Takaful industry is still in its infancy but the "Family Takaful's global market share will rise to 10% of overall life insurance share over the next 10 years from its current 2.5 %, as Islamic insurance attracts more non-Muslim demand" says Sohail Jaffer, Partner and Head of International Business Development.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1331
