

**Report # 167**  
**BUSINESS AND POLITICS IN THE MUSLIM WORLD**  
**Weekly Report on Global Islamic Finance**  
**Period: April 10 – April 16**  
**Presentation Date: April 20, 2011**  
**Submitted By: Zain Arshad**

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**2. ISLAMIC BANKING & INSTITUTIONS**

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- Global Islamic insurance seen growing 31 pct in 2011

- National Takaful Company "Watania" to launch IPO on April 18
- Islamic insurers grow, but face obstacles
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## **5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS**

- \$52bn Islamic funds sector 'must seek new markets'

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- 350 international industry leaders discuss challenges and opportunities for Islamic insurance industry at WTC
  - Sharjah Chamber of Commerce and Industry to host the Islamic Trade Exhibition and Islamic Countries' Private Sector Consortium
  - Mashreq Al Islami sponsors Middle East Islamic Finance & Investment Conference 2011
  - Industry leaders discuss challenges and opportunities for Islamic finance and investments in Middle East at MEIFIC 2011
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### **Summary:**

Alaska, Uganda, France and Egypt are some of the latest places where the Islamic Finance industry is poised to boom. At the same time, the landscape in existing markets is going through gradual changes.

Al Hilal Bank, a progressive UAE-based Islamic bank, has allocated Dhs430m as part of a major Dhs4.77bn dual tranche Islamic and conventional financing deal covering Emirates Steel Industries, the UAE's largest steel manufacturer.

The Ijarah-structured loan will partially fund Emirates Steel's plant expansion project and partly repay the steel producer's Dhs2.6bn multicurrency bridge loan facility. The deal showcases Al Hilal Bank's ability to facilitate innovative and flexible Shari'a compliant financing as it involved cash sweeps, deferrals and inter-creditor agreements.

Dubai Islamic Bank (DIB) recently held an exclusive event for its Private Banking and ultra high net worth Wajaha customers at the Ritz-Carlton, Dubai International Financial Centre. The event was organized as part of DIB's ongoing commitment to offer its Wajaha and Private Banking customers the unique and exclusive experience of banking with DIB.

Luxury brands from around the world were invited to showcase their exclusive products exclusively to DIB customers. Bentley displayed their limited edition Flying Spur Speed Arabia, alongside brands such as jewelers Harry Winston, Chopard and Audemars Piguet; and mobile phone manufacturer Vertu

Egypt may lose out to Nigeria, South Africa and Kenya in attracting Muslim wealth after political unrest forced the North African country to postpone plans to introduce Islamic bond regulation.

Egypt delayed the release of a timeline for the guidelines of corporate Islamic bonds sales to May from the first quarter, following protests that led to the removal of former President Hosni Mubarak, said Ashraf El Sharkawy, chairman of the Cairo-based Egyptian Financial Supervisory Authority. Nigeria plans to license at least two Shariah-compliant institutions by year-end and Mauritius set minimum disclosure standards for financial statements from banks offering Islamic services.

82.5 million Shares representing 55% of total share capital to be offered for subscription  
Growth potential of UAE's Takaful industry and strong commitment of founding shareholders to ensure success

Subscription open to UAE, GCC, and other investors from April 18th to May 1st, 2011

NBAD appointed financial advisor, lead manager, and receiving bank

The National Takaful Company "Watania", an Abu Dhabi based Sharia'a compliant (Islamic) insurance company under establishment will launch Initial Public Offering (IPO) on Monday, April 18, 2011 to raise AED 82.5 million, representing 55% of the total share capital.

Mashreq Al Islami, the Islamic banking division of Mashreq announced its sponsorship of the Middle East Islamic Finance & Investment Conference (MEIFIC) 2011 as a Gold Strategic Partner.

Held under the theme 'Successfully Adapting to New Market Realities for Islamic Finance in the Middle East', the 1st Annual Middle East Islamic Finance and Investment Conference (MEIFIC 2011) is set to begin on the 12th of April 2011 at Dusit Thani.

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## 1. GLOBAL ISLAMIC FINANCE

### **Managed Islamic assets now worth \$52bn**

*Sunday, , April 10, 2011*

The \$52bn international Islamic funds industry is being urged to offer more innovative areas of investment and to expand into hitherto untapped geographical markets by world-renowned Shariah scholar Dr Mohammed Daud Bakar.

"According to Ernst & Young data, Islamic assets under management currently amount to almost \$52bn across 700 worldwide funds. But most funds are dedicated to equities and "everybody's doing that," said Dr Bakar.

Dr Bakar is a Shariah board member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the International Islamic Financial Market, the Securities Commission of Malaysia, Morgan Stanley and Bank of London and Middle East, among others. He believes Islamic fund managers should look at commodities such as gold and silver, metals and agriculture as well as relatively untouched markets for Islamic funds like Australia, Thailand and Vietnam, not to mention Africa and Latin America.

"They would provide interesting propositions for investors while other industries like shipping, technology and aviation could be fruitful areas for innovators to look at in the creation of new funds," Dr Bakar said.

The Amanie-Failaka Symposium 2011, which will take place at the Intercontinental Hotel, Abu Dhabi on April 17 2011, will hear panel discussions from top executives in the field of Islamic finance, including Yavar Moini from Morgan Stanley, Dubai and Datin Maznah Mahbob of Am-Investment Bank Group, Malaysia, as well as many other regional decision makers.

As in previous years, the evening will feature the 6th Annual Failaka Islamic Fund Awards, which recognises the best-performing funds and managers in the field of Shariah-compliant investment.

It will focus on the issues on capturing demand for Islamic capital market products, specifically the challenges of finding placement and distribution strategies. The forum will also explore current trends in Sukuk and Islamic Structured Products as well as Islamic Alternative Investments in sectors such as infrastructure, real estate and commodities.

"The symposium is dedicated to Islamic finance stakeholders and will discuss the current state-of-affairs in the Islamic capital market field, across asset classes and geographical locations with an aim to understanding the best practices and better distribution strategies," said Mark Smyth, Managing Director of Failaka Advisors.

The Failaka Islamic Funds Awards, which will take place straight after the Symposium, set the benchmark for the performance of the Shariah-compliant funds industry. "Though recent years have proved challenging for the sector, the awards highlight the achievements of top-performing managers and individual funds," he added.

"Coming out of the global downturn, we remain confident about the future growth of Islamic finance, the funds sector and Capital Market Products. The range of asset classes continues to expand and investors are able to construct Shariah-compliant portfolios from the available funds," said Smyth.

Amanie Dubai was established in 2008 at the Dubai International Financial Centre and focuses on Shariah product development, Shariah advisory and endorsement, product and business conversion, Shariah compliance and IT system review, Islamic risk management, prudential standards and structuring new Islamic financial products. Amanie also offers a range of training and education programmes in Islamic finance.

*<http://www.ameinfo.com/261644.html>*

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## **Islamic finance pushes new boundaries**

*Sunday, , April 10, 2011*

Alaska, Uganda, France and Egypt are some of the latest places where the Islamic Finance industry is poised to boom. At the same time, the landscape in existing markets is going through gradual changes.

Pascal Duval, managing director at Russell Investment Group, examined the Sharia-compliant stock universe and the market for Sharia-compliant investment funds as part of an effort to diversify his company's offerings.

"We examined the Sharia-compliant stocks which are part of the Russell Indexes universe, and asked the top fund managers to bring their expertise together with Islamic investment standards. One of the top guys is McKinley Capital Management in Anchorage, Alaska. This proves that Islamic finance is not only at home where you find sun and desert, but also clouds and snow," Duval said.

The times are clearly over when Islamic Finance was concentrated on the transcontinental axis between Kuala Lumpur, Dubai and London. The newest candidate to encourage Islamic Banking is Uganda. The Eastern African state received three applications from Islamic banks in February, according to a report by Bloomberg.

Titus Mulindwa, the bank's deputy legal counsel, said the country could see the establishment of its first Islamic financial institutions. Around 12 % of the 33 million Ugandans are Muslims.

In order to establish a proper legal framework for Sharia banking, Kempala has sought support from the Central Bank of Malaysia.

Qatar issues directive on Islamic finance

Meanwhile, the Central Bank of Qatar has implemented a new directive which orders banks to be run either conventionally or in line with Sharia. In other words, conventional banks can no longer offer Sharia-compliant products through Islamic windows.

Banks affected by the directive include the country's largest lender Qatar National Bank, Commercial Bank of Qatar (CBQ), Doha Bank, Al Ahli Commercial Bank and International Bank of Qatar. The move brings back memories of the Glass-Steagall-Act act of 1933 when the US separated commercial banks from investment banks, as a result of the Great Depression of 1929. The Glass-Steagall-Act was repealed in 1999, but was mentioned in public discussions on how to tackle the financial crisis in 2008/2009.

Bahrain has lost its attraction as a financial hub due to the ongoing civil unrest in the kingdom. Media reports estimate that wealthy customers withdrew some 15% - 20% of their assets from accounts in Manama. Bahrain's King Hamad Bin Chalifa ordered a three-month long state of emergency, triggering banks to shift part of their staff to Dubai.

French banks likely to adopt Islamic finance

France is also expected to see the first Islamic standalone banks within the next two years. According to an enquiry done by Paris Europlace, an initiative to promote France as a banking hub, the Fifth Republic has the potential of gaining 10% of the global volume of \$1trillion which is managed in line with Sharia.

Even in the Middle East there are still some white spots on the map. In Egypt the size of Islamic Finance "is insignificant, as it did not get political support under the former Mubarak-regime", says Ashraf Talaat, Islamic Banking Manager at National Bank of Egypt.

The largest Arab country in relation to total population (82 - 85 million people) could be the next hotspot for Sharia-banking "especially in the retail banking segment for the lower income class," Talaat says.

<http://www.ameinfo.com/261666.html>

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## **Kenya: Lack of Relevant Laws Constrains Growth in Islamic Finance Sector**

*Saturday, April 16, 2011*

Nairobi — With Islamic banking and insurance gaining ground in the country, there are calls for new legislation by banking and insurance regulators to enable the companies to invest in Sharia-compliant securities.

Two banks - Gulf African and First Community - are operating fully pursuant to Sharia-compliant banking principles, although up to five other commercial banks are also offering Sharia-compliant banking products alongside conventional products.

Insurance firm

And three weeks ago, Kenya's first Islamic insurance firm, Takaful Insurance, was launched. The company opened its first branch in Eastleigh, Nairobi last week.

With these developments, a comprehensive change is needed in Kenyan banking laws to implement interest-free economic systems, according to Islamic banking scholar Ali Mohamed.

Mr Mohamed said the Insurance Regulatory Authority should limit the number of licences of takaful (Islamic insurance) companies and focus on the development of standards and regulations for this industry.

IRA chief executive Sammy Makove said that by licensing the first Islamic insurance firm in East, Central and Southern Africa outside Sudan, Kenya had shown leadership. He asked the management of the firm to turn the expectations of the market into reality.

Mr Mohamed said that although IRA supports Islamic insurance, challenges abound.

"Lack of a regulatory framework, sound corporate governance, skilled human capital and Sharia-compliant investment strategy are some of the main challenges for this new industry," Mr Mohamed, who also heads a Qatari Islamic investment firm's audit, told Sunday Business.

Islamic bonds and bills

He said the Central Bank of Kenya should to pass relevant legislation to allow Sharia-compliant debt instruments such as Islamic bonds and bills so that Islamic insurance companies can invest.

The absence of these instruments, he said, also prevented Islamic banks from investing in long-term and short-term government instruments.

Takaful funds cannot be invested in conventional interest-based bonds or in equities of companies involved in activities prohibited by Islamic law, such as the sale of alcohol, tobacco, weapons, pork or gambling.

Islamic banking prohibits interest but allows profit-sharing. Therefore, Sharia-compliant lending products have an element of "trading" and "holding of fixed assets" as a bank has to buy and sell financed assets.

Mr Mohamed said one of the alternatives for Islamic banks and insurers would be issuance of sukuk bonds, which are structured to be in compliance with Sharia, or Islamic law.

They have a maturity that is determined in advance and are backed by assets, which makes it possible for the investor to earn a return from the profits derived from the assets.

Tsavo Securities chief executive Fred Mweni said that Kenya's capital market is deep enough to accommodate Sharia-compliant instruments if Islamic financial institutions come up with new ideas and products.

"Players have not been innovative enough because they are supposed to come up with a product and take it to the regulators for approval," he said.

Mr Mohamed said corporate governance has become essential for maintaining the efficiency and stability of the takaful system to protect the rights of policyholders, shareholders and internal and external stakeholders.

Corporate governance is intended to maintain order in the Islamic insurance industry, ensuring that takaful operators respect the necessary regulations and ethical values that guide the sector.

Mr Mohamed further added that Sharia auditing for Islamic banks in Kenya is not as developed as the internal audit functions in conventional banks.

"There is a lack of best market practices, unlike in the Middle East," he noted.

"Sharia audit of takaful can, however, be operated through an external arrangement with regulators or auditing firms to offer a complementary assessment of compliance of instruments and processes, and to propose harmonisation actions," he said.

<http://allafrica.com/stories/201104180177.html>

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## **2. ISLAMIC BANKING & INSTITUTIONS**

### **Sri Lanka Islamic bank to get Malaysia expertise**

*Sunday, , April 10, 2011*

Amana Bank, Sri Lanka's first licensed commercial bank operating on Islamic banking principles will receive technical support from Bank Islam Malaysia which has taken a 20 percent stake, a media report said.

Bank Islam Malaysia had signed a technical advisory services agreement to transfer Islamic banking expertise to Amana Bank, Malaysia's *The Star* newspaper said.

The newspaper said the Malaysian bank had a 20 percent stake in Amana Bank which came from a 21.6 million Malaysia ringgit investment in new shares and a swap of existing shares in Amana Investments, a finance company.

Other Amana Bank's partners were Islamic Development Bank (10 percent) and AB Bank Ltd of Bangladesh (15 percent).

A banking license was issued by the Sri Lanka's regulator allowing assets and liabilities of the finance company to be turned over to the new bank.

The newspaper quoted Bank Islam Malaysia managing director Zukri Samat as saying that Sri Lanka was chosen due to "favourable economic prospects and tremendous untapped potential of its nascent Islamic financial services industry."

Malaysia is a centre for Islamic finance, where banking is conducted under Sharia law, which prohibits the charging of interest.

The report quoted Amana Bank managing director Faizal Salieh as saying that the bank now had 14 branches in Sri Lanka and planned to have 60 to 65 outlets in five years and go public in two years in line with local regulations.

<http://www.lankabusinessonline.com/fullstory.php?nid=1229680210>

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### **Kuwait bourse lifted by banks, telecoms**

*Monday, , April 11, 2011*

The KSE Market Index closed up 0.41% to reach 6,365.2 points. Telecom giant Zain was the most liquid share as it edged 1.47% higher to KD1.380. Islamic bank Kuwait Finance House, known as KFH, surged 1.0%, finishing at KD1.060. As at the Dubai Financial Market, Hits Telecom posted the largest advance, gaining 9.6% to close at KD0.057.

<http://www.ameinfo.com/261819.html>

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### **Zain telecom dip 1.44%**

*Tuesday, , April 12, 2011*

The KSE Market Index closed flat at 6,364.6. Telecom giant Zain ended 1.44% lower at KD1.360. National Bank of Kuwait, known as NBK, closed 1.69% lower at KD1.160. United Gulf Bank (UGB) was the top loser (off 7.14% at KD0.325). Kuwait Finance House, the world's second largest Islamic Bank in relation to assets, added 1.88%, reaching KD1.080.

<http://www.ameinfo.com/261953.html>

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## **AKAR Development signs MoU with Banque Bemo Saudi Fransi and Syria International Islamic Bank**

*Tuesday, , April 12, 2011*

In an effort to promote and develop the master planned community, "Cordoba Hills Project", a Memorandum of Understanding has been signed on April 10th, 2011, at AKAR Headquarter, between AKAR, represented by Mr. Saeed Al-Zaim, Vice Chairman, and Banque Bemo Saudi Fransi represented by Mr. Francis Chabane, Deputy General Manager. The MOU is to provide the buyers up to 75% of the villa value for a period of 5-20 years. In addition it will finance up to 1,000,000 SP to buyers for furniture and electrical equipment at competitive interest rates.

On the same date, another MoU has been signed between AKAR and Syria International Islamic Bank represented by Mr. Mohammad Abu Farha, Regional Manager. The MOU is to fund the buyers up to 75% of the villa value for a period of 5-12 years within the construction period through a deed contract related to Islamic law with competitive vantage rates. The Bank installments will start after 2½ years upon the delivery of villa.

The distinguished location of the residential project "Cordoba Hills" situated in the intersection of two vital international roads (International Aleppo/Damascus & the new Aleppo/Turkey roads) -18 km of West Aleppo, spans a total area of 200 hectares composed of 800 residential villas of multiple spaces and models, featured by simple design, nested in heart of lush gardens, created of Andalusian inspired style of landscape, and forming about 60% of the total project area.

CHP provides its residents the highest standards of services: sport and entertainment facilities, worship and administrative buildings, commercial and medical centers, also, the French School is currently in operation since 2007, and it is considered to be one of the most developed educational centers in Syria.

AKAR is considered today as the largest private sector developer in Syria with a fast expanding through a corporate values supported by effective planning, innovation and pursuit of excellence with a portfolio of many commercial and residential projects.

<http://www.ameinfo.com/261955.html>

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## **National Bank for Development in cooperation with Abu Dhabi Islamic Bank announces results for fiscal year ending December 31, 2010**

*Tuesday, , April 12, 2011*

The National Bank for Development in cooperation with Abu Dhabi Islamic Bank announced its financial results for the fiscal year that ended December 31, 2010, which showed steady growth in key financial indicators, confirming the success of the bank's strategy that began in 2008.

- The net Islamic finance portfolio amounted to EGP2,302m by the end of fiscal year 2010, compared to EGP852m at the end of fiscal year 2009, indicating a growth rate of 170%.
- The net finance portfolio reached EGP2,674bn by the end of fiscal year 2010, an increase of EGP1,277bn compared to the end of 2009, with a 91% growth rate. This resulted from remarkable growth amounting to 64% in the corporate sector portfolio, 75% in the micro-

finance portfolio and 139% in the retail banking portfolio during the fiscal year 2010 compared to the fiscal year 2009.

- Net financing income reached EGP122, 5m at the end of 2010 versus EGP27, 6m end of fiscal year 2009.

- Net fees and commissions amounted to EGP80m by the end of fiscal year 2010, with a growth rate of 106% compared to the achievements of 2009.

- Impairment of non-performing loans reached EGP2, 570bn by the end of fiscal year 2010, with an increase of EGP464m resulting in a 22% growth rate compared to the end of 2009.

On another the note, the bank succeeded in collecting EGP132m from the balance of bad debts.

- Total assets reached EGP12,012m by the end of fiscal year 2010, with a growth rate of 19.44% from the end of fiscal year 2009.

- The retail banking sector strengthened its leadership role, achieving many goals regarding personal finance through highly effective marketing and strict criteria to manage risks arising from market fluctuations. Retail sector financing increased by EGP871m in 2010 with a growth rate of 188% compared to 2009. NBD was able to acquire a 10% market share in the auto financing market in a short period of time, occupying a leading position in this sector compared to other banks.

- Customer deposits amounted to EGP10, 8bn end of fiscal year 2010 compared to EGP9,4bn at the end of fiscal year 2009, an increase of 15%.

- NBD updated and launched several new Shari'a compliant products, targeting various consumer segments, such as "Yours Murabha personal finance", available for the first time in the Islamic banking sector in Egypt as well as "Islamic Sukuk" through legitimate contracts that achieved remarkable success surpassing EGP1bn.

- The bank continued its plan to develop and restructure its branch network. Currently 19 branches have been renovated from a total of 70 branches spread across the country. Furthermore, the bank opened 2 banking units in Cairo International Airport for the sale and purchase of foreign currencies according to the announced exchange rates. Additionally, the number of ATMs increased to 56 in various governorates, with a drive thru ATM for the first time in Luxor.

- Due to the bank's commitment to diversify its services to meet the needs of a wider consumer segment, the bank launched the first financial leasing company "ADILease" to provide financial leasing services for various assets that comply to the principles of Islamic Shari'a.

- An important part within the second phase of the computer network development plan was completed; which links all the bank's branches and provides them with the latest programs designed to comply with the needs of Islamic banking.

- Since human resources are a key element in the development of the bank's operations, the 2010 plan included the adoption and implementation of the latest training programs for the bank's employees. Nevine Loutfy said, "These results could not have been achieved without the outstanding effort of the bank's team, which was one of the most important reasons behind the development and growth in 2010." During 2010, 2148 employees received training through 122

training courses, in addition to life insurance for all employees, covering death as well as partial and total disability and medical insurance programs, not only for employees, but also for their families.

From this perspective, Nevine Loutfy, CEO and Managing Director of NBD in cooperation with ADIB said, "I am proud of the success of the balanced strategy that the bank follows, which primarily depended on sufficient capital and achieving sustainable growth within all financial indicators. The 2010 financial results clearly reflect the steady continuation of NBD's growth."

<http://www.ameinfo.com/261886.html>

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### **Zain Saudi agrees \$600m refinancing deal**

*Wednesday, , April 13, 2011*

Zain Saudi Arabia has said it has signed a two-year Islamic refinancing agreement worth SR2.25bn (\$600m) to help its capital projects and meet previous obligations, Reuters has reported. "Zain Saudi Arabia completed a refinancing agreement, which complies with Shari'ah laws, on April 11... That is to meet its previous obligations and finance a number of the firm's capital projects," the company said in a statement.

<http://www.ameinfo.com/262023.html>

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### **Al Wifaq promotes home mortgage product at Cityscape Abu Dhabi 2011**

*Wednesday, , April 13, 2011*

For the fifth consecutive year, Al Wifaq Finance Company a subsidiary of Union National Bank will be participating in Cityscape Abu Dhabi 2011, in a bid to capitalize on the growing demand for Islamic finance products and services for retail and corporate customers in the UAE.

The company will showcase its Sharia compliant mortgage finance offerings during Cityscape Abu Dhabi which is being held from April 17-19, 2011 at the Abu Dhabi National Exhibition Centre. Among the new finance products being introduced is financing the final payment up to 30% of the original price.

"Investors are opting for financing options based on Sharia in greater numbers than ever before, and we believe that Al Wifaq is well positioned to address this tremendous market potential," said Mr. Hani Badrawi Al Wifaq's General Manager.

"Al Wifaq has grown steadily since its inception and we are very pleased to participate in the Cityscape Abu Dhabi, a key event for the real estate and related sectors," added Badrawi pointing out that Al Wifaq has a number of excellent property investment options that are currently available for sale to visitors at the Al Wifaq stand at Cityscape Abu Dhabi and that we trust will meet various customers' needs.

"Cityscape Abu Dhabi offers us an important opportunity to position the Al Wifaq brand as we plan to launch a number of developments shortly."

### **Bahrain Islamic Bank profit rises 4%**

*Wednesday, , April 13, 2011*

Bahrain Islamic Bank has reported a net profit of BD1.5m (\$4m) in the first quarter of 2011, up 25% from BD1.2m recorded a year earlier, Gulf Daily News has reported. The bank will continue building provisions for its finance and investment portfolios whenever the need arises and as such BD1m has been set aside for the current period, chairman Khalid Abdulla Al Bassam said. The Islamic lender is set to raise its capital by 75% before the end of June, he added.

<http://www.ameinfo.com/262103.html>

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### **Capital Intelligence assigns unchanged long- and short-term foreign currency ratings of 'bbb+' and 'a2' to Commercial Bank of Kuwait**

*Saturday, April 16, 2011*

Capital Intelligence (CI), the international credit rating agency, announced that it has assigned unchanged Long-Term and Short-Term Foreign Currency ratings of 'bbb+' and 'a2' to Commercial Bank of Kuwait (ComBK). The Bank's Financial Strength rating remains at 'bbb'. The 'Negative' Outlook assigned to the Financial Strength rating in 2010 is maintained and accordingly the Outlook for the Foreign Currency ratings is also revised to 'Negative'.

Based on the government guarantee of customer deposits held with banks, which remains in force, as well as the high likelihood of official financial support, in case of need, the Bank's Support Rating of '2' is affirmed.

The Ratings are supported by the Bank's well established franchise and its strong capital base, but remain constrained by weak asset quality and profitability, which are not expected to improve in the current domestic operating environment.

Historically, the Bank has demonstrated strong capital ratios and good profitability, with the one longstanding vulnerability being significant concentrations in the deposit base. However, asset quality has weakened since 2009, causing a sharp fall in loss reserve coverage while provisioning, together with lower operating profitability, have impacted the Bank's net returns. A further review of the ratings, and in particular of the ratings Outlooks, will be carried out in Q3 based on H1 2011 performance.

Established in 1960 (ComBK) remains Kuwait's fourth largest conventional commercial bank but has the second largest domestic network. The Bank is majority owned by members of the Kuwaiti ruling family. Under a new strategic plan adopted in 2010, ComBK operates in accordance with a universal banking model but with a new emphasis on retail banking. Operations are largely focused on Kuwait, other than the Bank's trade finance business. ComBK also holds a 32% stake in Al Cham Islamic Bank in Syria.

<http://www.ameinfo.com/262286.html>

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## **Al Hilal Bank rolls out Dhs430m to finance Emirates Steel plant expansion**

*Saturday, April 16, 2011*

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Hilal Bank, a progressive UAE-based Islamic bank, has allocated Dhs430m as part of a major Dhs4.77bn dual tranche Islamic and conventional financing deal covering Emirates Steel Industries, the UAE's largest steel manufacturer.

The Ijarah-structured loan will partially fund Emirates Steel's plant expansion project and partly repay the steel producer's Dhs2.6bn multicurrency bridge loan facility. The deal showcases Al Hilal Bank's ability to facilitate innovative and flexible Shari'a compliant financing as it involved cash sweeps, deferrals and inter-creditor agreements. The Islamic tranche was closed in just eight weeks against a backdrop of volatile steel prices and tight bank liquidity, with more than 2x oversubscription on the commercial debt and 4x on the Islamic facility.

The financing agreement was awarded the 'Middle East Islamic Finance Deal of the Year 2010 by Project Finance Magazine.

"The financing scheme for Emirates Steel was our top Islamic banking deal for 2010. It earned us a lot of respect for our ability to engage big industry players in major contracts and also provided an opportunity for us to showcase our Islamic financing capabilities. This deal has helped us maintain our strategic market position as one of the UAE's fastest-growing Islamic banks," said Sarie Asaad Ahmed Arar, Executive Vice President, Wholesale Banking, Al Hilal Bank.

Fully owned by the Abu Dhabi Investment Council, Al Hilal Bank aims to become the leading financial corporation in the region. Through its 19 branches across the UAE, Al Hilal Bank has emerged as a major contributor to the growth of local Islamic banking. The bank is renowned for using the latest technologies and innovative concepts such as its 'Mall Branch,' - the largest banking branch in the world - to deliver high-quality conventional and Islamic banking services.

<http://www.ameinfo.com/262223.html>

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## **Dubai Islamic Bank hosts exclusive event for Wajaha customers**

*Sunday, , April 17, 2011*

Dubai Islamic Bank (DIB) recently held an exclusive event for its Private Banking and ultra high net worth Wajaha customers at the Ritz-Carlton, Dubai International Financial Centre. The event was organized as part of DIB's ongoing commitment to offer its Wajaha and Private Banking customers the unique and exclusive experience of banking with DIB.

Luxury brands from around the world were invited to showcase their exclusive products exclusively to DIB customers. Bentley displayed their limited edition Flying Spur Speed Arabia, alongside brands such as jewelers Harry Winston, Chopard and Audemars Piguet; and mobile phone manufacturer Vertu

Nabil Abdul Razaq - Head of Wajaha said: "At Wajaha we place enormous importance on knowing our customers and creating tailor-made solutions that best meet their needs. Through

hosting exclusive events we are able to show our appreciation of customers, while also providing them with unique experiences."

Wajaha is an invitation-only Wealth Management service that offers unparalleled advantages, from sophisticated Islamic financial products to personal relationship managers, offered within a private setting in exclusive Wajaha Centres across the UAE.

[http://www.zawya.com/story.cfm/sidZAWYA20110417105654/Dubai\\_Islamic\\_Bank\\_hosts\\_exclusive\\_event\\_for\\_Wajaha\\_customers](http://www.zawya.com/story.cfm/sidZAWYA20110417105654/Dubai_Islamic_Bank_hosts_exclusive_event_for_Wajaha_customers)

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### **AAOIFI's Alchaar to Resign After Being Appointed Syrian Minister**

*Sunday, , April 17, 2011*

The head of the Accounting and Auditing Organisation for Islamic Financial Institutions, Mohamad Nedal Alchaar, will leave his post at the regulator after being appointed Syria's Minister of Economy and Trade.

Alchaar, who headed AAOIFI since 2003, will continue to serve as secretary general for the next three months as the Bahrain-based regulator looks for a replacement, the body said in an e-mailed statement today.

Syria, where Syrian President Bashar al-Assad's Baath party has been in power since 1963, is the latest Middle Eastern country to be hit by a wave of uprisings that ousted longtime rulers in Egypt and Tunisia and sparked armed conflict in Libya.

AAOIFI, which has more than 200 members, set 86 accounting and auditing standards that are used in Bahrain, the Dubai International Financial Centre, Jordan, Lebanon and Qatar, according to its website. The agency said its guidelines have also been used to help frame policy in Indonesia, Malaysia, Pakistan, Saudi Arabia and South Africa.

<http://www.bloomberg.com/news/2011-04-17/aoifi-s-alchaar-to-resign-after-being-appointed-syrian-minister.html>

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## **3. SUKUK (ISLAMIC BONDS)**

### **Egypt Postpones Sukuk Rules as Africa Lures Muslim Wealth**

*Sunday, , April 10, 2011*

Egypt may lose out to Nigeria, South Africa and Kenya in attracting Muslim wealth after political unrest forced the North African country to postpone plans to introduce Islamic bond regulation.

Egypt delayed the release of a timeline for the guidelines of corporate Islamic bonds sales to May from the first quarter, following protests that led to the removal of former President Hosni Mubarak, said Ashraf El Sharkawy, chairman of the Cairo-based Egyptian Financial Supervisory Authority. Nigeria plans to license at least two Shariah-compliant

institutions by year-end and Mauritius set minimum disclosure standards for financial statements from banks offering Islamic services.

“Egypt is one of the biggest markets in the region, but the problem so far has been the lack of regulation,” Abdel Hamid Abou Mousa, the chief executive officer of Cairo-based Faisal Islamic Bank of Egypt, one of three Shariah-complaint lenders in the country, said by phone April 6. “When we have sukuk no doubt they will have a market among Gulf investors who are looking for places for their money.” Faisal Islamic may issue sukuk once regulations are in place, he said.

African nations, where Muslims make up about 40 percent of the population according to a study published by the International Journal of Environmental Science and Development in June 2010, are seeking to benefit from growing interest in Islamic finance. Global assets held by Islamic financial institutions may climb to \$1.6 trillion in 2012 from about \$1 trillion, the Islamic Financial Services Board said last year.

Global sales of sukuk, or bonds that comply with the religion’s ban on interest, more than doubled to \$4.5 billion this year from \$2 billion in the year-earlier period, Bloomberg data show.

Egypt, which hasn’t sold sovereign or corporate bonds that comply with Islam’s ban on interest, is concerned about losing ground to other African nations in attracting Muslim wealth, “but we have exceptional circumstances,” said Efsa’s El Sharkawy. “We have a pre-final draft but it’s not the time for it,” he said in a telephone interview on April 3.

Mubarak resigned on Feb. 11 after 18 days of popular protests that demanded the end of his rule. The country’s worst political crisis in three decades caused tourists to flee and companies to cut output. Finance Minister Samir Radwan said this month he would be “very happy” if growth in the current fiscal year, which ends in June, ranged between 2.5 percent and 3 percent, down from 5.1 percent in the previous 12 months.

The average yield for Islamic bonds in emerging markets fell 17 basis points last week to 4.5 percent on April 8, the HSBC/NASDAQ Dubai US Dollar Sukuk Index shows. The debt returned 2.9 percent so far this year, the data show, while debt in developing markets gained 1.5 percent in 2011, JPMorgan Chase & Co. (JPM)’s EMBI Global Diversified Index shows.

The extra yield investors demand to emerging market sukuk over the London interbank offered rate narrowed for a third week, dropping 19 basis points last week to 242, the lowest since June 2008. The spread between Dubai’s 6.396 percent dollar Islamic bond over Malaysia’s 3.928 percent sukuk declined 29 basis points last week to 224, according to Bloomberg data.

The Bloomberg-AIBIM-Bursa Malaysia Sovereign Shariah Index, which tracks the most-traded ringgit-denominated government securities, was at 101.815 April 8, compared with 101.764 a week earlier. The gauge has risen 0.7 percent this year.

While turmoil in Egypt stumps development of its Islamic finance industry, other African countries are introducing banking laws to attract wealth from the Middle East and the about 434 million Muslims on the continent.

Nigeria, Africa’s biggest oil producer, is getting assistance from Malaysia to expand its Shariah-compliant industry, Central Bank Governor Lamido Sanusi said in a March 4 interview. Kenya plans to amend its finance law to accommodate Islamic banking rules, Central Bank Governor Njuguna Ndung’u said March 28.

Mauritius tightened disclosure regulation for lenders as it seeks to become a regional hub for Islamic finance, the country's Central Bank Governor Rundheersing Bheenick said March 30. South Africa will amend legislation to allow the government to sell sukuk, the Treasury said in its Budget Review released in Parliament on Feb. 23.

"Since Africa wants to do business with the Muslim world, having Islamic banks will attract more business from companies in the Middle East," Dubai-based Afaq Khan, chief executive officer of Standard Chartered Saadiq, Standard Chartered Plc's Islamic unit, said in a telephone interview April 4. Islamic banking will also help attract deposits from Shariah-compliant customers, boosting banking industries across Africa, he said.

Standard Chartered Saadiq is "exploring opportunities" for expansion into Nigeria, Tanzania and Kenya, Khan said. "We have to wait for the regulations to come out before we can have a business plan in Africa," he said. "We would like to have a presence in countries with significant Muslim populations."

HSBC Amanah, the Islamic banking unit of HSBC Holdings Plc, has "no immediate plans" to expand into Africa, and is "monitoring its customer demand, opportunity and regulatory framework," the bank's spokeswoman Rosana Gulzar Mohd said. Dubai Islamic Bank PJSC (DIB), the United Arab Emirates' biggest Shariah-compliant lender, isn't planning to expand on the continent, the bank's head of communication Salah Al Hashimi said in an e-mailed response to questions April 4. Dubai Islamic owns 28 percent of Bank of Khartoum in Sudan, according to the company's 2010 annual report.

Al Baraka Bank Egypt ESC, a Cairo unit of Bahrain-based Islamic lender Albaraka Banking Group, may sell dollar-denominated Islamic bonds, in the second half of this year, the bank's chairman, Adnan Ahmed Yousif, said in February. Al Baraka, Faisal Islamic Bank and National Bank for Development are Egypt's only Shariah-compliant financial institutions.

"We are speaking to the regulators and the clients outside of Africa who are interested in doing business there," Standard Chartered's Khan said. "Islamic banking will be good for the African economy."

<http://www.fxnonstop.com/index.php/component/content/article/135423-myart101002>

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#### **4. TAKAFUL (ISLAMIC INSURANCE)**

##### **Global Islamic insurance seen growing 31 pct in 2011**

*Sunday, , April 10, 2011*

DUBAI, Contributions drawn by the global Islamic insurance, or takaful, are expected to reach \$12 billion in 2011, up from \$9.15 billion last year, with Saudi Arabia, Malaysia and the United Arab Emirates accounting for most, according to a report by accountants Ernst & Young.



The Indian subcontinent has seen contributions -- Takaful's equivalent of premiums -- rise 85 percent, Indonesia had a growth rate of 67 percent and Bangladesh 58 percent, the report said.

The takaful industry in the Gulf remains fragmented with smaller players and low penetration rates with Saudi Arabia emerging as the sole growth market due to the rollout of compulsory medical insurance.

"The (Gulf Arab region) is a more competitive market with a larger number of players and will drive growth for the industry," said Ashar Nazim, executive director and Islamic financial services leader at Ernst & Young, in a statement.

"Key takaful markets are characterised by low insurance penetration rates and comparatively high rates of economic growth."

Egypt is also seen growing at a rapid pace as the country could stand to benefit from regional unrest.

UAE-based Salama Islamic Arab Insurance's chief executive said turmoil in markets such as Egypt have resulted in more claims but also raised awareness of Islamic insurance, creating more opportunity for the market.

Still, the industry faces challenges from intensified competition, shortage of expertise and lower return-on-equity in relation to conventional insurance companies, the report said. (Reporting by Shaheen Pasha; Editing by Firouz Sedarat)

<http://af.reuters.com/article/egyptNews/idAFLDE7390BI20110410>

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## **National Takaful Company "Watania" to launch IPO on April 18**

*Monday, , April 11, 2011*

82.5 million Shares representing 55% of total share capital to be offered for subscription

Growth potential of UAE's Takaful industry and strong commitment of founding shareholders to ensure success

Subscription open to UAE, GCC, and other investors from April 18th to May 1st, 2011

NBAD appointed financial advisor, lead manager, and receiving bank

The National Takaful Company "Watania", an Abu Dhabi based Shaia'a compliant (Islamic) insurance company under establishment will launch Initial Public Offering (IPO) on Monday, April 18, 2011 to raise AED 82.5 million, representing 55% of the total share capital.

Watania's Founders have subscribed to an aggregate value of AED 67.5 million shares representing 45% of the total share capital of AED 150 million.

The offer price for each share is fixed at AED 1 with an additional AED 0.05 as subscription fee per offered share. The shares will be listed on the Abu Dhabi Securities Exchange (ADX) and the subscription period will be open from April 18th until May 1<sup>st</sup>, 2011.

"Watania's founding shareholders, Abu Dhabi National Islamic Finance (ADNIF), Abu Dhabi National Insurance Company (ADNIC), Abu Dhabi National Energy Company (TAQA) and Aldar Properties (ALDAR) are among UAE's strongest institutions, and their commitment to this company emphasizes Watania's capital strength," said Aref Ismail Al Khouri, Chairman of the Founders' Committee of Watania and Managing Director of ADNIF .

"Tremendous growth opportunities in the UAE's takaful industry, highly experienced management team, robust business plan with unique products and services, and solid long-term affiliations with top rated international re-insurers, definitely make Watania a sound investment option. We are confident that this IPO will be successful and re-ignite capital market participation in the UAE," Al Khouri added.

Islamic Insurance or Takaful penetration as compared to conventional insurance is lower in most GCC countries; This presents a huge opportunity for a new Takaful operation.

Recent statistics reveal that Takaful gross contributions grew at Compound Annual Growth Rate (CAGR) of 83% between 2004 -2009 whereas conventional premiums grew at a CAGR of 25% during the same period.

Takaful gross contributions in the UAE are projected to grow at a CAGR of 30% between 2010 and 2014, outpacing growth in the overall insurance sector (CAGR of 17%) during the same period.

"Watania will provide a unique suite of Shariah compliant general and medical insurance solutions to its customers and play a significant role in developing the takaful industry in the UAE. Watania's financial strength and capacity to retain risk, as well as the utilization of state-of-the-art technology to lower operational costs, will ensure greater profitability and maximized efficiency," Al Khouri said.

The offering is over two tranches with one tranche for UAE national Individuals having a guaranteed allotment, and the other tranche open to all investors having a pro rata allotment. 20 million shares, or 13.33% of the total capital, will be open to UAE national individuals only, who can subscribe to 5000 shares whereas 41.67% of the total capital will be open to all individuals and institutional investors in the UAE, GCC and other investors who can apply for a minimum of 10,000 shares, with additional subscriptions in multiples of 1,000 shares. The refund date has been set for May 15, 2011.

The National Bank of Abu Dhabi (NBAD) has been mandated to be the financial advisor, lead manager, and the receiving bank for Watania's IPO.

"The selection of lead manager and receiving bank is critical to the success of the IPO and post listing price performance. We selected NBAD based on the credentials of Equity Capital Markets team, strong track record of involvement in public offerings, large distribution network, and wide range of investment banking products," Al Khouri explained.

NBAD has a network of 113 branches, cash offices, and more than 450 ATMs to provide banking services to customers all over the UAE. Besides brick & mortar branches, NBAD provides 24 hour internet banking access through NbadOnline and NbadDirect, the SMS-based payment service (Arrow) as well as account access and personalised customer support through its 24-hour Call Centre.

"We are confident of Watania's management capability to successfully implement its business plan. One of the key competitive advantages of this initiative is the founders' technical expertise, track record of building successful businesses, and wide distribution channels. With

such synergies, Watania is well positioned to become a leading player in the takaful market," said Ahmed Wahdan, the Head of equity capital markets at NBAD's Investment Banking Group.

<http://www.zawya.com/story.cfm/sidZAWYA20110411121650>

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## **Islamic insurers grow, but face obstacles**

*Monday, , April 11, 2011*

How can Islamic insurances, known as Takaful, flourish and expand globally? This is the topic of the sixth edition of the two-day World Takaful Conference in Dubai which was kicked off Sunday and attended by 350 industry professionals.

In the Gulf Arab region, financial products which obey the religious rules of Islamic law, known as Sharia, have seen growth rates of more than 20 percent annually. Islamic insurances even grow by 31 percent globally in 2010, according to the Ernst and Young World Takaful Report 2011.

While all Islamic asset classes, which deny interest and money speculation, reached more than 1 trillion U.S. dollars worldwide and Islamic insurances sum up to 12 billion dollars, Marwan Lutfi, head of Business Development of the Dubai International Financial Center (DIFC) Authority, told Xinhua that there is still a long way to go.

"Whether Islamic or conventional: the Middle East is still underinsured," he said, "In Saudi Arabia, people spend only 41 dollars per year for insurances, that's only half of the amount in Argentina."

According to Lutfi, market penetration of insurances in the region stands at 1 percent, compared to 7 percent globally. Firms which offer Islamic insurance are called Takaful operators.

In the United Arab Emirates, there are 10 Takaful operators, insurers and banks which offer Takaful products, while the largest market is Saudi Arabia with 32 operators. Sixty percent of global Takaful products are Islamic life insurance called Family Takaful, while 40 percent is non-life, such as Islamic house insurance or Islamic car insurance.

Nevertheless, the Takaful industry has reached hearts and minds of Muslims worldwide, not only in the Middle East and North Africa, but globally.

In Malaysia, Egypt or Iran, Takaful is common, and even in Western countries, such as Britain and Germany, Takaful operators mushroom.

"There are 4 million Muslims in France, over 3 million in Germany and 2.4 million in the UK. There is definitely potential in Europe," said Marcel Omar Papp, director of client markets at Swiss Re in Zurich, the world's second largest reinsurer. Swiss Re has been offering re-Takaful since 2006, when it started to insure Takaful operators in Malaysia.

"But there are challenges," the DIFC's Lutfi said, "We need to educate professionals and create a new management generation. Many Takaful managers will soon reach retirement age."

Globally, there are 180 Takaful operators. "Takaful puts faith into finance, and the vast majority of Gulf Arab people are ready to invest in line with Sharia," he said.

Under Takaful, the paid insurance sums by the insured are not allowed to be invested in stocks from conventional banks, alcohol producing firms or weapon firms, as all of them are regarded un-Islamic or haram. The insured also pay a special fee called Tabarru, which serves the entire community in case there is a loss or damage one of the insured suffers.

Meanwhile, established Takaful operators reached out to the tech-savvy young generations through the Internet distribution channels. Dubai's Noor Takaful, for example, created Noor Takaful Online in 2009. "Our growth rate in 2010 was 100 percent," the firm's Managing Director Dr. Ahmed Al-Janahi said.

"Embracing new technologies and increasing marketing activities can increase the global Takaful industry to 15 billion dollars in 2012," said Lutfi.

[http://news.xinhuanet.com/english2010/indepth/2011-04/11/c\\_13822862.htm](http://news.xinhuanet.com/english2010/indepth/2011-04/11/c_13822862.htm)

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## **Sharia Compliant Insurance debuts in Coast**

*Friday, April 15, 2011*

The first Sharia Compliant Insurance agency at the Kenyan Coast will be launched on April 19 in Mombasa. Al Wataniya Insurance Agency, which has begun operations, will be officially unveiled during a ceremony at the Mombasa Club on Tuesday.

The Agency chairman, Mohamed Yusuf Mohamed said they are an agency of Takaful Insurance of Africa, based in Nairobi.

"Just like Takaful – whose concept is based on the principle of self insurance, where individuals come together to cover each other, and the insurance company helps them to manage their risk as an agent – Al Wataniya is poised to revolutionise insurance at the Kenyan Coast," Mohamed who was flanked by Managing Director Ali Mohamed said.

"Al Wataniya Insurance Agency has come along way. Within the first five months since its inception, we have made inroads and endeared ourselves to both corporate and individual clients as our customer base takes a climb," he added.

Upright morals

The chairman reiterated that Al Wataniya Insurance Agency has a foundation of upright morals with business dignity and integrity.

"Our service delivery is beyond the obvious, which you can get from our highly experienced staff," said the chairman.

Acquire policies

Al Wataniya Manager, Mr Joshua Mongare Omagwa pointed out the difference between normal insurance and Takaful insurance.

Conventional insurance requires the insurance firm to take over the risk. But in the Takaful model, the firm only acts as an agent of the participants in managing their risk.

"We have been able to make grounds and have clients from a cross section of the general Mombasa populace both Muslims and Christians coming forward to acquire insurance policies," Omagwa said.

## 5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

### **\$52bn Islamic funds sector 'must seek new markets'**

*Sunday, , April 10, 2011*

The \$52 billion international Islamic funds industry must offer more innovative investment opportunities, said a leading expert.

The sector must expand into hitherto untapped geographical markets, said world-renowned Shariah scholar Dr Mohammed Daud Bakar.

According to Ernst & Young data, Islamic assets under management currently amount to almost \$52 billion across 700 worldwide funds. But most funds are dedicated to equities and “everybody’s doing that,” said Dr Bakar.

Dr Bakar is a Shariah board member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the International Islamic Financial Market, the Securities Commission of Malaysia, Morgan Stanley and Bank of London and Middle East, among others.

He believes Islamic fund managers should look at commodities such as gold and silver, metals and agriculture as well as relatively untouched markets for Islamic funds like Australia, Thailand and Vietnam, not to mention Africa and Latin America.

“They would provide interesting propositions for investors while other industries like shipping, technology and aviation could be fruitful areas for innovators to look at in the creation of new funds,” Dr Bakar said.

The Amanie-Failaka Symposium 2011, which will take place at the Intercontinental Hotel, Abu Dhabi on April 17 2011, will hear panel discussions from top executives in the field of Islamic finance, including Yavar Moini from Morgan Stanley, Dubai and Datin Maznah Mahbob of Am-Investment Bank Group, Malaysia, as well as many other regional decision makers.

As in previous years, the evening will feature the 6th Annual Failaka Islamic Fund Awards, which recognises the best-performing funds and managers in the field of Shariah-compliant investment.

It will focus on the issues on capturing demand for Islamic capital market products, specifically the challenges of finding placement and distribution strategies. The forum will also explore current trends in Sukuk and Islamic Structured Products as well as Islamic Alternative Investments in sectors such as infrastructure, real estate and commodities.

“The symposium is dedicated to Islamic finance stakeholders and will discuss the current state-of-affairs in the Islamic capital market field, across asset classes and geographical locations

with an aim to understanding the best practices and better distribution strategies,” said Mark Smyth, managing director of Failaka Advisors.

[http://www.tradearabia.com/news/BANK\\_196622.html](http://www.tradearabia.com/news/BANK_196622.html)

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## **6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES**

### **350 international industry leaders discuss challenges and opportunities for Islamic insurance industry at WTC**

*Sunday, , April 10, 2011*

The 6th Annual World Takaful Conference (WTC 2011) which opened today at the Dusit Thani Hotel, Dubai, saw more than 350 leaders in the international Shari'ah-compliant insurance industry engage in critical discussions that will seek to translate the enormous market potential into reality for the global Takaful industry.

Though 2010 was a year characterized by high volatility and uncertainty, the Islamic insurance (Takaful) industry continued to grow at a faster pace compared to their conventional peers. However, profitability challenges and over reliance on investment income remain a key concern for the global Takaful industry.

Held under the theme 'Islamic Insurance: Managing Risk, Innovating Products and Driving Growth', the 6th Annual World Takaful Conference was opened with a keynote inaugural address by Marwan Ahmad Lutfi, Deputy Chief Executive Officer and Head of Business Development, Dubai International Financial Centre Authority.

The inaugural keynote address was immediately followed by a special opening keynote plenary session. The session which featured Dr. Saleh Malaikah, Vice Chairman & Chief Executive Officer of SALAMA Group; Hussein Al Meeza, Chief Executive Officer and Managing Director of Dubai Islamic Insurance and Reinsurance Company (AMAN), and Shahril Azuar Jimin, Chief Executive Officer of Etiqa Takaful Berhad reassessed the growth prospects for the global Takaful industry and reviewed the growth opportunities in key Takaful product segments.

Addressing the gathering, Hussein Al Meeza, Chief Executive Officer and Managing Director of Dubai Islamic Insurance and Reinsurance Company (AMAN) highlighted that, "Takaful companies must focus on developing their core business and concentrate more on quality underwriting which can lead to profitability." He also said that "Takaful operators must focus on developing products and services that are tailored to Shari'ah sensitive customers and avoid just replicating the products and services offered by conventional insurers."

The eagerly anticipated 2011 edition of the World Takaful Report was also launched at the event. The Report developed in collaboration with Ernst & Young, was presented at a specially convened session at the conference. With a principal theme of 'Transforming Operating Performance', the Report indicated that majority of the key players in the industry are focused on Transforming Operating Performance for their businesses over the coming months.

The Report said that the primary focus of this transformation is increasing customer acquisition, albeit selectively, while maintaining a more flexible cost structure. According to the Report, the cost-effective availability of operational expertise across underwriting, claims, actuarial, finance and investments will determine the success of this strategy.

The World Takaful Exhibition, which was held along the sidelines of the conference, showcased the latest products, services and innovations from over 25 exhibitors.

Commenting on their participation in the event, Dr. Ahmed Al Janahi, Managing Director, Noor Takaful and Deputy Group Chief Executive Officer, Noor Investment Group said that "The global expansion of Takaful still faces a number of challenges which we must deal with as an industry, if we are to become a powerful competitor to conventional insurance. Over the next year, we will have a renewed opportunity to address challenges, capitalize on opportunities and implement strategies that would advance the Takaful industry to record levels. The World Takaful Conference continues to bring together a tremendous number of very insightful and influential people trying to tackle the many obstacles hindering the true expansion of this sector globally, and we at Noor Takaful promise to continue to contribute to the development of this vital sub-sector."

A similar view was expressed by Dr. Saleh Malaikah, Vice Chairman & Chief Executive Officer of SALAMA Group who said that, "SALAMA has been a partner of the World Takaful Conference since the inception of the conference 6 years ago. As a pioneer in the industry, and as a leading provider of Shari'ah-compliant insurance solutions, SALAMA is proud to be once again a Platinum Strategic Partner of the World Takaful Conference in 2011." He said that "the World Takaful Conference has been successfully showcasing the achievements and innovations of the international Takaful industry for the past 6 years, bringing together the key players and market leaders in the global Takaful industry to meet and debate the most pressing and critical issues of the industry."

Ghassan Marrouche, General Manager of Takaful Emarat was of the view that "With global Takaful premiums predicted to grow to \$7bn by 2015, there is a pressing need to engage in a meaningful dialogue on the development of the rapidly-expanding Takaful industry. The World Takaful Conference 2011 presented a unique opportunity to address issues of regulation, changing affluence trends, and the human resources shortfall in the Islamic financial sector, which will ensure we create a robust foundation for the industry's continued growth."

"As Life & Health Partner of the World Takaful Conference 2011, Takaful Emarat is pleased to raise awareness about the importance of life and health Takaful products to the industry as a whole," he added.

More than 350 international Takaful industry leaders gathered at WTC 2011, which is being held on the 10th and 11th of April at the Dusit Thani Dubai.

*<http://www.ameinfo.com/261690.html>*

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## **Sharjah Chamber of Commerce and Industry to host the Islamic Trade Exhibition and Islamic Countries' Private Sector Consortium**

*Sunday, , April 10, 2011*

Economists experts called on Islamic countries to support trade and activate mechanisms of economic and financial cooperation between member countries, and reinforce efforts by the Islamic Development Bank to activate Islamic financing, and find alternatives to the traditional financial system, and strengthen small and medium enterprises as an engine of economic growth in Muslim countries.

They stressed the importance of coordinating positions in the field of trade and investment and promoting economic cooperation and create new markets, considering that changes and challenges can only be met by increasing cooperation in all sectors such as economy, investment , tourism and agriculture, in light of the huge potential enjoyed by the economies of these countries, which is not reflected in the size trade exchange between them

### **Resources and potential**

Based on a report prepared by the Studies and Research Department of Sharjah Chamber of Commerce and Industry on the occasion of hosting the 13th Islamic Trade Exhibition and the 14th Islamic Countries' Private Sector Consortium simultaneously from April 24 to 29, 2011, experts indicated that the huge resources and potential enjoyed by the Islamic countries impose upon them the need to activate even further trade between them as to form a hub of economic integration, while pointing out the importance of such regional trade in the establishment of an economic bloc, that would strengthen its presence and position to be reckoned with among the world's big economies blocs, given the growth expected to be achieved in establishing such a hub.

This would in turn enable them to enhance their economies' performance and growth, away from that position of just being a market for Western countries products and a mere supplier of energy resources and raw materials.

The report pointed to efforts by the Organization of Islamic Conference to achieve this goal through increasing the volume of trade exchange between its members to reach up to 20% of the volume of trade in Muslim countries by the year 2020, an increase from 10% in 2000 to 16.2% in 2007.

Economists stressed that any political discourse between the Islamic countries will not be successful and fruitful unless making of the economy one of its principal pillars, especially since the figures underlined the sheer potential available in these countries that gives them indeed the crucial opportunity of economic integration.

Islamic countries top the world's energy resource providers, as Arab Gulf states together with Algeria and Libya, are the main oil exporting countries, along with Indonesia and Iran. Qatar and Iran are also the biggest natural gas exporters along with Russia. Islamic countries own about 73% of global oil reserves and produce 38.5% of global production. They also own about 40% of world reserves of natural gas. Some of them have entered the field of manufacturing and exporting such as Indonesia and Malaysia, while many others are rich in agricultural and water sources, such as Egypt and Sudan.



### *Sectarian composition*

The report pointed out that the weakness of the sectarian composition of the production structures in the Islamic countries is the main factor of weakness in bilateral trade between these countries, noting that the policies of production and development has taken different directions from one country to another. As a result there have been no real development in these countries as many markets developed without expanding with a low production. The report indicated that each of these countries singly pursued a policy of productivity without coordinating with the rest and imposed its own customs barriers, giving way to narrow and weak markets closed on themselves. These countries, says the report, focused on the industries of consumer durables used by a limited fringe of the community, and established modern and high-tech industries with a huge capital-intensive, but in goods involved in the formation of necessary inputs by industries of developed countries, and the focus was on the petrochemical industry, iron ore, phosphates, and cotton.

### *Obstacles and solutions*

The report indicated that the most important obstacles are in the nature of exports from Muslim states, most of which focused on raw materials, as well as the utter reliance of developing countries on developed countries as a source of imports which represent 70%, as opposed to 74% of its exports to developed countries. The report also noted developing countries' preference for imported goods in pursuit of huge profits.

As for the solutions to address the obstacles that stand in front of the bilateral trade between Muslim countries, the report called for restructuring of exports by Islamic countries to enable them meet their needs ,in keeping with international standards of competitiveness in terms of quality and price. The report also stressed the need to establish industrial policies complementary in Muslim countries to help the export sector stimulate productive sectors associated with it in these Islamic countries, instead of practicing isolationism policy in the export sectors whether within one country or the Muslim countries in general.

It also called for currency unification and monetary integration ,one of the ultimate goals of the regional arrangements that paves the way to the creation of crucial events in international economic relations.

### *Food Security*

The report also called to confront the great challenges facing the nation, most notably the support of food security, investment and trade, stressing the necessity of making use of wealth to achieve food security among the Islamic countries. It underlined the huge profits that can be generated from investment in the agriculture sector and its competitiveness, particularly through strategic partnerships between the sovereign funds, entrepreneurs and financing institutions, reminding that many Islamic countries enjoy huge water resources and rich agricultural land.

A majority of agricultural projects are concentrated in African countries, as some of them have provided facilities including tax exemptions for many investors, such as Morocco and Sudan. Other states like Egypt are considering offering tax breaks, while Sudan remains the main recipient of most of agricultural investments.

The figures indicate that the value of total trade of Member States of the Organization of Islamic Conference reached \$1.28 trillion in 2009, equivalent to about 10.47% of the total volume of world trade, with a record decline of 31.2%, compared to the size of total trade of the Islamic countries in 2008, due to declining demand World, given the circumstances of the financial crisis

The value of UAE's trade with the Islamic countries in 2009 amounted to \$50.5bn, representing 11.73% of with OIC member countries, followed by Turkey with a trade volume amounting to \$46.34bn, that's 10.86% of its total trade.

The Total trade value among OIC countries, including exports and imports reached \$426.75bn in 2009 against \$551.3bn in 2008, a drop of 22.5%. Growing interest.

The report stressed that any talk about Islamic trade ties should include a number of themes, most notably, trade financing, promotion and facilitation and development of goods. It pointed out to what it called a marked trend and a growing interest by financial institutions in Islamic finance, either by opening Islamic windows or with the emergence of new Islamic institutions, indicating the success of institutions Islamic in the face of the financial crisis. It added that there are many challenges that hinder trade between Islamic countries, including constraints of tariff and non-tariff barriers such as laws and banking and financial institutions that need to improve their services.

Economists indicated that there are real obstacles that linked the ability of these countries to carry out export and import activities, alluding to Turkey and Malaysia as models able to overcome all these obstacles in a short period, noting that Malaysia's trade volume exceeded \$280bn over a short period.

The Sharjah Chamber of Commerce and Industry is preparing to host the 13th Islamic Trade Exhibition and the 14th Islamic Countries' Private Sector Consortium simultaneously from April 24 to 29, 2011 under the patronage of H.H. Sheikh Dr. Sultan Bin Mohammed Al Qassimi, Member of the Supreme Federal Council and Ruler of Sharjah.

The event to be held at the Expo Center Sharjah is supported by participating parties such as the Islamic Chamber Association, the Federation of UAE Chambers of Commerce and Industry, the Ministry of Economy and the Ministry of Foreign Affairs The Exhibition will provide a special platform for introducing and promoting the products and services of participating countries to the Arab region. It will also facilitate discussions on new policies and products and investment partnerships that will help serve Arab interests. In addition, it enables countries to discuss the best ways to bridge gaps in commercial and investment ties among the private sectors of Islamic states as well as the inter-regional transfer of Arab capital..

*<http://www.ameinfo.com/261649.html>*

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**Mashreq Al Islami sponsors Middle East Islamic Finance & Investment Conference 2011**  
*Tuesday, , April 12, 2011*

Mashreq Al Islami, the Islamic banking division of Mashreq announced its sponsorship of the Middle East Islamic Finance & Investment Conference (MEIFIC) 2011 as a Gold Strategic Partner.

Held under the theme 'Successfully Adapting to New Market Realities for Islamic Finance in the Middle East', the 1st Annual Middle East Islamic Finance and Investment Conference (MEIFIC 2011) is set to begin on the 12th of April 2011 at Dusit Thani.

Moinuddin Malim, CEO of Mashreq Al Islami introduced the 4th session of the conference under, 'Assessing the Comparative Outlook for Wholesale and Retail Banking Services in the Middle East' and participating as a panelist in session eleven under, 'Overcoming the Challenges to Kick-Start the Next Growth Curve for Islamic Finance in the Middle East'.

Malim commented, "Islamic banks need to focus on their delivery platforms and service quality in comparison with their conventional counterparts. Unless, regulatory blockade prevent the conventional banks to offer Islamic services, Islamic banks will find tough competition from Islamic windows of conventional banks on services and delivery of products."

He continued, "Islamic finance is required to look at capitalizing on consumer demand for Islamic products and services. Retail sector is fully geared up to serve the needs of consumers especially when it comes to saving and investment schemes or financing and fixed income investment opportunities. Consumers generally spend their savings rather than creating saving scheme for retirement, or children education or other useful purposes. Creating the habit of saving is both ethical and socially responsible venue where Islamic finance can play a greater part."

"Another wave of growth will come in the Middle East when we see buoyant domestic debt capital market whether it is conventional bonds or Sukuks. This can be enhanced by having proper regulatory framework that encourages local issuers to tap domestic liquidity duly supported by local rating agencies." Malim added.

With its exceptional panel of leading industry CEOs and thought leaders, MEIFIC 2011 will be a high-profile platform to specifically focus on the opportunities and challenges that are forging the Islamic banking, finance and investment landscape in the region.

<http://www.ameinfo.com/261890.html>

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**Industry leaders discuss challenges and opportunities for Islamic finance and investments in Middle East at MEIFIC 2011**

*Wednesday, , April 13, 2011*

Despite the global economic slowdown, the Islamic financial industry has crossed its \$1 trillion mark and the industry leaders gathered at the 1st Annual Middle East Islamic Finance and Investment Conference (MEIFIC 2011) which is being held on the 12th and 13th of April 2011, at Dusit Thani Dubai, agreed that the Islamic finance industry is rapidly resuming its growth path and is increasingly gaining attention in various jurisdictions across the globe in the post-crisis global financial landscape.

In fact, with an increasing appetite for Shari'ah-compliant alternatives in the areas of banking and finance among the investment community, corporate end users, consumers and intermediaries, Islamic finance in the Middle East has witnessed dramatic and exponential growth in the past few years.

Held under the theme "Successfully Adapting to New Market Realities for Islamic Finance in the Middle East", the 1st Annual Middle East Islamic Finance and Investment Conference (MEIFIC 2011) was opened yesterday in Dubai with high-profile keynote addresses by Hussain AlQemzi, Chief Executive Officer, Noor Islamic Bank and Group Chief Executive Officer, Noor Investment Group; and Dr. Saleh Malaikah, Chairman, Rusd Investment Bank.

Commenting on their participation at the event, Hussain AlQemzi, Chief Executive Officer, Noor Islamic Bank and Group Chief Executive Officer, Noor Investment Group, said, "The Shari'a compliant finance and investments sector is gradually building momentum and popularity around the world, and is expected to lead the re-emergence of the overall global financial industry over the next five years. We at Noor Investment Group, are eager to scale new heights, and are confident that our sector will serve as a catalyst for the growth of economies everywhere. We acknowledge the importance of forging strategic alliances, and to always promote bilateral discussions among the global industry peers, to fully realize the true business potential in any given market. The Middle East Islamic Finance and Investment Conference (MEIFIC 2011) served as a unique platform for the industry leaders to discuss the post-crisis era."

A similar view was expressed by Dr. Saleh Malaikah, Chairman of Rusd Investment Bank, who said that "the continued growth of Islamic finance further strengthens its role as an increasingly important component of the global financial system in the post-crisis landscape. As a long-term industry player, Rusd Investment Bank is committed to upholding our position as a leading world-class Shari'ah compliant investment bank that delivers optimum results to our stakeholders."

"We are excited about the new opportunities presented in the Middle East for Islamic finance and investment and we see this event was an ideal platform to tap into such exciting opportunities," he added.

The inaugural keynote addresses were immediately followed by a special opening keynote plenary session. The session which featured Ahmed Khizer Khan, Chief Operating Officer, Islamic Corporation for the Development of the private sector (ICD), Member of Islamic Development Bank Group (IDB); Richard Thomas, Chief Executive Officer, Gatehouse Bank; Geert Bossuyt, Chief Executive Officer, Dar Al Istithmar and Dr. Ali Al Amari, Senior Director, Supervision and Authorisation & AML, Qatar Financial Centre Regulatory Authority, analyzed and evaluated the current state and the future prospects for Islamic finance in the Middle East. The session emphasized the key strategies that the leading players must implement in order to succeed in the Middle East Islamic finance market.

Addressing the gathering, Geert Bossuyt, Chief Executive Officer, Dar Al Istithmar, said, "Investor appetite has started to increase again but with a reduced appetite for risk in all its forms." According to him "the key for the industry is to be able to adapt strategies and structures to meet the change in investor appetite and diversify income."

Dr. Ali Al Amari, Senior Director, Supervision and Authorisation & AML, Qatar Financial Centre Regulatory Authority, in his address noted that "regulators, supervisors, international regulatory bodies and business leaders are required to have strong cooperation in providing roles and guidelines that should help in understanding Islamic finance and Islamic products." He was of the view that "enhancing transparency and information sharing and minimizing regulatory arbitrage is the next step in working towards acceptable Islamic financial standards that will lead to harmonizing Islamic regulatory system, Shari'ah Fatwa and Islamic products."

Speaking to the media present at the event, David McLean, Managing Director of MEGA Events, the organizers of the Middle East Islamic Finance and Investment Conference, said, "MEIFIC, which is the latest addition to our portfolio of flagship industry events, has in its very first year itself established its position as a pre-eminent platform for leaders in the Islamic finance and investments industry in the Middle East region to engage in discussions that provides new and deeper insights into what the future holds for the regional Islamic finance markets."

*<http://www.ameinfo.com/262007.html>*

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