BUSINESS AND POLITICS IN THE MUSLIM WORLD

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

Period: February 06 – February 12

Report # 158

Submitted By: Zain Arshad

---

1. GLOBAL FINANCE & GLOBAL ISLAMIC FINANCE

- Zawya and Ethica launch Advanced Certification in Islamic Finance
- Saudi Spending to drive loans from five-year low
- Qatar follows Malaysia to boost Islamic banking
- InfraSoft offers Islamic banking solutions
- Qatari student gets first ever UK Islamic banking internship
- Kerala govt plans to rope in Shariah-based fund for roads
- SBP to provide supportive policy for Islamic Banking

2. ISLAMIC BANKING & INSTITUTIONS

- HSBC in Talks with Qatar to Clarify Order Shutting Islamic Banking Units
- Bahrain Financial Exchange Officially Launched
- Al Hilal Islamic Bank conducts media seminars in Kazakhstan to familiarize public with Islamic finance
- Mashreq reports net profit of Dhs803m for 2010
- Kuwait Finance House appoints international brand consultancy Wolff Olins for strategic branding initiative
- Gapcorp signs deal with KFH
- Phillapean Amanah Bank names Chair-CEO
- Moody's raises Tamweel's BCA to B1; Baa3/P-3 ratings affirmed

3. SUKUK (ISLAMIC BONDS)

- Foreign firms warm to sukuk

4. TAKAFUL (ISLAMIC INSURANCE)

- Japan's Mitsui says eyes stake in Malaysian Islamic insurer
- FC Bank in Kenya Launches Shariah Compliant Takaful Services

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

- Viva Bahrain Signs $280 Million Shariah Financing Deal
- Luxembourg eyes more investment from UAE

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

- ICAI hosts seminar on Islamic banking
- Six National Companies to Sponsor \"Tamiaz wa Falak Tayyeb Award\"

Summary:

The Jeddah-based Islamic Development Bank (IDB) has taken a 10-percent stake in the first commercial Islamic bank in Sri Lanka, which is to be opened shortly in the island, a senior official from the Amana Bank Limited in Colombo told Arab News Saturday.

Saudi Arabia will lead a rebound in Islamic loans from a five-year low in 2011 as accelerating economic growth and development spending boost financing needs, Banque Saudi Fransi and Standard Chartered say. Syndicated loans that comply with Islam’s ban on interest declined 23 percent to $6.2bn in 2010 for Europe.

The central bank is committed to provide an enabling and supportive legal, policy and regulatory framework for the development of the Islamic banking industry on sound footings in the country, said Yaseen Anwar, Deputy Governor State Bank of Pakistan (SBP) Thursday.

Syria International Islamic Bank (SIIB) in collaboration with MasterCard Worldwide today announced the launch of four MasterCard credit and debit card programs in Syria. The MasterCard Al Mas Platinum credit card, MasterCard Zhahab Gold credit card, MasterCard Fiddhah and MasterCard Zomorod debit cards were launched to meet the needs of different customer segments in Syria.

1. GLOBAL FINANCE & GLOBAL ISLAMIC FINANCE

Zawya and Ethica launch Advanced Certification in Islamic Finance

Monday, January 07, 2010

Zawya, the Middle East's online business and investment platform, in conjunction with Ethica Institute of Islamic Finance, today launched the Zawya Advanced Certification in Islamic Finance (ACIF), a revolutionary e-learning solution, designed to deliver advanced, cost-effective Islamic finance training and development to individuals and institutions worldwide.

At a press briefing that took place today at the Dubai International Financial Center, Shaykh Yusuf Talal DeLorenzo, a leading Islamic finance scholar who serves Ethica in an advisory capacity, signed the fatwa for the ACIF.

Developed by a world renowned team of scholars and bankers, Zawya ACIF integrates advance Islamic finance theory along with highly relevant case studies and practical knowledge for immediate application. The course will introduce participants to the important building blocks of Islamic finance, which has now grown to be a 1.4 trillion-dollar global industry.

"This is a milestone for Zawya, as we add to our portfolio of solutions to tackle the wide range of issues facing the Islamic finance industry today," said Juhaina Kasimali, Head of Islamic Finance, Zawya. "Zawya is an advocate for transparency and liquidity in the industry, and today we drive the need for education through ACIF and Islamic finance certification through Ethica Institute's practical training."

"With over 750,000 professionals in Zawya's community, and millions more reached through an online platform, Ethica and Zawya finally address the industry's urgent need for trained and certified individuals," said Atif Khan, Managing Director at Ethica.

Zawya ACIF is based on the only online certificate in the world to conform to the latest AAOIFI Shariah Standards, the Islamic finance industry's most widely-accepted standard, and is followed by central banks across the world. Zawya ACIF reduces training costs by up to $3,000 per employee per year, increases ROI by training a more motivated and knowledgeable workforce, with all training and material supplied by Ethica Institute.

"As the Islamic finance industry continues to evolve and innovate, so does our program and training material. Zawya delivers only the most up-to-date Islamic finance certification and training, tried and tested by scholars and bankers who perform transactions on a day-to-day basis," added Kasimali.

http://www.ameinfo.com/255896.html

Saudi Spending to drive loans from five-year low
Wednesday, February 09, 2010

Saudi Arabia will lead a rebound in Islamic loans from a five-year low in 2011 as accelerating economic growth and development spending boost financing needs, Banque Saudi Fransi and Standard Chartered say. Syndicated loans that comply with Islam's ban on interest declined 23 percent to $6.2bn in 2010 for Europe**.**

The Middle East and Africa compared with a 59 percent increase in total lending to $916bn, according todata compiled by Bloomberg. Borrowers from the Persian Gulf dominated the market last year while HSBC Holdings Plc and Standard Chartered were among the top 36 arrangers, the data show.

Demand for Islamic loans and sukuk will climb in Saudi Arabia this year, with borrowers tapping the financial markets to fund expansion, said John Sfakianakis, the Riyadh, Saudi Arabia-based chief economist at Banque Saudi Fransi, on February 1. The Arab world's largest economy will expand 4.5 percent this year, from an estimated 3.4 percent in 2010, the International Monetary Fund reported on October 6.

"Given that the economy and private sector are returning back to the fold, and growth is picking up, certainly I think appetite for sukuk and loans will be there much more than the last two years when it was very modest," said Sfakianakis.

Syndicated loan growth in the $1 trillion Islamic finance industry has slowed every year since reaching a record high of $23.7bn in 2007, data compiled by Bloomberg show. Banks lent $8bn in 2009 and $14.8bn in 2008.

Saudi Arabia announced a SAR1.44 trillion ($384bn) five-year development plan in August as the kingdom seeks to bolster growth through spending on human resources, housing, education and transportation. The programme is 67 percent larger than the previous one.

Saudi International Petrochemical Co said December 14 it may sell as much as SAR2bn of Islamic bonds in the first quarter. Saudi Electricity Co, a state-controlled utility, plans to raise funds to help pay formore than SAR30bn in projects this year, CEO Ali Al Barrak said on a December 14.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1382

Qatar follows Malaysia to boost Islamic banking
Wednesday, February 09, 2010

Qatar, in requiring banks from HSBC to Doha Bank to close units offering Shariah-compliant services, is emulating Malaysia, the world's biggest market for Islamic debt.
The Gulf nation, whose economy is growing at the fastest pace in the world, sent an order to

banks this week requiring non-Islamic commercial lenders to shut operations that comply with Shariah law by year-end, according to the central bank circular. Malaysia allows standalone Islamic banks and subsidiaries to provide the services.

“The central bank’s directives will help separate Islamic from non-Shariah resources in the banking sector,” Manoj Kulkarni, the head of credit research at brokerage SJS Markets in Hong Kong, said yesterday. “It will also attract more Islamic banks to the industry. However, it’s not good news for conventional banks, which stand to lose revenue.”

Qatar’s decision sets the nation on a path towards developing its Islamic finance industry in the model of Malaysia, according to Mohd Daud Bakar, the Dubai-based Shariah scholar who has approved more Shariah-compliant bond deals than any other scholar, based on data compiled by Bloomberg.

Malaysia has 337.6bn ringgit ($111.3bn) of Islamic banking assets, or 20% of the nation’s total, the Finance Ministry’s 2010-2011 economic report shows.

“It is a positive step,” Bakar said. “This could be a good move for competition in Qatar.”

Qatar, holder of the world’s third-largest gas reserves, is home to three Islamic banks, 11 domestic banks and seven foreign bank branches, according to a 2009 US Department of Commerce report.

It took Malaysia about 20 years to ensure Islamic financial operations were restricted to standalone banks and subsidiaries, Bakar said. “It’s more of preparing the right strategies and human capital to achieve what Malaysia has achieved at the moment,” he said on Monday

Malaysia’s Islamic banks and subsidiaries “are requested to institute proper firewalls and segregation of funds to ensure comprehensive Shariah compliance in their business operations,” Bank Negara Malaysia said in an e-mailed statement yesterday.

So-called Islamic windows of domestic lenders transformed into full-fledged financial institutions between 2005 and 2008, the bank said.

Qatar’s order prohibits banks’ Islamic branches from accepting new deposits and undergoing new transactions this year. The banks are required to close their Shariah-compliant branches by December 31, according to the statement sent to banks.

Neighbouring Bahrain, home to the world’s largest number of Islamic banks, allows conventional lenders to open Shariah-compliant windows, according to an e-mailed response from the central bank’s spokeswoman. The island state has 27 Islamic banks, according to the central bank website. Malaysia has 17 Shariah-compliant banks.

Qatar Islamic Bank, the nation’s largest Shariah-compliant lender, may be interested in buying the Islamic banking units of the country’s commercial banks, Ahmad Meshari, the acting chief executive officer said in Doha yesterday.

The bank, which has a 35% market share, “stands to gain the most” from the central bank’s directives and “would potentially be able to buy the conventional banks’ Islamic portfolios at favourable terms,” according to a Goldman Sachs Group report dated February 7.

HSBC Amanah, the Islamic banking unit of Europe’s largest bank, is “communicating with the Qatar Central Bank to seek clarification on this issue,” Global chief executive officer Mukhtar

Hussain said on Monday. HSBC has had operations in Qatar since 1954.
"It's not a positive for HSBC, but I don't think it's an overriding negative," Tarek Elalaily, the London-based director of Middle East and North Africa fixed-income sales at New York-based Cantor Fitzgerald, said on Monday. "QNB and Doha Bank are quite substantial banks, so it wouldn't be a big hit for them."
QNB, the country's largest, and Doha Bank, the third-biggest, posted net income increases of 44% and 29% for the fourth quarter of 2010, according to data compiled by Bloomberg.
While "a standalone concept requires more cost and capital," it won't be a problem in a "country flush with capital," said Bakar, who is also managing director of Amanie Islamic Finance Consultancy and Education in Dubai.
The $81bn Qatari economy will expand 20% this year, the International Monetary Fund said in December. The nation expects a budget surplus of more than QR9bn ($2.5bn) for the current fiscal year, the official Qatari News Agency reported on January 25, citing a Finance Ministry statement.
The development of liquefied natural gas exports has driven growth, which averaged 17% over the past five years, the IMF said.
The Qatar Investment Authority, the sovereign wealth fund, invested QR5.5bn to raise its stake in local banks to 20%, the Qatar News Agency said on January 17, citing Finance Minister HE Yousef Hussein Kamal.
Moody's Investors Service estimates the country will spend $57bn over the next decade on infrastructure projects after it won the rights to host the World Cup 2022.
"You can't have it both ways," Elalaily said. "You have to either commit yourself to operating under Shariah principles or not. The notion of having a Shariah window isn't really credible."

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=414832&version=1&template_id=48&parent_id=28

InfraSoft offers Islamic banking solutions
Thursday, February 10, 2010

Mumbai, Feb 10 (IBNS): Software developer InfraSoft Technologies' is set to tap into the newly-created opportunities in Islamic banking in India with its OMNIEnterprise Islamic Banking & Finance Solution suite.

The Kerala High Court on last Thursday had dismissed petitions challenging the state government's decision to start the country's first Islamic bank, paving the way for setting up financial institutions that adhere to the Sharia law in India.

Popular in West Asia and other Muslim-dominated countries such as Indonesia and Malaysia, Islamic finance works on the principles sharing of profits and risk and the a prohibition of payment or acceptance of interest fees for loans.

InfraSoft's OMNIEnterprise Islamic Banking & Finance Solution, with a firm hold in the Middle East, is pitched as a ready product to address the need of upgrading Islamic retail banks by offering solutions based on Takaful distribution laws, the company said.

http://www.indiablooms.com/BusinessDetailsPage/businessDetails100211d.php

---

Qatari student gets first ever UK Islamic banking internship
Friday, February 11, 2010

The first Islamic bank internship in UK was announced by visiting Lord Mayor of the City of London Alderman Michael Bear at the Education city yesterday.

Aysha Ahmed Al Ishaq, a student at the Faculty of Islamic Studies at the Education City was selected for the internship at the Gatehouse Bank, a wholesale investment bank based in London, combining international financial market expertise with excellence in Shariah principles.

Lord Mayor presented the certificate of internship to Aysha following a meeting with Dr Hatem El Karanshawy, Dean of the Faculty of Islamic Studies and other representatives.

She will be given one month intensive training in all aspects of Islamic banking through this first ever internship offered by an Islamic bank in UK.

"This internship is very unique and prestigious as it involves the Lord Mayor, British embassy in Qatar," said Richard Thomas, Cheif Executive Officer of Gatehouse Bank.

"Aysha will get a whole life experience with us. The first intensive phase will be one month and she will also be introduced to many other organisations," he said.

Earlier, the Lord Mayor during his two-day visit to Qatar as a part of his tour to Gulf countries held many meetings with the Emir H H Sheikh Hamad bin Khalifa Al Thani, the Prime Minister and Foreign Minister HE Sheikh Hamad bin Jassem bin Jabor Al Thani, governor of the Qatar Central Bank and other dignitaries .

"We spoke of Public-Private Partnership in Infrastructure. Here banks are very interested in remarkable physical development. I'm really impressed by the remarkable number of buildings' you have very good infrastructure," said Lord Mayor.

He said London will transfer all their experience to the run up to the Olympic Games with Qatar for its 2022 FIFA world cup preparations. Lord Mayor and his delegation will leave to Saudi Arabia today. The Peninsula

http://www.thepeninsulaqatar.com/qatar/142214-qatari-student-gets-first-ever-uk-islamic-banking-internship.html

---

Kerala govt plans to rope in Shariah-based fund for roads
Friday, February 11, 2010

The Left Front government in Kerala plans to depend heavily on Shariah-based fund from Islamic countries for developing the road network in the state. The budget for 2011-12, presented by Finance Minister Thomas Issac in the Assembly on Thursday, unveiled road development project of Rs 40,000 crore for the next 10 years. The state government has set aside Rs 1,000 crore for the scheme.

In a state where the idea of BOT roads is yet to go down well with the political parties and agitating groups, the government plans to raise a major chunk of the money from the Shariah-based Islamic non-banking financial entity, Al Barakh Financial Services Limited, which has influential NRIs as major stakeholders. The Congress-led UDF has not raised any objection, as their leaders have close links with the powerful NRIs from the state.

Issac said the State Road Fund Board (SRFB), and the Kerala Road and the Bridges Development Corporation (KRBC) would be allowed to borrow from the open market. To achieve their credit rating, revenue from the motor vehicles' tax would be deposited in an escrow account. Simultaneously, these organisations would mobilise resources from advertisements and land development.

http://www.indianexpress.com/news/Kerala-govt-plans-to-rope-in-Shariah-based-fund-for-roads/748737

SBP to provide supportive policy for Islamic Banking
Friday, February 11, 2010

The central bank is committed to provide an enabling and supportive legal, policy and regulatory framework for the development of the Islamic banking industry on sound footings in the country, said Yaseen Anwar, Deputy Governor State Bank of Pakistan (SBP) Thursday.

While delivering a welcome note at a talk on "Narrowing the gap between philosophical underpinnings of Islamic finance & its practices" organized by Dr Abbas Mirakhor, a renowned economist & Islamic finance professional and former Executive Director of the International Monetary Fund at SBP, Yaseen Anwar said that the State Bank is taking a number of initiatives for the promotion of Islamic finance in Pakistan.

He said that in addition to developing the regulatory, supervisory and Shariah compliance framework, SBP is also partnering with the industry to create awareness about the utility of Islamic banking and finance in achieving socio economic prosperity at the individual as well as community and state levels. "SBP is also helping to build human resource capacity which is critically important for the industry for sustaining the growth momentum and improving its footprint and share in the banking system," he added.

Deputy Governor SBP said that the Islamic banking Industry has grown manifold since its launch in 2001 and presently constitutes about 6.7% of the banking system in Pakistan. The industry now has a network of more than 750 branches across the country and given the strong growth momentum and rising acceptability, it is likely to increase its share to 10-12% over the next 2-3 years, he said. “The overall outlook for the industry in Pakistan is thus positive and its prospects to make further strides in the foreseeable future are very bright,” he added.

Anwar said that the global outlook of the Islamic finance industry is also positive as it has been growing at a fast pace and extending its outreach beyond the Muslim countries. Since 2006 the industry grew on an average 28 percent annually with its asset base reaching about $1 trillion.

He said that the recent crisis in the western financial markets has also given a big boost to the acceptability and promotion of Islamic banking as a more stable and prudent system than its conventional counterpart. “The inherent checks and balances in the Islamic financial system, which prohibits Islamic banks to deal in speculative activities and strongly links growth of financial assets with that of the real economy largely kept the Islamic banks insulated from the financial crisis,” he added.

Anwar said that while the philosophical appeal of the Islamic economic system is very strong, the Islamic banking practices, however, revolve overwhelming around the conventional banking system. Most of the Islamic banking products are Shariah compliant structures of conventional products and produce more or less similar economic results, he said and added that the significant differences between the philosophical underpinnings and practices of Islamic finance give rise to debate and confusion about the real difference between Islamic and conventional banking. SBP Deputy Governor lauded the services of Dr Abbas in the field of Islamic finance.

http://www.dailytimes.com.pk/default.asp?page=2011\02\11\story_11-2-2011_pg5_9

---

2. ISLAMIC BANKING & INSTITUTIONS

Syria International Islamic Bank launches four MasterCard payment cards

Monday, January 07, 2010

Syria International Islamic Bank (SIIB) in collaboration with MasterCard Worldwide today announced the launch of four MasterCard credit and debit card programs in Syria. The MasterCard Al Mas Platinum credit card, MasterCard Zhahab Gold credit card, MasterCard Fiddhah and MasterCard Zomorod debit cards were launched to meet the needs of different customer segments in Syria.

The SIIB MasterCard card program launch was announced during a press conference followed by a Gala dinner held at the Dedeman Hotel Damascus in the presence of officials, businessmen, banks managers and media representatives.

The MasterCard Al Mas Platinum credit card and MasterCard Zhahab Gold credit card are targeted at affluent consumers in Syria. The cards offer affluent consumers in Syria an array of premium services and privileges, such as access to retail, dining and entertainment, hotel and travel Cardholders will also benefit from complimentary access to airport lounges when traveling through Dubai,

Cairo and Kuwait and shopping online at various online merchants. These two cards are separately connected to special bank accounts known as an "International transfer account" as per Central Bank of Syria regulations.

The MasterCard Fiddhah debit card is designed for consumers who are looking for a payment product that is a convenient and secure alternative to cash and checks while travelling abroad. The MasterCard Fiddhah debit card provides cardholders with all the uses of a standard ATM card, like access to cash and banking transactions, with the added convenience of shopping at millions of merchant locations worldwide. Purchase amounts made with a Fiddhah debit card are deducted in USD, while the balances credited to the card account remain in Syrian Pound. Additionally, cardholders can securely use their MasterCard debit card to make purchases online.

The MasterCard Fiddhah debit card has been designed to keep in line with the guidelines issued by The Credit And Monetary Council (CMC), which allows Syrian banks to provide Syrian nationals an amount not exceeding $10,000 per month in funds, or the equivalent in other foreign currencies for non-commercial purposes. The MasterCard Zomorod debit card is a local payment card operated in Syrian currency. The card allows cardholders to pay for purchases at Point-of-Sale (POS) merchant locations.

Dr. Yousuf Ahmed Al Naama, SIIB chairman said, "We are pleased to announce our alliance with MasterCard to provide a range of innovative cards. We are committed to providing quality and comprehensive paymentsolutions to all our cardholders based on their lifestyles needs. With this in mind, we endeavored to work closely with a leader in the premium payments market, MasterCard Worldwide, to develop a range of cards that would cater toconsumer's desires. Our cardholders will also be able to enjoy the advantagesof this safe and easy means to pay for their purchases abroad or over the Internet."

Mr. Abdel Qader Dweik, CEO, SIIB, commented, "We are always keen to provide the best in innovative banking services to our customers, while maintaining full adherence to the instructions of the Central Bank of Syria, and abiding to the related rules and regulations in force."

Mr. Basel Eltell, vice president, Levant, MasterCard Worldwide said; "At MasterCard, we are committed to steadily replacing cash and checks and working closely with our customers to further develop the payments landscape in Syria. Together with SIIB, we have created customized payment solutions that meet the needs of various consumer segments in Syria. We are delighted to have collaborated with SIIB to launch these four card programs, which gives cardholders more choices, enhanced experiences and security when going about their daily payments."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1377

BMI Bank Unveils New Identity
Monday, January 07, 2010

Bahraini retail and commercial banking institution, BMI Bank, today unveiled its refreshed brand identity under a new tag line, 'better, together', strengthening its position as an entirely customer and customer-service driven bank.

Commenting on the new brand, Jamal Al-Hazeem, the Chief Executive Officer of BMI Bank said:

"BMI Bank is a vibrant and dynamic brand with a strong reputation amongst customers as well as within the banking community. In a relatively short time, the bank has managed to deeply root itself within Bahrain through the introduction of an award winning online platform, state-of-the-art core banking system, enhanced network of branches and ATMs, a community focused Corporate Social Responsibility Program (CSR) as well as through the introduction of various unique and innovative products and services.

In line with our commitment to being a customer centric and market driven bank, we believe it was the ideal opportunity to refresh our brand to reflect the transformation of our philosophy of togetherness both internally and externally with our customers which is at the very heart of our operations.

Equipped with a rejuvenated brand and a state-of-the-art banking system, we will continue focus on our strategy of developing a stronger retail and commercial banking business that will deliver on our commitment to provide customers with unique and innovative financial products and services."

The bank will now embark on a comprehensive rebranding exercise based on a phased implementation plan to rebrand the business. The first phase will encompass external signage on all its branches and ATMs as well as corporate stationary, while other retail collateral including its debit and credit card as well as cheque books rolling out under phase two which will also showcase a new look group website.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1375

IDB Buys 10% Stake in Sri Lankan Bank
Monday, January 07, 2010

The Jeddah-based Islamic Development Bank (IDB) has taken a 10-percent stake in the first commercial Islamic bank in Sri Lanka, which is to be opened shortly in the island, a senior official from the Amana Bank Limited in Colombo told Arab News Saturday.

Amana Bank Limited, which obtained the provisional approval license from the central bank last year to become a bank, has got the green light from the island's Finance Ministry to operate as a commercial bank in the country.

According to the official, the new bank will start operations in the course of this year."Amana Bank will be Sri Lanka’s first licensed commercial Islamic bank to conduct all its business operations in complete harmony with the principles of Islamic banking," he said.

Islamic banking is an emerging alternative to the interest-based banking practice and is gaining popularity across the world’s communities.

The bank’s shareholding amounts to 3.4 billion Sri Lankan rupees and constitutes both strategic and retail shareholders with the capital raised by a private placement of shares.

Its key shareholders are Bank Islam, Malaysia Berhad with a 20 percent stake, AB Bank, Bangladesh with 15 percent, Islamic Development Bank, (IDB) Saudi Arabia with 10 percent, and Sri Lankan tea exporter Akbar Brothers with 10 percent.

The bank has engaged KPMG Sri Lanka as its financial advisers to the capital raising.Amana Bank will acquirethe assets and liabilities of Amana Investments through an asset purchase agreement.With the end of the ethnic conflict in all parts of Sri Lanka analysts predict good business for the newly set up bank.

Incorporated in 1997, Amana Investments Limited (AIL), being the investment and financing arm of the group, offers a range of Shariah-compliant financial solutions to its customers. Since its inception, Amãna has emerged as robust trendsetter in Sri Lanka’s financial services sector and shown remarkable growth in business.

Its entire range of products are interest-free and structured on the principles of Shariah equity fairness and available to all persons, irrespective of their ethnicity. All products are approved by its Ulema Supervisor and subject to regular Shariah audits.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1376

HSBC in Talks with Qatar to Clarify Order Shutting Islamic Banking Units

Monday, January 07, 2010

HSBC Holdings Plc is seeking clarification of an order by Qatar’s central bank requiring non-Islamic lenders in the nation to end services that comply with Shariah law.

HSBC Amanah, the Islamic banking unit of Europe’s largest bank, is in discussions with the central bank “to find a workable solution,” the company said in an e-mailed statement yesterday. HSBC has had operations in Qatar since 1954 “and has established strong and positive relations with the regulators,” the statement said.

"The Qatar Central Bank's ruling of forcing conventional banks to cease their Islamic banking opportunities will prove detrimental to future earnings of a few conventional banks, whilst provides further market share opportunity for the dedicated Islamic banks," Omair Ansari, equity strategist at Dubai-based Gulfmena Alternative Investments, said today.

Qatari Islamic banks surged yesterday, sending Masraf Al Rayan to the highest level since 2008, on speculation earnings will climb following the central bank's decision. The Feb. 1 statement called for non-Shariah compliant banks to close Islamic branches by year-end and stop taking deposits in those units immediately.

Doha Bank

Masraf Al Rayan, Qatar's second-largest Islamic lender, rose 3.6 percent to 23.92 riyals at the 1:10 p.m. close in Doha today. Qatar Islamic Bank SAQ, the Persian Gulf country's biggest Islamic bank, fell 0.8 percent and Qatar International Islamic Bank retreated 1.8 percent today. Both shares soared more than 9 percent yesterday.

Qatari banks with Islamic banking units such as Qatar National Bank SAQ and Doha Bank declined today. Qatar National, the country's biggest lender, fell 1.9 percent to 136.4 riyals, the lowest level since Dec. 2. Doha Bank dropped 1 percent.

The central bank order was "just to make sure you do what you're good at and what you were meant for," Doha Bank Chief Executive Officer Raghavan Seetharaman said in a telephone interview yesterday. "We can always invest in Islamic banking, in Islamic funds." He didn't comment on the future of Doha Islamic, the bank's Shariah-compliant arm.

http://www.bloomberg.com/news/2011-02-06/hsbc-in-talks-with-qatar-on-bank-order-to-shut-islamic-units.html

---

Bahrain Financial Exchange Officially Launched
Tuesday, February 08, 2010

Sheikh Mohammed bin Essa Al-Khalifa, Chief Executive of the Bahrain Economic Development Board (EDB), has welcomed the operational launch of the Bahrain Financial Exchange (BFX), which is set to commence trading on February 7**.**

The BFX is a wholly owned subsidiary of the Financial Technologies Group - which is a global leader in creating and operating technology centric, next-generation financial markets - officially launched today as the Middle East and North Africa's first ever multi-asset exchange, which is internationally accessible to trade securities, derivatives, structured products and Shari'a- compliant financial instruments. It sets out to offer direct access to one of the world's fastest growing and largest areas of financial liquidity. The Exchange also incorporates an internationally accredited training institute, the (BFX-TI).

Shaikh Mohammed said: "We welcome the Bahrain Financial Exchange to the Kingdom and our established and well regulated financial services sector. Bahrain is uniquely positioned to offer international businesses and investors the best access to the trillion dollar Gulf market and growth potential of the Middle East. The BFX's investment in a financial training academy also illustrates the role the private sector can play in supporting the government's commitment to education and training as part of the Vision 2030."

The EDB is leading the process of Vision 2030, the Kingdom's blueprint for the development of the country's economy, government and wider society over the coming decades, under the guidance of His Royal Highness Prince Salman Bin Hamad Al Khalifa, the Crown Prince of Bahrain and Chairman of the EDB. The plans aim to drive the private sector as an engine of growth, support further diversification of the economy and ultimately elevate national living standards by creating greater opportunities for Bahrainis.

Bahrain is the region's most well established financial services centre. With over 400 licensed institutions, the sector is the largest contributor to total GDP (27 percent) and contributed nearly 23 percent of the total increase in GDP over the last six years. Its success is credited largely to the Central Bank of Bahrain (CBB) in developing a comprehensive regulatory and supervisory environment. The CBB is the only single regulator in the Middle East which is widely acknowledged as the best in the region due to its track record and tried-and-tested regulatory framework. The BFX is licensed by and regulated under the governance of the CBB.

"I would also like to thank the Economic Development Board of Bahrain for the support extended by them to the BFX and the important role they have played in ensuring the smooth establishment of the Exchange and enabling us to develop a platform here in the Kingdom. The BFX is set to leverage ongoing growth of the financial markets in the region and the ever increasing demand for trading instruments." Commented Mr. Jignesh Shah, CEO and Chairman of the Financial Technologies Group and Chairman of the BFX and the BCDC.

The BFX also offers Bait Al Bursa, its Islamic finance division. Bahrain itself was the first in the region to nurture the concepts, rules and common standards of Shari'a-compliance. The Kingdom is home to 27 Islamic banks and has the world's largest concentration of Islamic finance institutions. The country is also home to several leading regulatory bodies such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Liquidity Management Centre (LMC) and the International Islamic Financial Market (IIFM).

Bahrain was ranked the best country in the Gulf for Credit Market Regulations by the Fraser Institute in its Economic Freedom of the Arab World 2010 Report. In July 2010 the CBB was voted Best Financial Centre at the International Takaful Summit.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1379

Al Hilal Islamic Bank conducts media seminars in Kazakhstan to familiarize public with Islamic finance

Tuesday, February 08, 2010

Al Hilal Islamic Bank, the first commercial Islamic bank in Kazakhstan, recently conducted a series of seminars and business lectures for media representatives in the key cities of Almaty and Astana in a move to enhance public awareness on basic principles of Islamic finance.

Held under the theme 'Fundamentals of Islamic Finance,' the sessions also introduced relevant taxation guidelines under Kazakh law and encouraged reforms in domestic banking policies to expedite the growth of the country's young Islamic finance sector.

A subsidiary of Al Hilal Bank, a progressive UAE-based Islamic bank fully owned by the Abu Dhabi Government, Al Hilal Islamic Bank JSC was established in March of 2010 shortly after a new law governing Islamic finance was introduced in Kazakhstan. Currently serving the Almaty and Astana markets, the bank's activities are based on Shari'ah principles although its products and services are available to all irrespective of religion and ethnicity. An agreement previously signed between the governments of Kazakhstan and UAE to cooperate on the development of the local Islamic finance sector ensures sustained growth for Al Hilal Islamic Bank.

"Kazakhstan has all the right elements in place in terms of legislation and infrastructure to keep pace with regional developments in Islamic banking. Al Hilal Islamic Bank's goal is to exemplify the Islamic finance industry's commitment to trust, honesty and an untarnished reputation that we will bring to our conventional banking offerings as well. We will also advocate key amendments to regulations governing Kazakhstan's banking services and raise awareness on the potentials and importance of Islamic finance among regulators, government officials, mass media and the general public," said H.E. Ahmed Ateeq Al Mazrouei, Chairman of Al Hilal Bank.

Al Hilal Islamic Bank is headquartered in Almaty City, the business center of Kazakhstan, with a second branch in the capital city of Astana. It is fully owned by Al Hilal Bank, one of the UAE's fastest-growing Islamic banks. The subsidiary bank is preparing to assist in the financing of upcoming infrastructure and oil and gas projects in its country base. It will support investments of UAE, Gulf and Arab expatriates residing in Kazakhstan and act as an alternative partner for neighboring countries interested in Shari'ah-compliant banking.

http://www.ameinfo.com/255974.html

Mashreq reports net profit of Dhs803m for 2010

Wednesday, February 09, 2010

Mashreq, one of the UAE's National financial institutions reported a net profit of Dhs803m for the year ended 31st December on operating income of Dhs4.4bn over the same period.

Net interest income and income from Islamic products net of distribution to depositors for the year rose by 9% over last year to Dhs2.3bn. Net fee, commission and other income stood at Dhs2.1bn, against Dhs2.9bn for the previous year, a reduction of around 27% owing to economic slowdown. However, other income to gross income ratio at 48% is one of the best in its class.

Despite difficult market conditions provisions for loan losses declined by 16% to Dhs1.76bn. Impairment charge includes a significant provision for collective impairment. Due to close monitoring of assets quality, non-performing assets increased only marginally from Dhs3.6bn to Dhs3.9bn. In line with Central Bank instructions, Mashreq has taken 80% provisions for loans made to Saad Group and Al Gosaibi Group in addition to provisions taken against its Dubai World loans in compliance with International Accounting Standards guidelines.

Commenting on the financial results, H.E. Abdul Aziz Al Ghurair, Chief Executive Officer at Mashreq, said, "The results achieved highlight our strategy to continue operating prudently and profitably. As a leading financial institution in the UAE we are committed to the region which is our home base and which will continue to represent a major market for Mashreq, despite the difficulties it has endured."

Al Ghurair continued, "The banking industry in the UAE continues to be one of the most successful in the region. While 2010 has been a year of steady recovery, we anticipate further improvement in 2011."

Maintaining a cautious approach towards liquidity management, credit expansion and capital management, in the uncertain economic climate, Mashreq strengthened its balance sheet with stronger capital adequacy, higher liquidity and lower advances to deposits ratio. Mashreq reduced Customer advances by 13.6% to Dhs41.2bn from Dhs47.7bn last year as against a reduction in Customer Deposits by 4.5% to Dhs51.2bn from Dhs53.6bn. As a result Mashreq achieved an improvement in Advances to customer deposits Ratio from 88.95% last year to 80.4%.

The total assets reduced from Dhs94.6bn in 2009 to Dhs84.8bn in 2010. However percentage of Liquid assets to Total assets improved from 30% to 32% with Cash and due from banks at Dhs27bn. Mashreq's capital adequacy ratio improved to 22.7% from 20.2% with its tier one ratio rising to 15.9% from 14% last year.

Al Ghurair added, "As we continue to monitor market conditions, Mashreq remains committed to its strategic objective of delivering robust and sustainable financial results. The successful implementation of Mashreq's strategy across the range of business activities will ensure its continued profitability and financial strength while meeting the growing banking needs of our customers."

Effective cost management ensured no increase in operating expenses which remained flat at around same level as last year.

Operational update

During 2010, Mashreq re-launched its Islamic Banking Division, Mashreq Al Islami (MAI). It has since introduced a range of specialist Islamic Personal Finance products that are tailored to suit the needs of its customers who are looking for Sharia'h compliant financial solutions. These new products are available as part of three Islamic concepts; Murabaha, Ijarah, and Tawarruq.

Commenting on the operational success of Mashreq during 2010, Al Ghurair also added, "The growth in our Islamic offering is of real importance to us as it reflects our ability to respond to the needs of a core customer segment. This also demonstrates Mashreq's continuous growth and capability to accommodate market requirements."

The Corporate and Investment Banking Group of the bank has made significant investments in developing Advanced Cash Management and Transaction Banking Services. Mashreq was also the Lead Receiving Bank for the highly successful rights issue of EITC (Du).

During 2010, Mashreq launched a refurbishment plan across its branch network. In line with its commitment to offer a unique customer experience, Mashreq has now upgraded nearly 70% of the entire network including branches in Dubai, Al Ain, Abu Dhabi and Sharjah.

Some of the strategic new locations opened in 2010, are at the Mall of the Emirates new "Fashion Dome", Al Riqqa Head Office, Khalifa (A) City in Abu Dhabi and at the Entrepreneur Business Village (EBV). EBV was launched as part of an initiative under the Sheikh Mohammed bin Rashid Establishment for Young Business Leaders, and includes Mashreq Gold for affluent customers in some of these locations. In addition, there are plans to open new branches across UAE, more specifically in Abu Dhabi.

Reaffirming its commitment to meeting customer's banking requirements, Mashreq announced the launch of the iPhone and Arabic language services applications to compliment its unmatched mobile banking service. This fully transactional service allows Mashreq customers to check their accounts, make payments and transfer funds anywhere in the world through their mobile phones at anytime, from anywhere.

Awards

Mashreq continued to be recognized as a leading financial institution as it picked up a number of awards during 2010. MAI won the 'Best Islamic Window' award and the 'Best Advertising Campaign' award at the Islamic Business and Finance Awards 2010. In addition to winning 'Middle East Best Large Call Centre', awarded by INSIGHTS, the Middle East's Leading Contact Centre Educator, Mashreq won four top awards at Dubai Quality Group's Continual Improvement Symposium Competition 2010. Among these awards were a Gold Award in the Breakthrough Improvement Category and Silver in the Innovation Category. The Bank also picked up Global Finance Magazine's award for 'Best Trade Finance Bank in the

UAE'.

For its Treasury and Capital Market Business, Mashreq has won 3 top awards by The MENA Fund Manager Magazine. The bank was awarded Newcomer Fund of the Year award for Mashreq Al Islami Income Fund, Fixed Income Fund of the Year award, and UAE Asset Manager of the Year award.

Mashreq maintained to focus on productivity improvement and re-engineering of its operational process as the Operations Group was awarded the ISO 9001:2008 Certification by the British Standards Institute (BSI).

The Bank also introduced Mashreq Al Mustaqbal, a management trainee program to bring on board talented UAE nationals and fast track their growth into top managerial positions. To date, Mashreq has achieved 41 per cent Emiratisation and the bank's efforts were recognized at the 27th GCC Ministers of Labour Council Summit in Kuwait where Mashreq was awarded as the leading organization in Emiratisation segment for 2010.

Commenting on plans for 2011, Al Ghurair said, "In line with our strategy to expand both locally and regionally and offer our products and services to meet market requirements, we will continue to look at other regions to further leverage on our strong network of branches and offices."

http://www.ameinfo.com/256064.html

Kuwait Finance House appoints international brand consultancy Wolff Olins for strategic branding initiative

Wednesday, February 09, 2010

Wolff Olins recently won the competitive pitch for Kuwait Finance House (KFH). Early in the millennium, Wolff Olins worked as advisors for KFH on naming and brand architecture and are now taking the brand building strategy to new heights. After working with Wataniya, KFH is the second Islamic Bank win for Wolff Olins in the region this year.

Mr. Abed Bibi, Managing Partner, Wolff Olins, said, "We are very glad that KFH has come onboard and chosen Wolff Olins due to our long standing branding business in the region. Wolff Olins will help achieve new goals, businesses, experiences and relationships through revitalizing its brand image creating a spectacular new growth for KFH."

He added, "Wolff Olins has worked in Kuwait in each of the last few decades. In the 1980's Wolff Olins created the Q8 brand for Kuwait National Petroleum Company (KNPC)."

To name a few, Wolff Olins has worked in the UAE with Emarat in the 90's, Etisalat in 2009, and Aldar in November 2010. In Qatar, the Qatar Financial Centre, Mathaf which is the Arab Modern Museum of Art (AMOMA) launched recently, Omran in Oman this year and Mobily in

KSA this year.

Mr. Ziad Salameh, Brand Manager, Kuwait Finance House, said, "Building on solid brand fundamentals, top management at KFH are fully committed to the strategic value of the brand as a springboard and platform for regional and global expansion thus spreading across all that KFH stands for and believes in. In order to have the experts undertake this project, we recruited Wolff Olins, the International brand consultancy and have the utmost confidence in them to undertake this project to new heights."

Mr. Charles Wright, Wolff Olins lead strategist on Islamic banking said, "During the recent economic turmoil, Islamic finance has shown itself as resilient and has come of age. With shari'a compliant finance you have one less thing to worry about, giving a person peace of mind."

Conventional banks form a large part of Wolff Olins client portfolio while Kuwait Finance House fills in a gap in the very close but fundamentally unique field of Islamic Banking. Islamic banking refers to a system of banking that is consistent with the principles of Islamic law (Sharia) and its practical application through the development of Islamic economics. Islamic banks take on a partnership mode in sharing risks and returns when involved in any transaction. The most often cited difference between conventional and Islamic finance is the prohibition of paying or receiving interest.

Islamic Banking is emerging in the past five years as a major trend on the global financial scene. Although Islamic finance began solely on the retail level offering deposit accounts and home and auto finance, today Islamic Banking also includes corporate and government finance, investing and insurance.

http://www.ameinfo.com/256106.html

Gapcorp signs deal with KFH

Thursday, February 10, 2010

Global and local extended warranty provider Gapcorp has signed an agreement with Islamic investment firm Kuwait Finance House - Bahrain to offer third party administration and claims handling for extended warranty. According to the deal, the extended warranty on all vehicles financed by KFH-Bahrain is to come with 5 years warranty and will cover all mechanical and electrical components thus enhancing the residual value of the vehicle. The extended warranty is a duplicate of the manufacturers' warranty for electrical and mechanical components and covers vehicles after the expiry of the original manufacturers' warranty.

http://www.ameinfo.com/256193.html

Phillapean Amanah Bank names Chair-CEO
Friday, February 11, 2010

Amanah Islamic Investment Bank of the Philippines has announced the designation of Enrique D. Bautista, Jr. as its new Chairman and Chief Executive Officer, replacing Armando O. Samia who has rejoined the marketing group of state-owned Development Bank of the Philippines (DBP)**.**

Chairman Bautista brings to his post a wealth of experience in banking and management. A BS Management graduate from the Ateneo de Manila University, he has held senior management positions in various companies such as PLDT/Telestat, Inc., Asian Bank, Anscor Capital and Investment Corporation, and Bancom Development Corporation.

Joining Bautista in the board of Amanah Islamic Bank are Jose A. Nuñez, Jr. as vice chairman, and Francisco F. Del Rosario, Jr., Jose Luis Vera, Armando Samia, Samira Gutoc, Nabil Tan, Ibrahim Mamao, and Abdul Hadjisalam as directors.

Amanah Islamic Bank is the first and only Islamic bank in the country, and is mandated to serve the anking needs of the Muslim community. It was formed as the Philippine Amanah Bank in 1973 by virtue of PD 264 issued by then President Ferdinand Marcos. It was re-established as Al Amanah Islamic Investment Bank of the Philippines in 1990 to promote and accelerate the socio-economic development of the Autonomous Region of Muslim Mindanao (ARMM) where some of the poorest provinces are located. In 2008, DBP acquired full control of Amanah Islamic Bank to help support the development of DBP's initiatives for micro, small and medium-sized entrepreneurs in Mindanao, and provide alternative banking services in response to emerging global Islamic markets.

Bautista said that in 2009, Amanah Islamic Bank became a wholly-owned DBP subsidiary. He added that the bank successfully achieved a clean balance sheet by the end of 2010.

Bautista also said Amanah Islamic Bank offers conventional and Islamic deposits as well as conventional loans and Islamic financing. It has started promoting Islamic banking by funding projects under Murabaha (cost plus), Ijarah (leasing), Istisna (construction), and Mudaraba (partnership). "We are eyeing to convert into Islamic banking within a five-year transition period."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1389

Moody's raises Tamweel's BCA to B1; Baa3/P-3 ratings affirmed
Saturday, February 12, 2010

Moody's Investors Service has raised Tamweel PJSC's (UAE) Baseline Credit Assessment (BCA) to B1 from B3 and affirmed its Baa3/Prime-3 issuer ratings. Tamweel's BCA is derived from its E+ standalone Bank Financial Strength Rating (BFSR). In addition, Moody's affirmed Dubai Islamic Bank's D- BFSR, Ba3 BCA and Baa1/Prime-2 issuer ratings.

Moody's also changed the outlooks on the ratings of Dubai Islamic Bank (DIB) and Tamweel to stable from negative, which also applies to the outlooks on the ratings on all senior unsecured debt issued by both entities. Concurrently, Moody's says that it no longer considers Tamweel to be a Government-Related Issuer (GRI).

Ratings Rationale

The rating actions follow DIB's acquisition of a controlling stake in Tamweel. DIB's shareholding in Tamweel is now 58.25%, up from 20.77% previously. The revised BCA and stable outlook on Tamweel now reflects the fact that the uncertainties on the mortgage lender's future have been partially addressed. Since its inception, Tamweel's key weakness has been its funding mix profile, which has been excessively reliant on wholesale bank deposits. Along with DIB's acquisition, Tamweel has refinanced most of its short-term bank and corporate liabilities across longer maturities, which was the main driver behind the repositioning of its BCA to B1.

In addition, with DIB as a controlling parent, Tamweel can rely on DIB's balance sheet for both day-to-day and emergency liquidity, should the need arise. Furthermore, DIB is expected to provide technical and operating support, commensurate with its managerial control. In terms of product delivery, Tamweel will also benefit from DIB's branch network and from the parent's existing customer base, which remains under-exploited. Finally, by consolidating Tamweel, DIB can afford to temporarily absorb the subsidiary's losses (derived from high provisioning needs), as DIB remains a profitable entity despite Dubai's currently difficult market conditions.

Along with its controlling stake in Tamweel, DIB has benefited from a 15% balance-sheet growth, especially in retail banking and mortgage finance, two fields that have been among DIB's strategic priorities. Tamweel's portfolio is granular, which brings additional diversification to the combined entity's credit exposures.

Credit positive aspects of the merger include (i) the acquisition has raised DIB's profile in retail banking, where its challenge was to cross-sell and offer a competitive product range; (ii) Tamweel is well capitalised, so the impact of the merger on the Group's equity base is negligible; and (iii) DIB's funding structure is well balanced, dominated by retail deposits and has an adequate liquidity cushion that compensates Tamweel's dependence on interbank funds. In terms of balance-sheet management, DIB's core asset liquidity (Dhs15bn at 30 June 2010), is more than sufficient to cover Tamweel's remaining short-term liabilities.

The ratings and outlooks on the two affected banks are as follows:

Dubai Islamic Bank:

- BFSR of D-
- BCA of Ba3
- Long-term global local-currency issuer rating of Baa1
- Long-term foreign-currency issuer rating of Baa1
- Long-term foreign-currency debt rating for senior debt obligations (Sukuk) of Baa1
- Short-term local-currency and foreign-currency rating of Prime-2
- Outlook on all ratings is stable

Tamweel:

- BFSR of E+
- BCA of B1
- Long-term global local-currency issuer rating of Baa3
- Long-term foreign-currency issuer rating of Baa3
- Long-term foreign-currency debt rating for senior debt obligations (Sukuk) of Baa3
- Short-term local-currency and foreign-currency rating of Prime-3
- Outlook on all ratings is stable

The principal methodologies used in rating DIB and Tamweel were the "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", published in March 2007, and "Bank Financial Strength Ratings: Global Methodology", published in February 2007. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Tamweel reported total assets of Dhs10.6bn ($2.9bn) at 30 June 2010. The most recent rating action on Tamweel was implemented on 15 December 2009, when Moody's downgraded Tamweel's long-term issuer rating to Baa3 from Baa1. Tamweel's short-term issuer rating was also downgraded to Prime-3 from Prime-2.

DIB reported total assets of Dhs83.8bn ($22.8bn) at 30 June 2010. The most recent rating action on DIB was implemented on 10 December 2009, when Moody's downgraded DIB's BFSR to D- from D+, its BCA to Ba3 from Baa3, its GLC issuer rating from A1 to Baa1 and its short-term rating to Prime 2 from Prime-1.

http://www.ameinfo.com/256294.html

3. SUKUK (ISLAMIC BONDS)

Foreign firms warm to sukuk

Friday, February 11, 2010

Islamic bonds are growing increasingly popular with foreign companies doing business in the region, the leader of Citigroup's regional operation says.

Sukuk are being considered as a way to diversify financing portfolios and sometimes to hedge risks, said Alberto Verme, the chief executive of Citigroup's Europe, Middle East and Africa operations.

"You need to have diversified funding sources so you are never surprised by market volatility and you have access to every window," Mr Verme said.

He said he expected a jump in sukuk activity in the next two years, "from the local community, but equally from foreigners".

Sales of sukuk are expected to rise 60 per cent this year from last year to US$22 billion (Dh80.8bn), according to a survey of the financial community released last month by Thomson Reuters.

Last year sales fell 26 per cent compared with 2009 to $14bn after several high-profile companies in the region restructured their debts or defaulted.

Sharia-compliant bonds are based on the revenue flow from assets, not interest, and experts say they can offer advantages for foreign companies over conventional bonds.

Apart from attractive cost structures that are often competitive with conventional bonds, they offer issuers a new range of buyers focused on Sharia-compliant debt.

"There is a natural pool of demand for sukuk that is probably under-utilised," said Michael Grifferty, the president of the Gulf Bond and Sukuk Association, which is based in Dubai.

Mr Grifferty said that after a year of challenges, he expected sukuk to "re-emerge as a popular financial tool", partly because of interest from foreign companies.

Qatar Islamic Bank is already experiencing an increase in interest, said Ahmad Meshari, the bank's acting chief executive.

"The capital market is there so everyone is working on it," Mr Meshari said. Sukuks were considered "longer term and more stable".

"With the upcoming projects I think there will be a demand for such a mode of finance," Mr Meshari said.

The finance arm of General Electric (GE), General Electric Capital, issued a $500 million sukuk in November 2009, the first US corporation to do so, Mr Verme noted.

"For GE and others that are long-term investors in the region, the sukuk is an avenue we would recommend," he said.

"We are promoting sukuks among multinationals because we think it makes sense. You need to compare the costs to what you could get in the regular capital markets and other sources you might have."

Although interest waned after the Gulf region's problems last year, in recent months Citi has "seen a great, great interest from the investor side of the equation", Mr Verme said.

Sukuk activity has already picked up this year.

Last month the Dubai developer Emaar announced plans to raise up to $2bn in Islamic bonds, its first use of sukuk in six years.

The developer Nakheel is also planning a sukuk issuance, to help pay creditors.

But there are still questions about Sharia-compliant debt. Last month the UK government shelved plans to issue what would have been the first sale of Islamic bonds by a western federal government.

In announcing the decision to cancel the sale, a spokesman for the UK treasury said the bonds did not to provide "value for money".

http://www.thenational.ae/business/economy/foreign-firms-warm-to-sukuk

4. TAKAFUL (ISLAMIC INSURANCE)

Japan's Mitsui says eyes stake in Malaysian Islamic insurer

Tuesday, February 08, 2010

Mitsui Sumitomo Insurance, a unit of Japan's largest property-casualty insurance firm MS&AD , said on Wednesday it may buy a stake in Malaysia's Hong Leong Tokio Marine Takaful to tap growing demand for Islamic insurance.

The move comes as its Japanese rival Tokio Marine & Nichido said it is considering selling its 35 percent stake in the Islamic insurer to Hong Leong to end its partnership over strategic differences. Tokio Marine & Nichido is a unit of Tokio Marine Holdings .

Mitsui is keen to buy that stake, which would build up its presence in Malaysia after its insurance alliance with Hong Leong Financial Group worth $480 million last year, a company spokesman said.The deal could be worth about 1-3 billion yen ($37 million), a source with direct knowledge of the deal said.HLA Holdings Sdn Bhd, which is part of Hong Leong Financial Group, owns the remaining 65 percent of Hong Leong Tokio Marine Takaful, according to the Islamic insurer's website.

Tokio Marine is expected to sell its stake in Hong Leong Tokio Marine to the Malaysian shareholder which would then sell it on to Mitsui Sumitomo, both pending regulatory approval, a source said.

Japan's Nikkei newspaper had earlier reported that Tokio Marine was planning to exit its partnership in Hong Leong Tokio Marine due to differences in business strategy. While Tokio Marine wants to sell a broad lineup of life and non-life insurance, Hong Leong is keen to focus on savings-type policies, the paper said.

Mitsui Sumitomo has been looking to expand its overseas operations by forging tie-ups with peers in emerging markets as Japan's non-life insurance market shrinks.

Mitsui Sumitomo Insurance managing executive officer Masaaki Nishikata told Reuters in September that MS&AD Insurance was in talks to buy into several life insurers in Asia as it aims to tap the region'sgrowing economies.

A unit of Tokio Marine halted talks with Malaysia's PacificMas to buy medical insurance provider Pacific Insurance Bhd last July.

The market for Islamic insurance, or takaful, is expected to grow in tandem with rising demand for ethical investments. Total takaful contributions could reach $7.7 billion a year by 2012, Ernst & Young has forecast. But global takaful contributions are less than 1 percent of the total insurance premium spend annually, industry lawyers Clyde & Co have said.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1380

FC Bank in Kenya Launches Shariah Compliant Takaful Services

Wednesday, February 09, 2010

The Capital Markets Authority (CMA) has approved the registration of a unit trust scheme promoted by First Community Bank (FCB) for Shariah compliant insurance services.

In a statement yesterday, the authority said an application by FCB to register the First Ethical Opportunities Fund complied with the provisions of the Capital Markets (Collective Investments Schemes) Regulations 2001.

Mrs Stella Kilonzo, the authority’s chief executive said ethical investing, also known as Socially Responsible Investing (SRI), is underpinned by an investment strategy that seeks to maximise financial returns and social good in keeping with global trends.

"This new fund, which is a unit trust scheme, will help Kenya attract foreign portfolio investors as Socially Responsible Investing (SRI) is a growing business in both the USA and Europe," said Kilonzo.

It is estimated that one out of every nine dollars under professional management in the USA was involved in SRI in 2007.

It is expected that the SRI market in USA will reach $3 trillion this year up from $2.7trillion in 2007.The European SRI market grew from 1 trillion euros in 2005 to 1.6 billion euros in 2007.

Major ethical funds globally include Norwich Union Ethical Fund, Old Mutual Ethical Fund, Aberdeen Ethical World Fund, and Aviva UK Ethical Fund.Mrs Kilonzo noted that socially responsible investors favour corporate practices that promote environmental stewardship, consumer protection, human rights, and diversity.

"In developed SRI markets, a screening criteria has been put in place with clearly set out benchmarks for qualifying such funds. We note that the fund will be investing in line with Sharia law," said Kilonzo.

The approval of SRI comes barely a week after Takaful Insurance of Africa (TIA), the first fully-fledged shariah compliant insurance company was officially launched in the Kenyan market.

TIA’s business model is based on shariah principles of transparency, equity and giving participants superior services at the best rates.

Under the company’s unique model of operation, people seeking insurance cover will pay premiums to a collective fund from which payments will be made to members who suffer from the risks covered.

But unlike in the traditional insurance practice, the new insurance model, known in Islamic jargon as Takaful, is both an investment offering as much as it covers members.This means that by purchasing a policy someone definitely becomes a member of the takaful risk fund and is entitled to compensation should he/she suffer a loss.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1383

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Viva Bahrain Signs $280 Million Shariah Financing Deal

Tuesday, February 08, 2010

Viva Bahrain, the newest player in the Kingdom's telecom sector, has signed a $280 million Shariah compliant financing facility with two of the region's key financial institutions, HSBC and Saudi-based Samba.

The facility is seen as a highly sought after opportunity to establish long term business partnership with Saudi Telecom Company's wholly-owned subsidiary brand named Viva in Bahrain.There was intense competition amongst the financial institutions in the region. The final selection included HSBC Bahrain and Saudi-based Samba, said a company statement.

The financing facility was shared by HSBC ($100 million) and Samba ($180 million). It is denominated mostly in dollars to take advantage of the relatively low cost of financing although part of the facility is in Saudi Riyals and Bahraini Dinars too.

Commenting on the deal, STC vice president (finance) Ameen Al Shiddi, said it was keen to expand its global operations in order to enhance the group's overall profitability.

"Because of STC's excellent credit rating and strong business fundamentals, we were able to leverage our relationships with financial institutions to support Viva Bahrain's financing facility at competitive rates, "he added.

Viva Bahrain has positioned itself as one of the preferred operators in Bahrain capturing a healthy market share during the first ten months of launch.Its management has been buoyed by the unprecedented customer demand from the Bahraini market, encouraging it to expand faster than planned.

"We are very pleased about the closure of the financing facility and we look at both HSBC and Samba as our strategic partners in our growth.Viva is committed to serving the community in Bahrain with innovative offerings at affordable prices," said Viva CEO, Ibrahim Abdulrahman Al Omar.

"In 2011, we will continue to enhance our offerings with innovative and easy to understand value-added services for our customers that will enrich their lives," he added.

Zaki Al-Yahya, country head PS & FI of Samba said "We are proud to have been able to underscore this strong relationship between STC companies and Samba."

HSBC CEO Patrick Gallagher said the bank was delighted to assist Viva with this very important financing and 'we look forward to working as a key partner with the company in the future.'

Viva proved to be an exceptional operator and have experienced remarkable demand in the first few months of its operations which resulted in the requirement for further investment in the company to enhance the products and services provided in the upcoming stage, said Al Omar,

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1378

Luxembourg eyes more investment from UAE
Thursday, February 10, 2010

Luxembourg has so far attracted around euro 500 million (Dh2.485 billion) from UAE investors in its various investment funds and is eyeing more, Luxembourg's Minister of Finance Luc Frieden said yesterday.

"We don't have a specific target [for investments from the UAE], but, there is a lot going on in our financial services sector. There are about 7,000 investment funds and 150 banks in Luxembourg," Frieden old reporters here."We also have a treaty with the UAE to avoid double taxation," he added.

Frieden said Luxembourg plans to open an embassy in Abu Dhabi later this year which would help facilitate regional investments in Luxembourg. Frieden said they are also eyeing investments in Luxembourg from other countries of the Gulf Cooperation Council (GCC).Lower returns Frieden said through the investment funds, the invested money goes into the entire European Union.

"The stability of the Eurozone is guaranteed and we have bank confidentiality rules," he added.Asked about the relatively lower returns on investments in Luxembourg compared to some of the emerging markets, Frieden said lower yields are a reflection of stability.

"Luxembourg is an international financial services centre. It is the world leader in investment funds which are legal products and they channel international investments through Luxembourg into Europe," he added.

According to KPMG, Luxembourg is currently Eur-ope's number one investment fund centre and the second worldwide behind the US. In July 2010, net assets managed by Luxembourg's investment funds were valued at 2.019 billion euros. Additionally, Luxembourg is emerging as a prime location for Islamic finance. There are currently around 16 sukuk listed on the Luxembourg Stock Exchange.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1385

---

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

ICAI hosts seminar on Islamic banking

Tuesday, February 08, 2010

The Institute of Chartered Accountants of India (ICAI), Doha chapter, recently hosted a seminar on “Islamic vs conventional banking and IFRS vs AAOIFI standards”.
The event was sponsored by Sasco Group and attended by more than 100 participants.
Musadag El Melik, QNB Al Islami general manager, was the keynote speaker.
El-Melik provided an insight into the principles of Shariah-compliant Islamic banking and the various products currently available such as Ijara, Estisna’a, Mudarabah, Musharaka, Sukuk and Murabaha. The variations of Islamic banking from the conventional system and the critical accounting standards adopted by the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) were highlighted.
ICAI Doha chapter vice-chairman Venkat Ramamurthy welcomed the gathering. Chapter chairman Girish Jain and secretary Valiyakath Sheji spoke.
ICAI said the chapter’s next event is a workshop, which will be held in the third week of this month.

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=414604&version=1&template_id=36&parent_id=16

Six National Companies to Sponsor \"Tamiaz wa Falak Tayyeb Award\"

Friday, February 11, 2010

Board of Trustees of "Tamaiz..wa Falak Tayyeb Award" announced the new partners sponsoring the Award in its 4th round, in the press conference which took place yesterday Monday February 7th. The six organizations which are sponsoring the Award include Mawarid Finance, Dubai Investments, du, Commercial Bank International (CBI), Al Naboodah Group and Dar Al Takaful.

Rehab Lootah CEO, Tamiaz wa Falak Tayyeb expressed her pleasure with the quick response from the six organizations to sponsor the Award. Tamiaz wa Falak Tayyeb Award which targets the UAE nationals from the students in the final years in the previous years were awarded cash prizes and job opportunities in Mawarid Finance. The award categories include Communication, Marketing and sales, banking and accounting, management and leadership, Sharia and law, Information technology, enterprises and inventions, Islamic finance and insurance products.

She added "We appreciate the quick response from the sponsors who show their wish to contribute in encouraging and rewarding the distinctive and creative students and graduates and hence expand their chance for catching job opportunities".

Mr. Jamal Al Jasmi, General Manager of Emirates Institute for Banking and Financial Studies expressed his pleasure for the contribution of the new organizations which joined Mawarid Finance this year to support the emiratization process, and he called the other private companies to support the award in the coming years".

He added "the response of the private companies falls within their social responsibility in supporting the government emiratization policy which becomes a strategic priority in all sectors to secure the future of the UAE youth".

Mr. Mohamed Al Nueimi, CEO Mawarid Finance said "Mawarid has launched and supported "Tamiaz wa Falak Tayyeb Award" since 2008, we are delighted to have new partners to sponsor the award and hence contribute in supporting the UAE gifted and innovative students and graduates. Since the objective of the award is to encourage the students and graduates to excel and develop creative skills, the classified categories of the award offer the chance to participants to compete for different job opportunities in many industries, with the number of the increasing number of sponsors which reached six national companies running different business sectors".

Mr. Khalid Al Jasmi Bin Kalban, the Managing Director and Chief Executive Officer, Dubai Investments said "this award match our efforts to encourage and support the young talented among the UAE nationals; our support for this award is part of our different social activities which we offer to UAE community beside the other environmental, educational and sports, safety and humanitarian services".

Mr. Fahad Al Hassawi, Chief Human Resources Officer, du who wished success for the Award in its fourth round said; "We choose to support Tamiaz.. Falak Tayyeb Award as a good chance to encourage and support the creative and distinctive UAE nationals. Our HR strategy takes the Emiratization as a priority; we shall offer training chances to the participants for 18 months after which they will be hired in the right careers that suit their qualifications and skills.

Mr. Abdulla Rashed Al Omran, Managing Director, CBI said "The initiative of the Board of Trustees of Tamiaz wa Falak Tayyeb Award is important for the private sector emiratization efforts. We value the initiatives that aim at developing UAE and offering the best benefits for the citizens". He added "adding five new sponsors from the leading companies in UAE will definitely add value to the award and hence help in overcoming the difficulties that face the emiratization; this shall help the CBI to choose the right individuals from the participants to join the bank different departments".

Mr. Saleh Abdul Ghafar Al Hashmi, Managing Director of Dar Al Takaful said "The Award aims at enhancing the emiratization process by filling the jobs with the right creative individuals, who wish to position themselves for a successful career and life, and be able to help the organization to achieve its objectives, we joined the award to contribute in the government effort in the moving the Emiratization drive".

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1390